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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

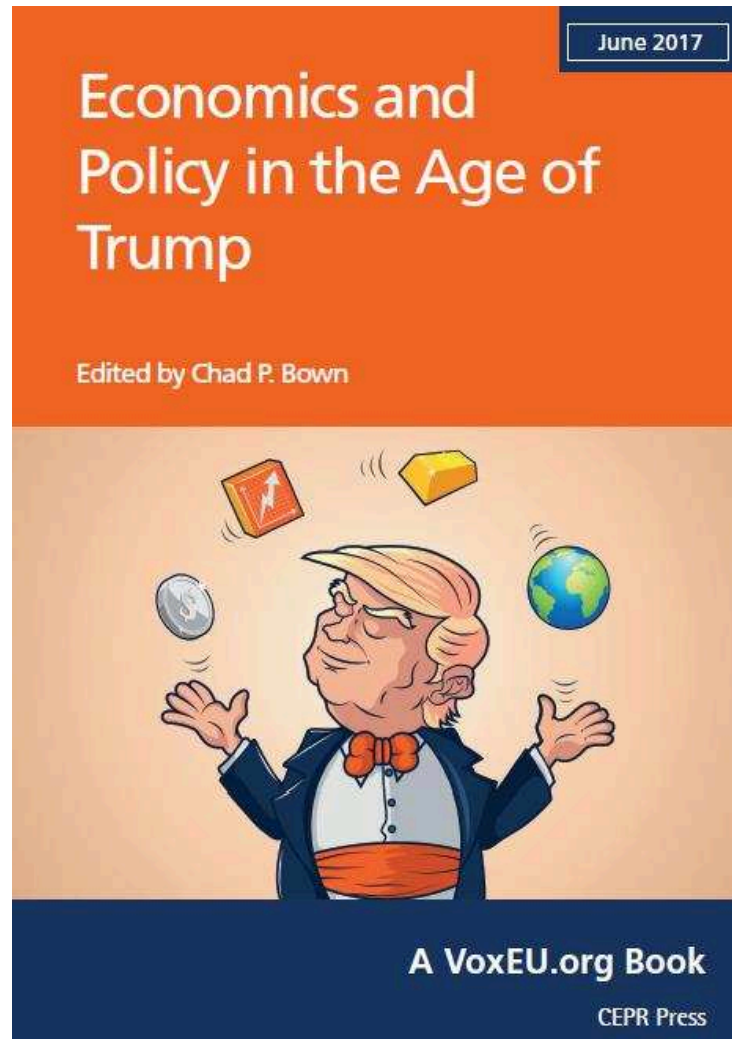
Foot-and-Mouth Disease and Argentina's Beef Exports: The WTO's US–Animals Dispute

CHAD P. BOWN*
Peterson Institute for International Economics & CEPR
JENNIFER A. HILLMAN**
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**

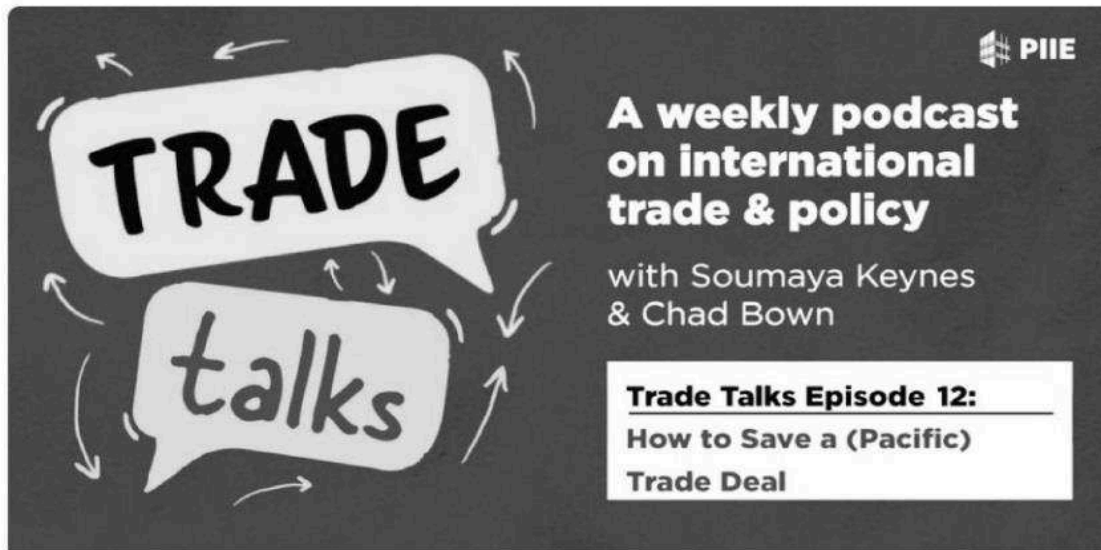
with **S. Dhingra**

with **N. Pavcnik**

with **C. Freund**

with **M. Noland**

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

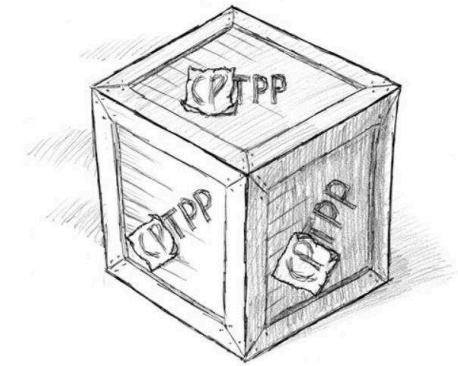


PIIE

**A weekly podcast
on international
trade & policy**

with Soumaya Keynes
& Chad Bown

**Trade Talks Episode 12:
How to Save a (Pacific)
Trade Deal**

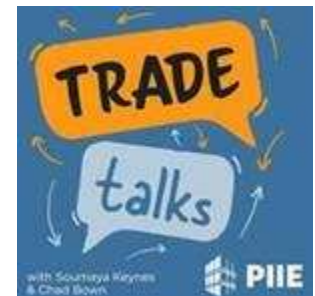
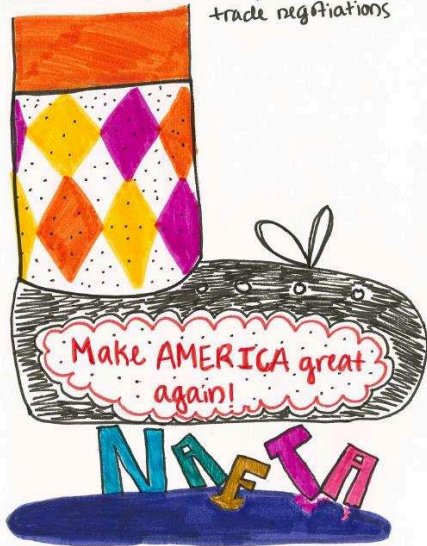
The image shows a podcast cover for 'Trade Talks'. It features a dark grey background with two speech bubbles: a larger one at the top containing the word 'TRADE' in bold, uppercase letters, and a smaller one below it containing the word 'talks' in a lowercase, handwritten font. White arrows point from the top bubble to the bottom one and vice versa. On the right side, there is a white box containing the episode title. The PIIE logo is in the top right corner.

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



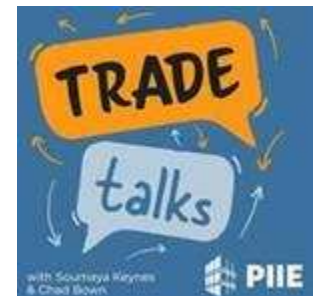
President Trump's unconventional approach to trade deals: KORUS



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

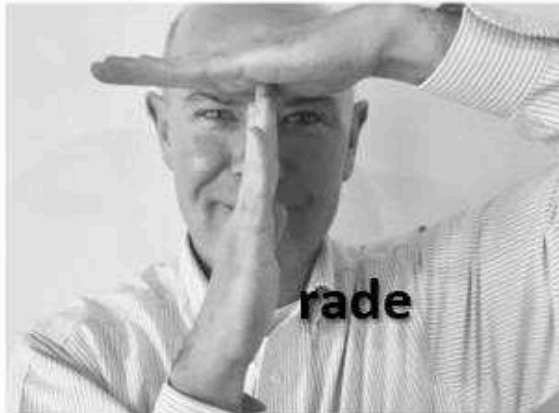


A dark-themed podcast cover for "TRADE talks" by PIIE. The title "TRADE talks" is written in a white, hand-drawn font inside two speech bubbles. To the right, the text reads: "A weekly podcast on international trade & policy with Soumaya Keynes & Chad Bown". Below this, a white box contains the episode title: "Trade Talks Episode 4: Holding the WTO Hostage, Trump Style". The PIIE logo is in the top right corner.



A colorful version of the "TRADE talks" podcast cover. The title "TRADE talks" is written in a white, hand-drawn font inside two speech bubbles on a blue background. At the bottom, it says "with Soumaya Keynes & Chad Bown" and the PIIE logo is in the bottom right corner.

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



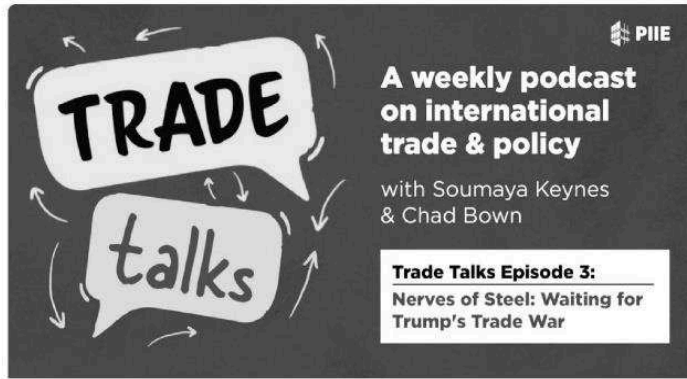
Buenos Aires **ministerial**? (December 2017)

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



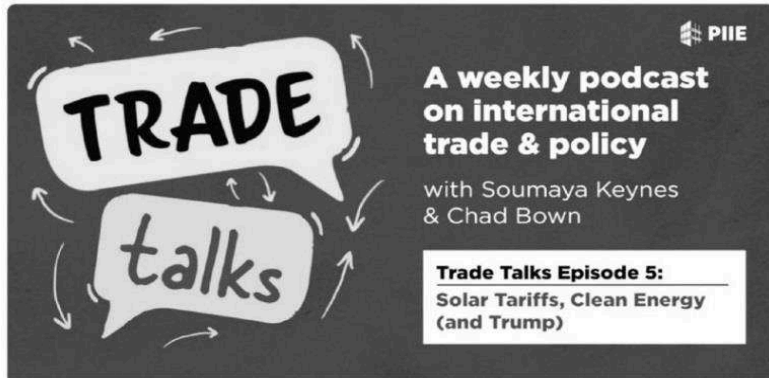
Trade Policy
The Trump administration turns up the heat on trade
Hopes that the protectionist candidate would mellow in office are fading.



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



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



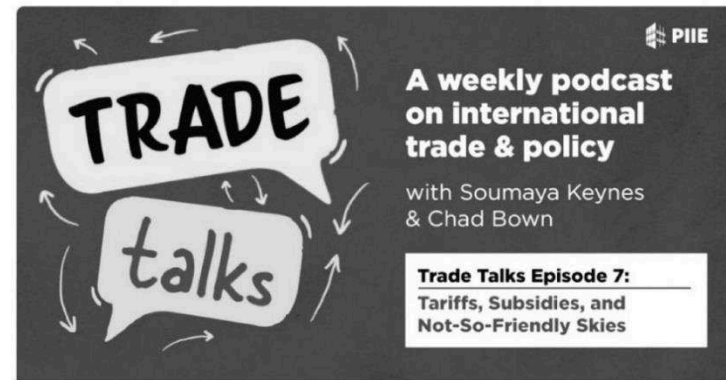
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Trade Talks Episode 5:
Solar Tariffs, Clean Energy (and Trump)



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Trade Talks Episode 7:
Tariffs, Subsidies, and Not-So-Friendly Skies



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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

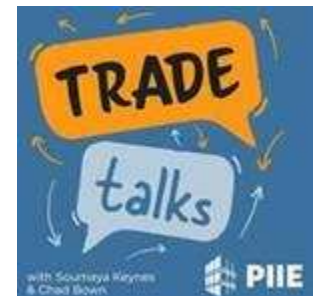
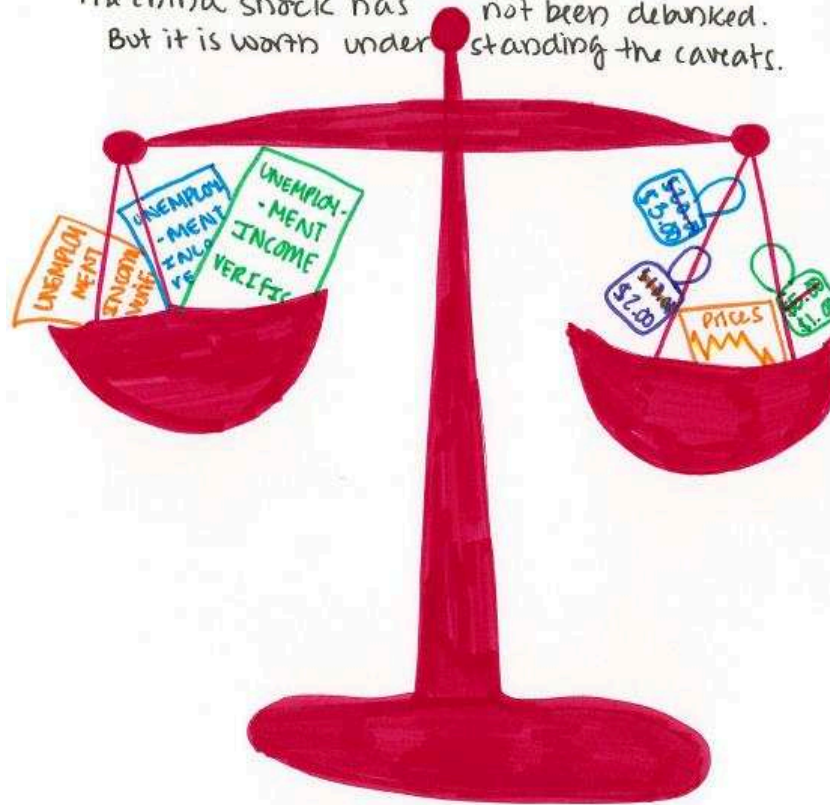


Mar 11th
2017

Shock horror

Economists argue about the impact of Chinese imports on America

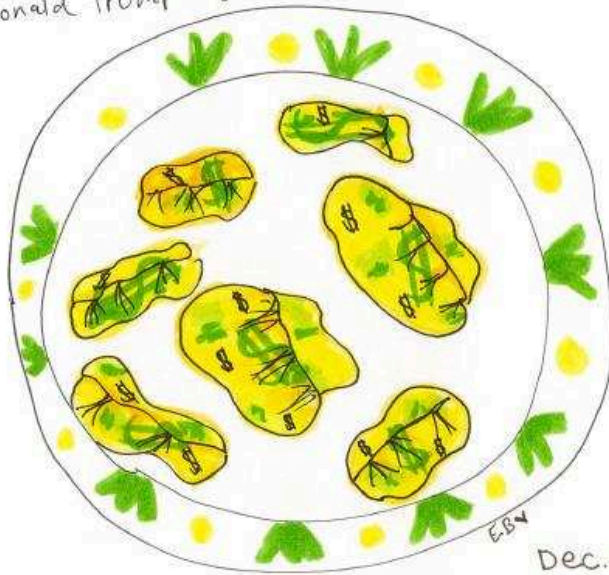
The China shock has not been debunked.
But it is worth understanding the caveats.



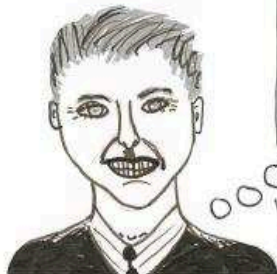
President Trump's unconventional approach to China



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



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Trade Talks Special Episode: Trump's Unfair Trade Action against China

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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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with Soumaya Keynes & Chad Bown

@SoumayaKeynes



@ChadBown

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



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