



How Trump Has Mattered for Trade Policies

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For presentation at Adult Learning Institute
Oakland Community College
September 19, 2017

The New York Times

Trump Is Wimping Out on Trade



Paul Krugman

APRIL 3, 2017

Trump's Trade Policies as of September 19, 2017

- Trade staff
- TPP
- NAFTA
- Other FTAs
- Factory location
- Border tax adjustment
- Exchange rates
- WTO
- Executive orders
- National-security tariffs
- Other

Trade Staff

- Dec 22, 2016:

FT

Trade hawks to rule the roost in Trump's White House

Appointments suggest economic relations, particularly with China, are set for shake-up

Trade Staff

- Peter Navarro: Director of the National Trade Council at the White House



Trade Staff

- Robert Lighthizer: United States Trade Representative



**Trump Taps China Critic Lighthizer
for U.S. Trade Representative**

Trade Staff

- Secretary of Commerce: Wilbur Ross



Wilbur Ross, a Billionaire Investor, Is Confirmed as Commerce Secretary

Bannon, Unplugged: White House Strategist Pushes Trade Agenda, Undercuts Colleagues



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Trans-Pacific Partnership

- TPP = Free Trade Agreement negotiated under Obama among 12 countries (not China)

The New York Times



Trump Abandons Trans-Pacific Partnership, Obama's Signature Trade Deal

JAN. 23, 2017

North American Free Trade Agreement

- NAFTA = Free Trade Agreement since 1994 with Canada and Mexico
 - Nov 21, 2016:
WSJ· Donald Trump Poised to Pressure Mexico on Trade
 - Feb 1, 2017:
WSJ· Mexico Says Nafta Negotiations Should Start in May
 - Mar 30, 2017:
WSJ· Trump Administration Signals It Would Seek Mostly Modest Changes to Nafta

North American Free Trade Agreement

- NAFTA Renegotiation
 - Aug 17, 2017:
🇺🇸 U.S. Begins Nafta Negotiations With Harsh Words
 - Aug 23, 2017
FT Donald Trump revives threat to pull US out of Nafta
 - Sep 6, 2017
WSJ U.S., Canada, Mexico Make Minor Progress on Nafta Talks

North American Free Trade Agreement

- What the Trump administration wants in NAFTA
 - “Improve US trade balance,” overall & within NAFTA
 - “Maintain existing reciprocal duty-free market access”
 - “while taking into account U.S. import sensitivities”
 - “Update and strengthen the rules of origin”
 - Permit “Buy American” in government procurement
 - Several features that were part of TPP (labor, environment, digital)
 - “Eliminate Chapter 19” (which weakens US anti-dumping)
 - Unclear about Chapter 11, investor-state dispute settlement
 - “Ensure that the NAFTA countries avoid manipulating exchange rates”

Other Free Trade Agreements

- Jan 27, 2017



In Meeting With Trump, U.K. Prime Minister Pushes For Future Trade Deal

- Feb 2, 2017



US plans fresh push for talks on bilateral trade deal with Japan

- Apr 27, 2017:



Trump: 'We may terminate' U.S.-South Korea trade agreement

KORUS: Korea-US Free Trade Agreement

- Sep 2, 2017



Trump preparing withdrawal from South Korea trade deal, a move opposed by top aides

- Sep 5, 2017



US retreats from threat to tear up South Korea trade pact

- Now discussing “amendments”

Trump influence on factory locations

- Nov 30, 2016
FT Trump reaches deal with Carrier to keep jobs in Indiana
- Dec 12, 2016:
WSJ Donald Trump Warns of Penalties If U.S. Firms Take Jobs Abroad
- Dec 5, 2016:
WSJ Trump Warns Another U.S. Company
- Feb 8, 2017:
Ⓔ *Intel, in Show of Support for Trump, Announces Factory in Arizona*
- Mar 29, 2017
wj 'There's not a hope alive for us': A factory Trump targeted begins its move to Mexico

Border Tax Adjustment

- = Tax on imports and subsidy on exports, similar to border adjustment of Value Added Tax (VAT)
- Jan 27, 2017:
WSJ **Trump Tax Idea for Wall Echoes House GOP Plan**
- Mar 3, 2017:
 **White House split on import tax puts Congress in limbo**
- Apr 1, 2017:
 ***Conservative Split Over Import Tax Imperils Trump's Overhaul***
- Jul 27, 2017
FT **Tax reform plan sees US import charges scrapped**

Exchange Rates

- Jan 24, 2017 (Trump does not name China as currency manipulator)
- Jan 31, 2017:
 - FT** Trump's top trade adviser accuses Germany of currency exploitation
- Feb 1, 2017:
 - FT** Japan denies Trump's claims of yen manipulation
- Apr 15, 2017:
 - WSJ** U.S. Treasury Stops Short of Calling China a Currency Manipulator

World Trade Organization

- Feb 27 2017:

FT Trump team looks to bypass WTO dispute system

- Mar 1, 2017:

wp Trump suggests ignoring World Trade Organization in major policy shift

Trump's Executive Orders

March 31, 2017

- “Enhanced AD/CVD Collection & Enforcement Executive Order”
 1. Will use “bonding requirements, based on risk assessments, on entries of articles subject to” AD and CVD duties. There is a 90-day period for developing a plan to do this.
 2. Another 90-day period for developing a strategy for stopping imports that violate other laws, including IP.
 3. Instructs the Attorney General (in consultation with the Secretary of Homeland Security) to develop practices for prosecuting those who violate US trade laws

No news yet

Trump's Executive Orders

March 31, 2017

- “Omnibus Report On Significant Trade Deficits”
 - Preface: “[F]or many years, the United States has not obtained the full scope of benefits anticipated under a number of international trade agreements or from participating in the World Trade Organization.” Evidence of this is the annual trade deficit, which exceeded \$700 billion in 2016.
 - It requires an Omnibus Report within 90 days, by June 29, 2017

No news yet

Trump's Executive Orders

March 31, 2017

- “Omnibus Report On Significant Trade Deficits”
 - The Report shall
 - Identify those trading partners with which the US had significant trade deficits in 2016.
 - Assess the causes of these deficits in the policies and actions of the countries and their governments.
 - Assess the implications of the deficits for the strength of US manufacturing, employment, wage growth, and national security.
 - The Report is to draw from comments by stakeholders, “including manufacturers, workers, consumers, service providers, farmers, and ranchers.” [Note: Not economists.]

National Security Tariffs

- Apr 21, 2017
WSJ Trump Administration Launches National-Security Probe on Steel Imports
- Jul 19, 2017
FT US and China step up steel talks to avert trade war
- Jul 25, 2017
 **REUTERS** Final decision on steel trade policy may have to wait, Trump tells WSJ

Other Trade Disputes

- Apr 24, 2017

Ⓔ *In New Trade Front, Trump
Slaps Tariff on Canadian Lumber*

- May 29, 2017

 **REUTERS** U.S. may put emergency tariffs on
solar imports

- Jun 6, 2017

Ⓔ *Mexico Agrees to Sugar Trade Deal,
but U.S. Refiners Remain Unhappy*

- Aug 14, 2017

WSJ *Trump Administration to Begin Probe of
Alleged Chinese Technology Theft*

Other Trade Deals

- May 12, 2017

WSJ **Trump Administration Announces Deal With China to Boost Exports**

Plan would increase access to Chinese economy for beef producers, electronic-payments providers and natural-gas exporters

- Jul 8, 2017

FT Trump expects to make 'very quick' UK trade deal after Brexit

Trump's Trade Policies

Issue	Outcome so far
Staff	Still in place, but Bannon gone
TPP	Pulled out, but much is to be in NAFTA
NAFTA	Threated pull-out, but now renegotiating
Other FTAs	Threated pull-out of KORUS, but backed off
Factory location	Did little once in office
Border tax adjustment	No longer planned
Exchange rates	Didn't name China; including in NAFTA
WTO	Still participating, reluctantly
Executive orders	Surprisingly mild
National-security tariffs	Now not likely
Other	Using some laws like predecessors; but not others

Conclusion

- Has Trump “wimped out” on trade?
 - Not on TPP (but it was doubtful anyway)
 - Yes on NAFTA, probably 😊
 - Other things: Some yes, but we’ll see











WSJ. May 12,
2017

M | Ford School

Trump Administration Announces Deal With China to Boost Exports

Plan would increase access to Chinese economy for beef producers, electronic-payments providers and natural-gas exporters



Donald Trump takes aim at Canada

Attacks on dairy farmers and loggers are the opening shots in a bigger confrontation over trade



Make his day

What Donald Trump means by fair trade

The idea of reciprocity animates the White House's view of trade



This Time, Trump Is Right About Trade

German and Chinese current account surpluses are symptoms of damaging imbalances.



What is Donald Trump doing about steel imports?

The US president is poised to deliver his first big protectionist action



Washington 'swamp' sucks life from Trump trade strategy

President's agenda slows as he confronts realities of governing and global economy



Trump trade war with China may not be imminent – but it is coming

The real question is what tools Washington should use and when

“Free Trade



Trump moves to initiate US trade investigation of China

President says it is 'just the beginning' and promises to defend workers and innovations



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