

Overview of President Trump's trade actions

Status of tariffs and trade negotiations

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Producer

Presentation Center

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Status of President Trump's major trade actions

■ Complete ■ In progress ■ Stalled

North American Free Trade Agreement (NAFTA)

Countries: Canada, Mexico



US-Korea Free Trade Agreement (KORUS)

Countries: South Korea



Sect. 232 – Nat'l Security – steel & aluminum

Countries: All countries

Indefinite exemptions: Argentina, Brazil, Australia, South Korea



Sect. 301 – Unfair trade practices – intellectual property theft

Countries: China



Sect. 201 – Harm to domestic industry – solar cells and washing machines

Countries: All countries



Sources: National Journal Research, 2018.

Pres. Trump placed Section 232 tariffs on all steel and aluminum imports, including on imports from key allies



- Section 232 of the Trade Expansion Act allows the president to place tariffs on imports if they are deemed to be “risks to national security”
- 232 tariffs apply to all countries, but exemptions can be granted

Argentina
Australia
Brazil
South Korea

Permanently exempted after agreeing to place **quota** limits on steel & aluminum exports to the US

Canada
Mexico
European Union

Exempted until June 1 for negotiations, but did not reach a deal, so **tariffs are imposed**

SECT. 232 TARIFFS



Steel

25% tariff on steel imports



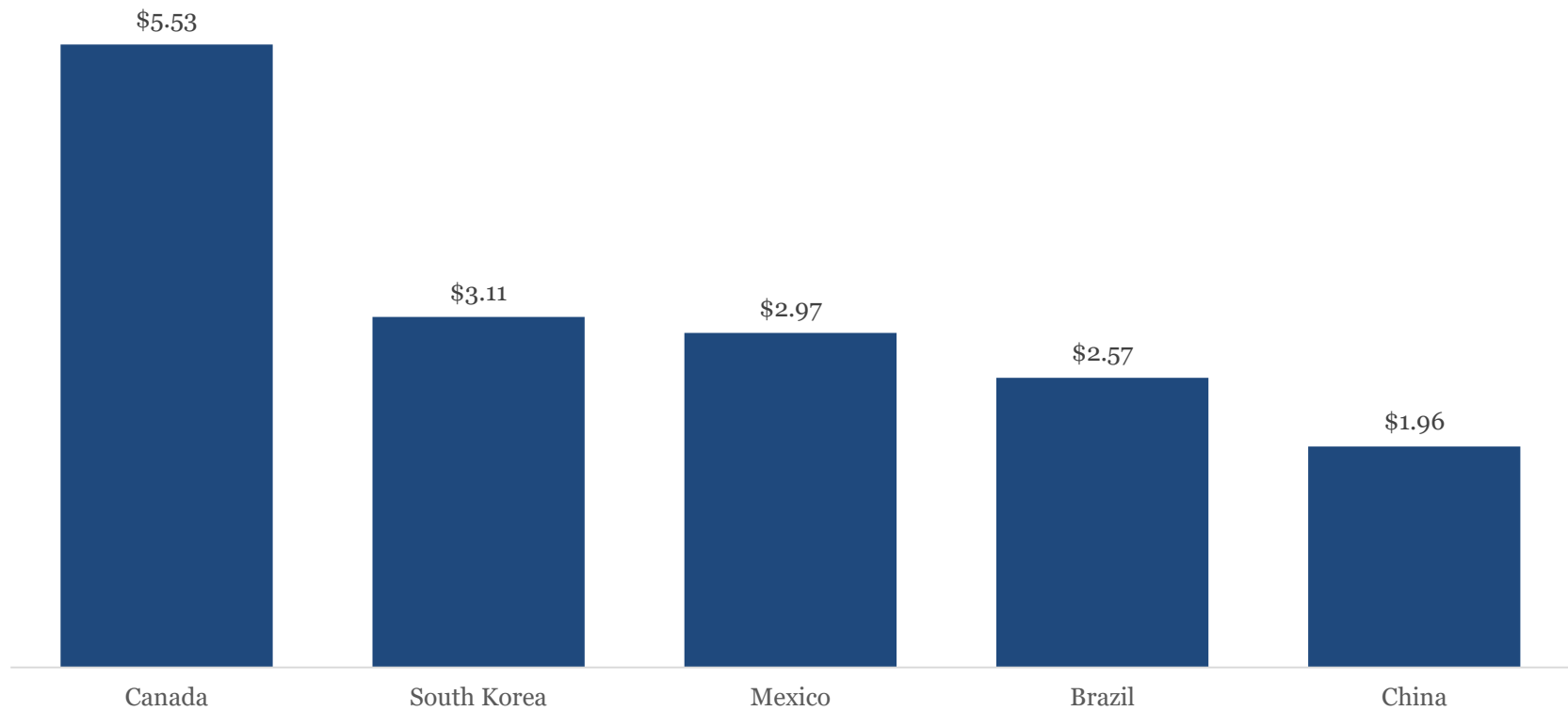
Aluminum

10% tariff on aluminum imports

Sources: Carla Mozee, “‘We will not sit idly’ — global leaders react to Trump’s steel tariffs,” MarketWatch, March 2, 2018; Joe Williams, “GOP Reaction to Trump Tariffs is Fast, Furious and Negative,” Roll Call, March 2, 2018; National Journal Research, 2018; White House, “President Trump approves Section 232 tariff modifications,” March 22, 2018.

The global steel market in 2017:

Biggest steel exporters to the US
(in billions of USD)



Key trading partners who did not receive an exemption to Sect. 232 tariffs have instituted retaliatory measures

Retaliatory tariffs from Mexico would affect about \$3 billion of US products



Pork
15%



Apples
20%



Potatoes
20%



Bourbon
25%



Cheese
20-25%



Steel products
25%



Cranberries
20%

Retaliatory tariffs from the EU would affect about €2.8 billion of US products



Motorcycles
25%



Rice products
25%



Washing machines
50%



Bourbon
25%



Clothing
50%



Steel products
25%



Cranberries
25%

Tariffs from Canada would affect about \$12.8 billion of US products



Motorboats
10%



Appliances
10%



Household products
10%



Whiskey
10%



Sweets/chocolate
10%



Steel products
25%




Food products
25%

Sources: National Journal research, 2018; "The facts on NAFTA: assessing two decades of gains in trade, growth and jobs," U.S. Chamber of Commerce

Timeline of the US-China trade dispute


April 2, 2018
 **China imposes tariffs on US imports worth \$3 billion** in direct response to the US tariffs on steel and aluminum

April 3, 2018
 **US proposes tariffs on \$50 billion in Chinese goods,** targeting electronic products

April 4, 2018
 **China proposes imposing tariffs on \$50 billion in US goods,** including soybeans, cars and chemicals

April 6, 2018
 **After Trump calls for a new wave of tariffs targeting \$100 billion of Chinese goods,** the USTR publishes a proposed list of 1,333 products to target

April 27, 2018
 **China announces it will collect temporary anti-dumping deposits** of almost 180% on grain sorghum imported from the US

May 20, 2018
 **US and China reportedly reach an agreement** and put the tariffs on hold while they work out the details

June 15, 2018
 **Trump acts on his April threat and imposes tariffs on \$50 billion of Chinese goods:** duties on \$34 billion of goods will take effect on July 6, while those on a separate list of products worth \$16 billion will apply at a later date

June 15, 2018
 **China retaliates with tariffs on \$50 billion of US goods,** targeting US agricultural products and manufactured goods

Previous actions

August 2017

January 2018

March 9, 2018

March 22, 2018

USTR launches a Section 301 investigation into the Chinese government due to the growing trade deficit with China and complaints from US companies about IP theft

The US announces a 30% tariff on imported solar panels and taxes on large residential washing machines starting at 30%. The US relies heavily on imports of both from China

Trump imposes tariffs of 25% on steel imports and 10% on aluminum imports from all nations, including China; the tariffs go into effect on March 23

The Section 301 investigation finds that China is engaging in discriminatory trade practices related to technology transfer, intellectual property and innovation

Sources: Rishi Iyengar, "US-China trade battle: Catch up here," CNN, April 8, 2018; "Timeline of the Escalating US-China Trade Dispute," Bloomberg, May 3, 2018; National Journal research, 2018.

The Section 301 US tariffs announced on June 15 will target 1,102 Chinese product lines valued at \$50 billion

US tariffs will apply to \$34 billion of Chinese products beginning on July 6



Automobiles

25%



Industrial machinery

25%



Electronic equipment

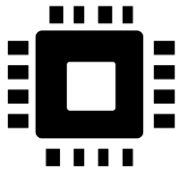
25%



Medical devices

25%

The US plans to implement tariffs on an additional \$16 billion of Chinese goods at a later date



Semiconductors



Robotics



Plastics

Sources: "USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices," USTR, June 15, 2018; Bob Davis, "China Issues Retaliatory Tariffs as Trade Fight heats Up," The Wall Street Journal, June 15, 2018.; US business leaders warn on impact of Trump tariffs," Financial Times, June 18, 2018.

China has retaliated against the Section 301 tariffs, with duties on \$50 billion of US goods

Tariffs from China would affect about \$34 billion of US products beginning on July 6



Soybeans

25%



Meat

25%



Seafood

25%



Electric vehicles

25%

China plans to implement tariffs on an additional \$16 billion of US goods at a later date



Crude oil



Coal



Chemicals



Medical devices

Sources: "USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices," USTR, June 15, 2018; Bob Davis, "China Issues Retaliatory Tariffs as Trade Fight heats Up," The Wall Street Journal, June 15, 2018.; US business leaders warn on impact of Trump tariffs," Financial Times, June 18, 2018.

After nine rounds of NAFTA negotiations, major sticking points have emerged as 2018 deadlines approach

Major sticking points between US and Canada/Mexico:

Dispute settlements

US demand: Option to opt-out of dispute resolution panels

Sunset clause

US demand: Review trade deal every 5 years

Automotive rules of origin

- Currently 62.5% parts made in N. America
- US demand:
 - 75% made in N. America
 - 40% of components built by workers making at least \$16 per hour

Outside pressure factors:

- 1 US midterm elections**
 - November 2018
- 2 Mexico presidential election**
 - July 2018
 - Inauguration December 1, 2018
- 3 Trade promotion authority**
 - Expires July 2018 (likely extended)
- 4 Vocal US agriculture interests**
 - Farm Bill also expires Sept. 2018

NAFTA Negotiations

1. August 2017: Washington, D.C.
2. Early Sept. 2017: Mexico City
3. Late Sept. 2017: Ottawa
4. October, 2017: Arlington, VA
5. November 2017: Mexico City
6. January 2018: Montreal
7. February 2018: Mexico City
8. April 2018: Washington, D.C.
9. May 2018: Washington, D.C.