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"U.S. Trade Policy Under Pres. Trump"

The Thursday morning agenda at HMA's recent National Conference and Expo included a presentation by **Tiffany Smith**, Senior Policy Advisor/Government and Global Trade Group of Mayer Brown LLP, Washington, D.C. Her topic of discussion - "U.S. Trade Policy under President Trump;" and the issues that are generating risk.

"Since day one of Donald Trump's Presidential Campaign," Smith said, "trade has been an issue." She went on to reminder her listeners that it was back in June of 2016, that Mr. Trump's 7-Point Plan on Trade was announced, and included:

- Withdrawal from TPP (Trans Pacific Partnership)
- Renegotiation of NAFTA (North American Free Trade Agreement)
- Appointment of tough, trade negotiators & enforcement of Agreements
- To deal strongly with China

And now, past the halfway point of his Administration, Trade remains a top priority.

While Smith's topics of discussion included overviews of Section 232 National Security Investigations (steel, aluminum, autos) and resulting tariffs; the status of the NAFTA renegotiations; and the President's announced intension to negotiate Free Trade Agreements with Japan, the United Kingdom, and the European Union, the bulk of her presentation dealt with China.

The "what-when-why" of it all
Section 301 of the Trade Act of 1974 allows the President to take action against trade partners if they are engaging in unreasonable or deceptive practices that burden or restrict U.S. Commerce.

In August 2017, per the President's directive, the United States Trade Representative (USTR) initiated an investigation of China, the goal being to quantify China's activities, and establish necessary and appropriate remedies.

The investigation focused on theft of intellectual property (IP) and trade secrets, forced technology transfer, mandatory provisions on licensing and other technology contracts, and China's expansion in high-tech sectors.

In March 2018, the USTR's findings affirmed that China is in violation of Section 301 of the Trade Agreement, specifically:

- China uses joint venture requirements, foreign investment restrictions, and administrative review and licensing processes to require or pressure technology transfer from U.S. companies.

- China deprives U.S. companies of the ability to set market-based terms in licensing and other technology-related negotiations.
- China directs and unfairly facilitates the systematic investment in and acquisition of, U.S. companies and assets to generate large-scale technology transfer.
- China conducts and supports cyber intrusions into U.S. commercial computer networks to gain unauthorized access to commercially-valuable business information.

As we all know
The U.S. response was tariffs on Chinese imports. The Chinese retaliation – tariffs on U.S. imports.

As settlement negotiations stall and restart, the obvious risk to the issue, as Smith sees it, is that either NO agreement will be forthcoming, OR if an agreement is reached, China will fail to live up to it, and the situation will slip back into the "dueling tariffs" mode. Stay tuned.

Tiffany Smith advises global companies, trade associations, and non-profits on strategies for achieving their international trade and economic objectives. Visit the Members Only section of www.HMAmembers.org for her entire presentation.