

U.S. Trade Policy under the Trump Administration



Paul Ryberg

President
African Coalition for Trade
Washington, DC

Principal
Ryberg and Smith, LLC
Washington, DC

Trump Trade Policy



The World Turned Upside
Down

Trump Trade Policy Differs Dramatically

- Since the Uruguay Round and NAFTA, Republican and Democratic Administrations have supported free trade
- Shared political philosophy behind liberal trade policies
- Led to establishing the GATT in 1947 and then WTO in 1995
- And to the negotiation of a series of multi-party and bilateral FTAs

Trump Trade Policy: *“Managed, not Free Trade”*

- Trump Trade Policy is not based on a consistent political philosophy; it is transactional and reactive
- Themes of Trump Trade Policy:
 - America First
 - Trade is a “Zero Sum Game”
 - Trade Deficits = Cheating by trade partners
 - Bilateral, not Multilateral agreements, increase U.S. leverage
 - Aggressive tariff responses to perceived unfair practices

Trump on Free Trade Agreements/1

- **TPP** Cancelled on Trump Day 1, but US might be interested in joining TPP-11
- **TTIP** Declared “Dead in the Water,” but reopened negotiations July 25
- **NAFTA** Renegotiated with Mexico August 27
- **KORUS** Renegotiated September 3

Trump on Free Trade Agreements/2

- **Colombia FTA** Targeted for renegotiation due to Colombia OECD conditions
- **DR/CAFTA** Identified as needing “modernization”
- **Philippines** First new FTA
- **WTO** Administration is drafting contingency plans to withdraw from WTO

Africa FTAs?

- Obama pushed toward regional FTAs with RECs to succeed AGOA
- Trump's USTR interested in a bilateral FTA with an African country to become a model for the post-AGOA framework
- Cote d'Ivoire, Ghana, Kenya and Mauritius have expressed interest in an FTA
- So far, USTR has not initiated even preliminary discussions with any potential African FTA partners
- If USTR is serious about negotiating 38 separate bilateral FTAs by 2025, time is running out

Aggressive Enforcement: ***“Trade Wars are Good and Easy to Win”*** ***and “Tariffs are Great!”***

- May 2018 Section 232 “National Security” Tariffs Imposed on Steel (25%) and Aluminum (10%)
- June 2018 Section 301 “Unfair Trade Practice” Tariffs on China for Failing to Protect U.S. IP
 - China has responded with matching tariffs
- July 2018 Section 232 “National Security” Investigations of
 - Auto Imports
 - Uranium Imports
- Will Trump trade war create opportunities for Africa?

How Will the New Aggressive Attitude on Trade Affect AGOA?

- Trade preference programs like AGOA are not a priority under “America First” trade policy
- Aggressive enforcement of AGOA eligibility criteria is likely
- 2019 Annual AGOA Eligibility Review is currently underway
- Trump Administration is unlikely to support renewing AGOA in 2025

Conclusions

- Trump trade policy is unpredictable, reactive
- The Republican-controlled Congress has been mostly silent in response to aggressive and erratic trade policy
- Africa is not a priority for the Trump Administration, but trade war with China might create opportunities
- Trade and investment need stability, but Trump Presidency is focused on change
- Trump's central theme is "America First!"