The Trump Administration and US Trade Policy
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Key Political Developments

January 20, 2017: President Donald Trump takes office.
March 16, 2017: President releases FY 2018 budget outline.
Summer 2017: NAFTA renegotiation talks expected to begin.
May 2017: Congress begins FY 2018 budget debate.
May 2017: Letter of intent to renegotiate NAFTA is sent to Congress.
Trade: Changes in the Geopolitical Landscape

- A 2016 World Trade Organization (WTO) report notes that 2016 marked the slowest pace of trade and output growth since the 2008 financial crisis.
- World trade is on track to expand by 2.4% in 2017, but there is “deep uncertainty” about economic and policy developments, according to the WTO.
- WTO Director-General Roberto Azevêdo recently said clarity is still needed on US President Donald Trump’s trade policies, while making a general appeal to resist protectionism. “We should see trade as part of the solution to economic difficulties, not part of the problem,” Azevêdo stated, adding that, “[w]e need to keep strengthening the system, delivering new reforms, and resisting the erection of new barriers to trade.”
- President Trump has pledged to implement a trade policy agenda that protects domestic industry and strengthens trade enforcement programs. He has also announced his intent to re-examine existing free trade agreements and prioritize bilateral agreements over multilateral agreements.

The Trump Administration and 115th Congress

- Throughout his campaign, President Trump repeatedly demonstrated an eagerness to challenge the status quo. Since his inauguration, President Trump has wasted no time setting the tone by following through on his promise to shake-up Washington.
- President Trump has already signed a number of executive orders aimed at rolling back many of the initiatives put forward by his predecessor, President Obama.
- The Administration is still working to finalize a number of political appointments across almost every agency.
- Congressional Republicans have set an ambitious schedule, vowing to pass legislation related to health care reform, tax reform, and a possible infrastructure plan (in addition to the regularly-scheduled appropriations bills) before the end of 2017.
- However, there remains considerable uncertainty as to if and how the new Congress will be able to work alongside President Trump.
President’s 2017 National Trade Policy Agenda

The report, which is required under US law, highlighted the following four top priorities:

1. **Defending US national sovereignty over trade policy**, which includes a discussion of concerns with the World Trade Organization’s (WTO) dispute settlement body;
2. **Strictly enforcing US trade laws**, including antidumping/countervailing duty laws;
3. **Using all possible leverage points to encourage other nations open their markets to US goods and services**, which details concerns with existing rules under the WTO and some bilateral and plurilateral agreements; and
4. **Negotiating “new and better” trade deals around the world**, highlighting concerns following China’s accession to the WTO and with some existing deals, including the North American Free Trade Agreement (NAFTA) and the US-Korea Free Trade Agreement (KORUS).

Executive Actions on Trade

**January 23:** President Trump withdraws the US from the Trans-Pacific Partnership (TPP).

**January 24:** President Trump issues memorandum directing the Department of Commerce to prepare a plan on the use of domestic steel in pipeline construction projects.

**March 31:** President Trump signs Executive Order (EO) requiring the US Trade Representative and the Secretary of Commerce prepare a report examining trade with countries with which the United States had a significant 2016 trade deficit in goods.

**March 31:** President Trump signs EO directing the Secretary of Homeland Security to enhance the collection of antidumping and countervailing duty orders by improving bonding requirements and other policies addressing risk assessment procedures.

**April 18:** President Trump signs EO on “Buy American and Hire American” policies, covering both US Federal government procurement and immigration issues.

**Late April:** Trump Administration launches Section 232 investigations into all imports of steel and aluminum into the United States.

**April 29:** President Trump signs two EOs related to trade. The first directs a review of existing trade agreements; the second establishes a new “Office of Trade and Manufacturing Policy” within the White House.

**May 18:** US Trade Representative Robert Lighthizer provides Congress with letters notifying lawmakers of the President’s intent to renegotiate the North American Free Trade Agreement (NAFTA).
Process for Approving Trade Agreements in the US

- Under US law, trade agreements are not treaties and therefore are not self-executing.
- Instead, trade agreements must be approved by both chambers of Congress and signed into law by the President through implementing legislation under a process known as Trade Promotion Authority, or TPA. TPA’s procedures would apply to the renegotiation of an existing agreement as well.
- TPA gives the President the ability to negotiate these agreements, but requires he consult with lawmakers as negotiations progress.
- Once a final agreement has been reached, Congress can only approve or disapprove of the agreement; it cannot amend or filibuster it.
- Although TPA requires Congress to vote on the bill within 90 days of its introduction, there is no deadline by which the President must send the bill to Congress for its consideration. Thus, the President can choose to delay introduction of the bill until he is certain that Congress will support it.
- The President need not seek Congress’ approval of any side agreements or letters negotiated outside of the main agreement, but he is likely to take into account views of senior Members of Congress.

Trade Promotion Authority

Timeline of Requirements for Trade Agreements Under Trade Promotion Authority 2015

- 90 days prior to negotiations: President submits written notice of intent to begin negotiations.
- 90 days prior to agreement: Submit report to Ways and Means and Finance on potential changes to US trade agreements.
- 60 days prior to agreement: Notify Congress of intent to enter into agreement. Submit ITC agreement drafts.
- 60 days prior to agreement: Publish full text of agreement on USTR website.
- 60 days after agreement: Submit to Congress final draft of agreement.
- 125 days after agreement: ITC assessment of trade agreement due.
- 30 days prior to submission: Final legal text of agreement due.

Analysis:
- Trade Promotion Authority (“fast-track”) streamlines the process of approving trade agreements by giving the President authority to negotiate an agreement that goes straight to an up-or-down vote in Congress with no amendments or filibusters.
- TPA applies to all trade agreements reached before July 1, 2018, with a possible extension to July 1, 2021.

Source: National Journal
Who's Who on Trade: Trump Administration

Robert Lighthizer
US Trade Representative

Wilbur Ross
Secretary of the US Department of Commerce

Peter Navarro
Director of the Office of Trade and Manufacturing Policy
(Previously Director of the White House National Trade Council)

Jason Greenblatt
Special Representative for International Negotiations

Gary Cohn
Director of the National Economic Council

Sonny Perdue
Secretary of Agriculture

Rick Perry
Secretary of Energy

Who’s Who on Trade: House

Nancy Pelosi

Paul Ryan

Richard Neal

Kevin Brady

Bill Pascrell

Kevin McCarthy

Dave Reichert
Who’s Who on Trade: Senate

Chuck Schumer
Orrin Hatch

Who’s Who on Trade: Outside Stakeholders

US Chamber of Commerce
National Association of Manufacturers
Business Roundtable
American Farm Bureau Federation
American Petroleum Institute

Labor Unions
Trans-Pacific Partnership (TPP)

On October 5, 2015, the 12 TPP countries announced that a final agreement had been reached and the deal was signed February 4, 2016.

Due in part to concerns raised by Members of Congress about the length of intellectual property protections for biologic drugs and the tobacco industry’s carve-out from the deal’s investor-state dispute resolution mechanism, President Obama failed to secure sufficient Congressional support for the agreement before the end of his presidency.

President Trump has been vocal about his opposition to mega-regional trade deals like the TPP. Shortly after his inauguration, President Trump signed a memorandum formally withdrawing the US from the TPP.

The 11 other TPP countries have expressed an interest in moving forward with the deal, potentially by adding China as a member.

In recent months, representatives from the 11 remaining TPP countries have participated in several additional meetings, to discuss next steps. Most recently, the 11 remaining countries met in Hanoi, Vietnam, on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum and agreed to explore how they can move forward without the US.

North American Free Trade Agreement (NAFTA)

Since his inauguration, President Trump has stepped up his criticisms of NAFTA, pledging to renegotiate the agreement and using the threat of withdrawal to push Congress to the table.

The Governments of Canada and Mexico have indicated they are willing to discuss the agreement and how it could be improved, with senior-level officials from both countries traveling to Washington in recent months.

US Trade Representative Robert Lighthizer recently provided Congress with letters notifying lawmakers of the President’s intent to renegotiate NAFTA.

While much shorter and broader than the draft leaked earlier this year, the letter pledges that the Administration will consult closely with Congress to ensure its negotiating positions are consistent with the priorities and objectives set out under TPA.

The letter states that the Administration aims to modernize NAFTA to include provisions addressing issues like “intellectual property rights, regulatory practices, state-owned enterprises, services, customs procedures, sanitary and phytosanitary measures, labor, environment, and small and medium enterprises.”

It also reiterates the Administration’s pledge to pursue strong implementation and enforcement of trade commitments.
Transatlantic Trade and Investment Partnership (TTIP)

- US and EU leaders discussed the possibility of the TTIP in November 2011. The trade relationship between the US and the EU is the biggest in the world, with more than $2.2 billion of goods and services traded each day. If implemented, the agreement would cover approximately one third of global goods and services trade.
- Following the US elections, EU Trade Commissioner Cecilia Malmström acknowledged that TTIP negotiations “will be in the freezer” for some time.
- Elections in France and Germany – two countries whose leaders have been especially skeptical of finalizing the TTIP – could also complicate the prospect of any TTIP discussions in the near future.
- However, more recent statements by US and EU policymakers suggest some are optimistic about restarting TTIP negotiations.
  - Commissioner Malmström recently traveled to Washington, meeting with Commerce Secretary Wilbur Ross and others in the Trump Administration, after which she reportedly noted that while both parties still “need a bit more time,” she is hopeful “TTIP will come out of the freezer.”
  - Both Senate Finance Committee Chairman Orrin Hatch (R-UT) and House Speaker Paul Ryan recently expressed an interest in resuming TTIP negotiations in the future.
  - Trump Administration officials have also recently suggested an interest in advancing the deal.
- If negotiations resume, the parties would likely focus on issues related to the financial services industry, regulatory coherence, and intellectual property (IP).
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