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The Slow Unraveling of U.S. Trade Policy in the Age of Trump

Chad P. Bown

Selected Paper prepared for presentation at the International Agricultural Trade Research Consortium's (IATRC's) 2017 Annual Meeting: Globalization Adrift, December 3-5, 2017, Washington, DC.

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The **Slow Unraveling** of U.S. Trade Policy in the **Age of Trump**

Chad P. Bown

Peterson Institute for International Economics

2017 IATRC Annual Meeting

Globalization Adrift

December 2017

Washington, DC

As of March 2016 these were the kind of papers I was working on...



World Trade Review (2016), 15: 2, 235–257
© Chad P. Bown and Jennifer A. Hillman doi:10.1017/S1474745615000701

American Economic Journal: Economic Policy 2017, 9(4): 64–100
<https://doi.org/10.1257/pol.20150145>

Bird Flu, the OIE, and National Regulation: The WTO's India–Agricultural Products Dispute

CHAD P. BOWN*
The World Bank and CEPR
JENNIFER A. HILLMAN**
Georgetown University Law Center

Journal of Economic Literature 2016, 54(4), 1125–1231
<http://dx.doi.org/10.1257/jel.20151192>

Trade Agreements and Enforcement: Evidence from WTO Dispute Settlement†

By CHAD P. BOWN AND KARA M. REYNOLDS*

Is the WTO Passé?†

KYLE BAGWELL, CHAD P. BOWN, AND ROBERT W. STAIGER*

World Trade Review (2017), 16: 2, 253–277
© Chad P. Bown And Jennifer A. Hillman doi:10.1017/S1474745616000537

World Trade Review (2017), 16: 2, 371–394
© Chad P. Bown And Rachel Brewster doi:10.1017/S1474745616000586

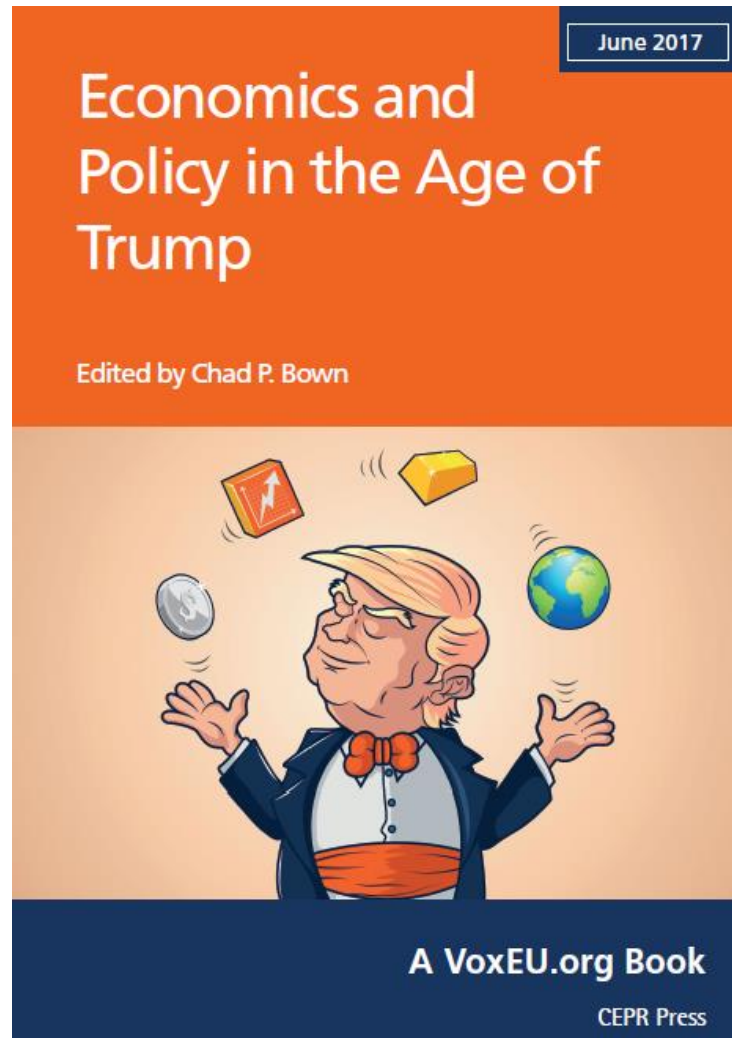
Foot-and-Mouth Disease and Argentina's Beef Exports: The WTO's US–Animals Dispute

CHAD P. BOWN*
Peterson Institute for International Economics & CEPR
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Georgetown University Law Center

US–COOL Retaliation: The WTO's Article 22.6 Arbitration

CHAD P. BOWN*
Peterson Institute for International Economics & CEPR
RACHEL BREWSTER**
Duke Law School

But since April 2016...



The **Slow Unraveling** of U.S. Trade Policy in the **Age of Trump**



1. President Trump's unconventional approach to **trade deals**
2. President Trump's approach to the **WTO**
3. President Trump's unconventional approach to **trade remedies**
4. President Trump's uncertain approach to **China**

The Origins of *Trade Talks*

by **Chad P. Bown** (PIIE)

on the weekly economics of trade policy **podcast** I co-host
with **Soumaya Keynes** (*The Economist*)



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Trade Talks: Episodes to Date



Special Episode. Trump's **Unfair Trade** Action against **China**

1. **NAFTAnomics**: The Economics of Three Big Fights

2. Trump Threatens the **South Korea–US** Trade Deal

3. Nerves of **Steel**: Waiting for Trump's Trade War

4. Holding the **WTO Hostage**, Trump Style

5. **Solar Tariffs**, Clean Energy (and Trump)

6. **Uncertainty** and Trade Deals—Not Good

7. Tariffs, Subsidies and **Not-So-Friendly Skies**

8. **NAFTA** Time Out – Unsurprisingly Unconventional

9. Happy 70th **GATTiversary** – The Origins of Multilateral Trade

10. What if the UK Crashed into a **No-Deal Brexit**?

11. The Complicated Impact of **Trade...on Developing Countries**

12. How to Save a **(Pacific) Trade Deal**

13. **Export Superstars** and **Billionaires**: When Do Policymakers Need to Worry?

14. Trade Talks Tough: **Sanctions** on **North Korea**



with **N. Limão**

with **D. Irwin, P. Mavroidis & A. Sykes**

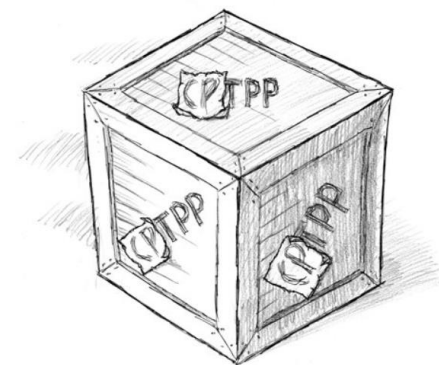
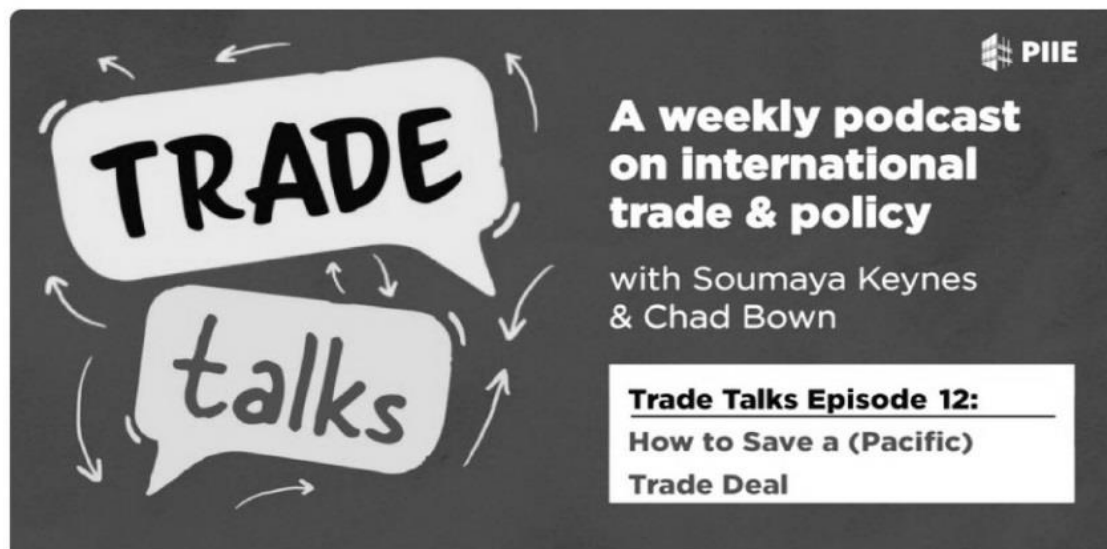
with **S. Dhingra**

with **N. Pavcnik**

with **C. Freund**

with **M. Noland**

President Trump's unconventional approach to trade deals: Trans-Pacific Partnership (TPP)

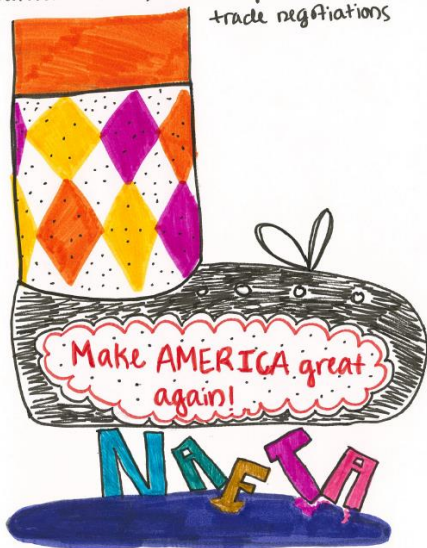


President Trump's unconventional approach to trade deals: NAFTA



Dealing with Donald
Donald Trump's trade bluster

Whatever he thinks, dealmaking won't help Mr. Trump's trade negotiations



President Trump's unconventional approach to trade deals: KORUS



Mar 16th 2017

KORUS of disapproval

The south Korea-US trade agreement turns 5
Though not many are celebrating its birthday



President Trump's unconventional approach to trade deals



1. Trans-Pacific Partnership (TPP) withdrawal
2. Korea-US Free Trade Agreement (KORUS-FTA) threat
3. North American Free Trade Agreement (NAFTA) renegotiation

Trump's "unconventional" proposals

1. Autos content: 62.5% -> 85% North American content; 0->50% US content
2. 5-year sunset proposal – introducing (not eliminating) uncertainty
3. Elimination of legally binding dispute settlement
 - Challenging antidumping & countervailing duties (Chapter 19)
 - State-to-state trade disputes (Chapter 20)
 - Investor-state dispute settlement (Chapter 11)
4. Buy America provisions in government procurement (government contracts)



President Trump's unconventional approach to trade deals: WTO



President Trump's unconventional approach to trade deals: WTO



Professors Douglas Irwin (Dartmouth College), Petros Mavroidis (Columbia Law School), and Alan Sykes (Stanford Law School) join Soumaya Keynes & Chad Bown on *Trade Talks* to discuss their book, *The Genesis of the GATT*.



President Trump's uncertain approach to the WTO



Buenos Aires **ministerial**? (December 2017)

Instigating new **Crises in Geneva** ...

- **Appellate Body** member appointment holdup
- WTO **dispute** settlement engagement
- **Criticism** of prior WTO dispute settlement **rulings**
 - “zeroing” disputes to US antidumping
 - safeguards disputes
- “**Reciprocal**” tariffs, **MFN**...



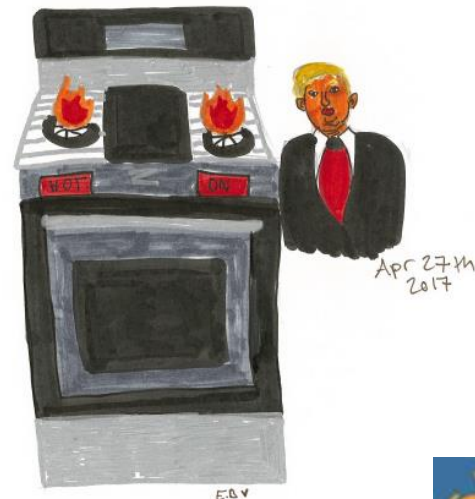
President Trump's unconventional approach to trade remedies: Steel & Aluminum national security threat cases



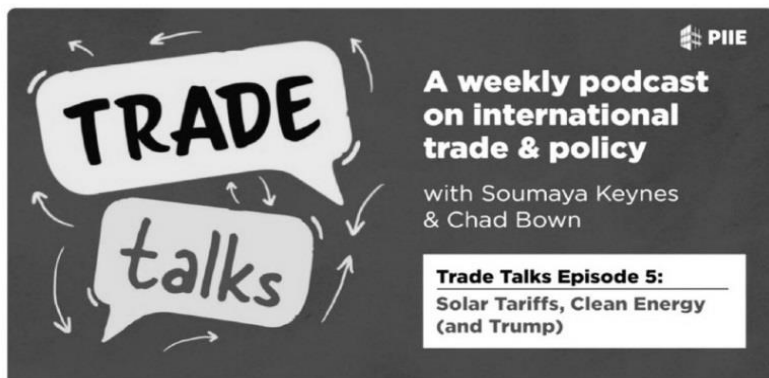
Trade policy
How Chinese overcapacity hits American workers and workers
The risk is that Donald Trump has the wrong solution



Trade Policy
The Trump administration turns up the heat on trade
Hopes that the protectionist candidate would mellow in office are fading



President Trump's unconventional approach to trade remedies: Solar, Bombardier Softwood Lumber...



President Trump's unconventional approach to trade remedies



Section 232

- Import threat to national security – **steel** and **aluminum**

“Traditional” Unfair Trade Laws

- Antidumping and countervailing duties – **softwood lumber** and **Bombardier jets**
- **Self-initiated** investigations – started with aluminum sheet

Section 201

- Global safeguards – **solar panels** and **washing machines**



President Trump's unconventional approach to China

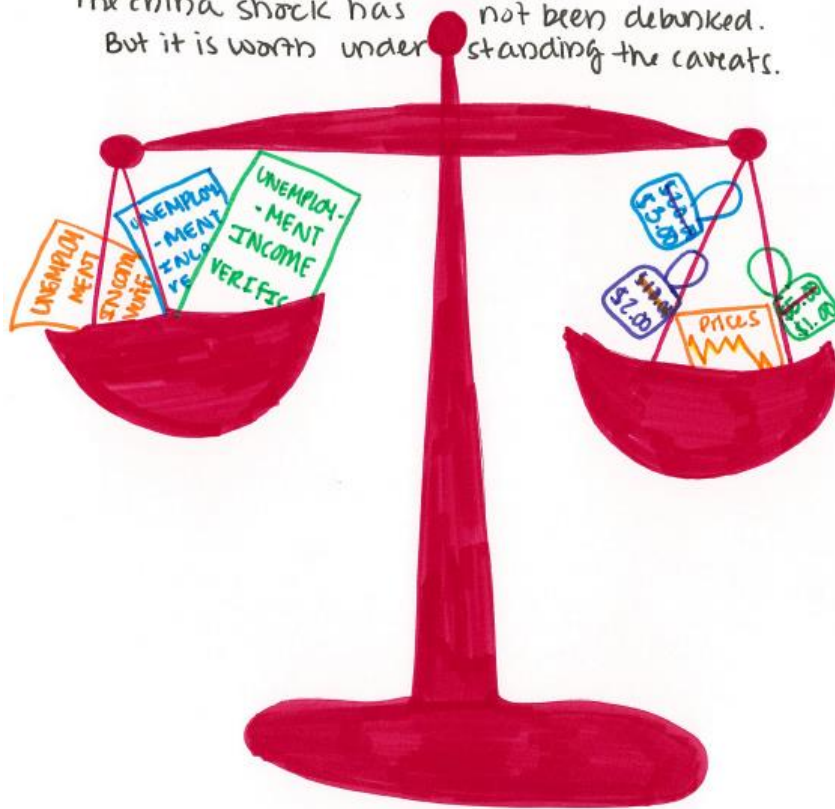


Mar 11th
2017

Shock horror

Economists argue about the impact of Chinese imports on America

The China shock has not been debunked.
But it is worth understanding the caveats.



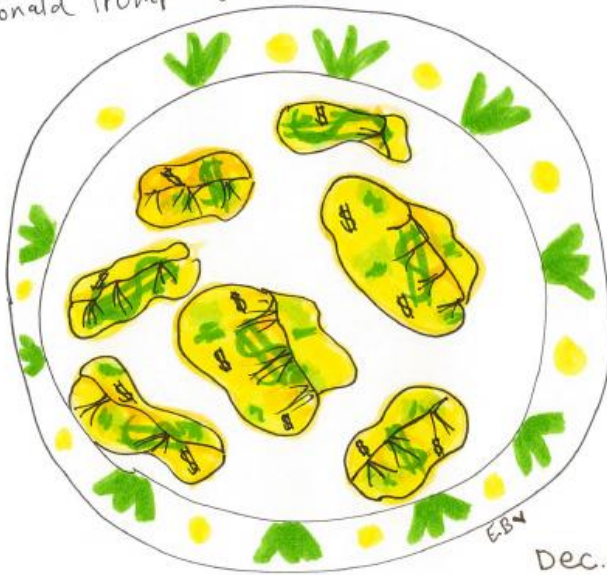
President Trump's unconventional approach to China



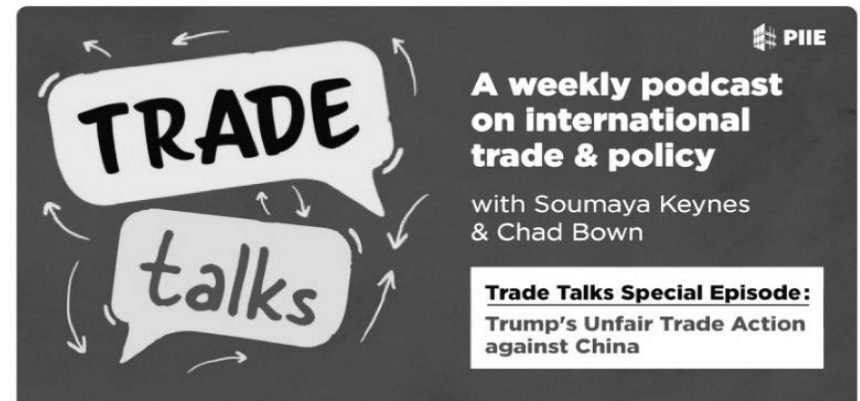
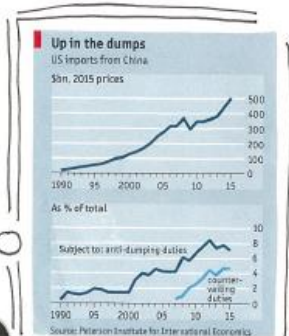
Chinese dumpings

An early salvo in a trade war between America and China?

Donald Trump might get a trade war without even trying



Dec. 17, 2016



President Trump's uncertain approach to China



Non-market economy (NME) status

- December 11, 2016 – 15 year anniversary of China's WTO accession

Mar-a-Lago and the 100 day talks

- Outcome/deliverables – ummm...

Section 301 – unfair trade – investigation

- Joint-ventures, forced technology-transfer and intellectual property theft
- But conflict/threat with WTO





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...because just one mildly menacing photo of a trade geek just wasn't enough



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