

Trade Update

for Vistage

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U.S. CHAMBER OF COMMERCE
International Affairs

Change and Continuity in U.S. Trade

- **OUT: Policymaking by tweet**
- **IN: “Regular order” and consultation**



Change and Continuity in U.S. Trade

- **OUT: Threats to withdraw from trade agreements**
- **IN: Internal reviews and deliberation**



Change and Continuity in U.S. Trade

- **OUT: Trump's tariffs**
- **IN: Biden's tariffs (they're still there)**



A “Worker-Centric” Trade Policy

- **Workers who are unionized**
- **Workers who are Black or Latino**
- **Workers without a college degree**

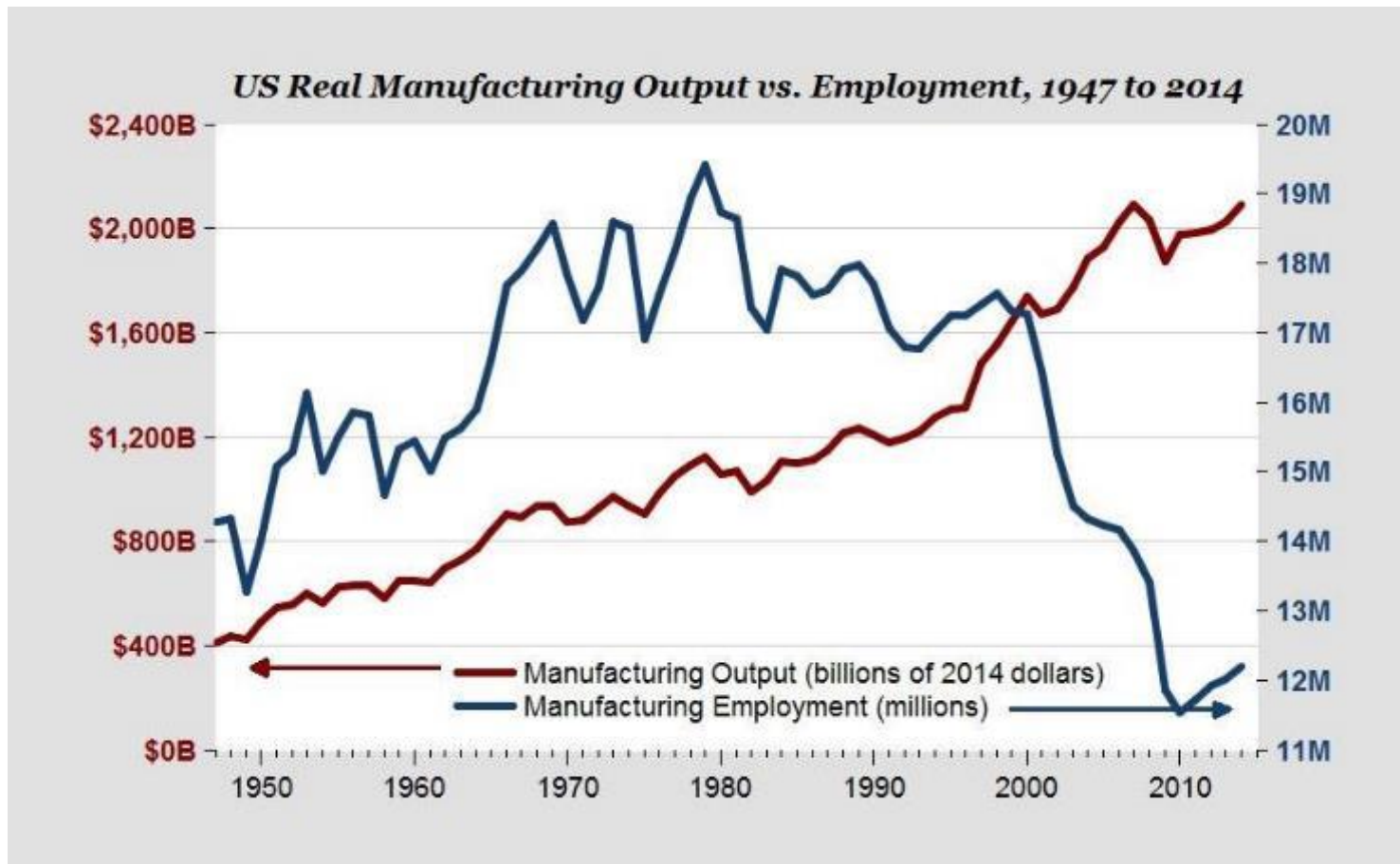


A “Worker-Centric” Trade Policy

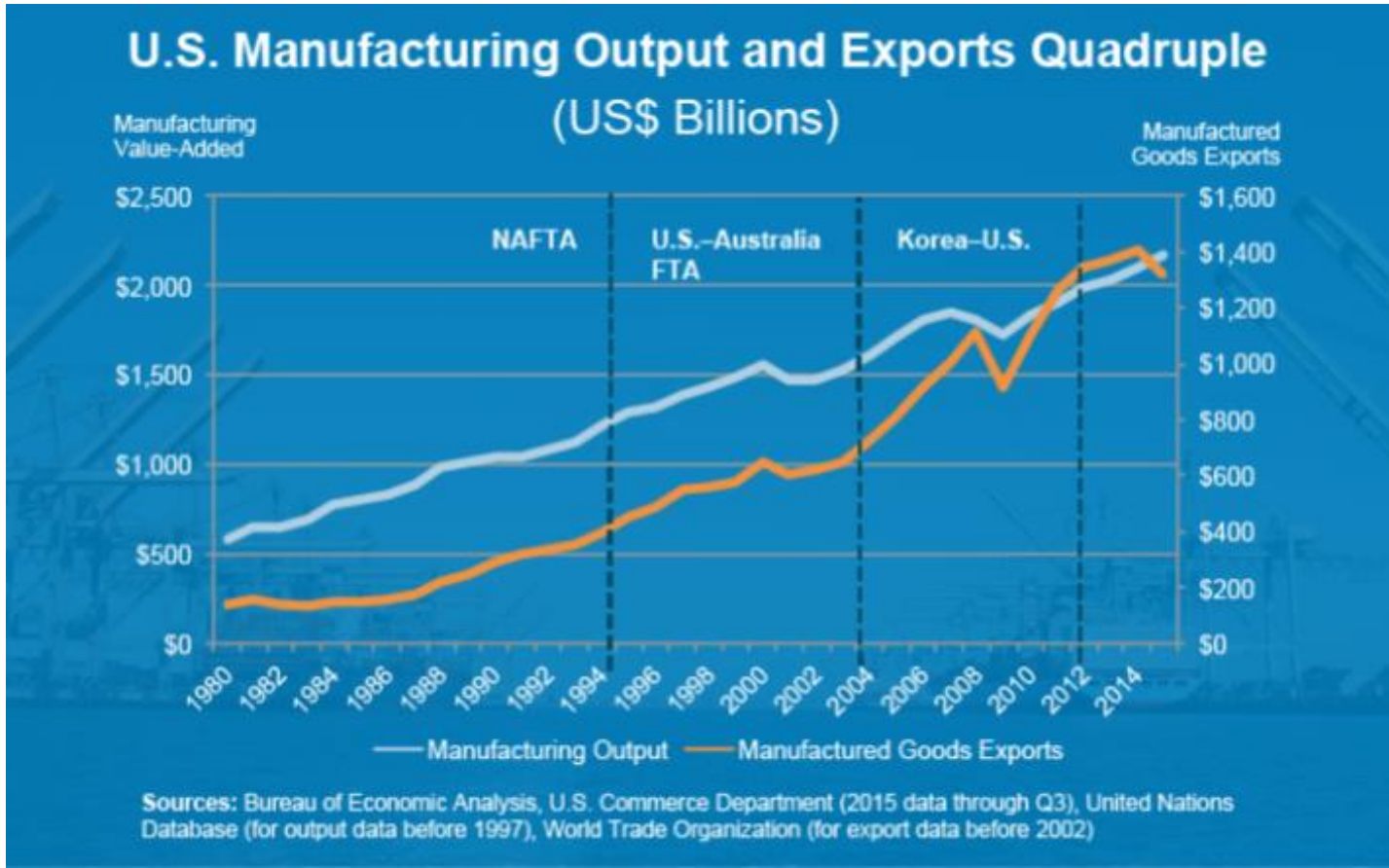
- **Right to organize in Mexico**
- **Forced labor in China**
- **Forced labor on fishing vessels**



Trump and Biden: Manufacturing Concerns



... but Manufacturing Opportunity



Source:
NAM

Tariffs on Steel, Aluminum, Lumber



Tariffs on Steel and Aluminum

- **25% on steel, 10% on aluminum**
 - ✓ Canada and Mexico dropped in April 2019
- **Steel prices up ~40%, then down again**
- **Aluminum prices volatile**
- **Foreign retaliation**



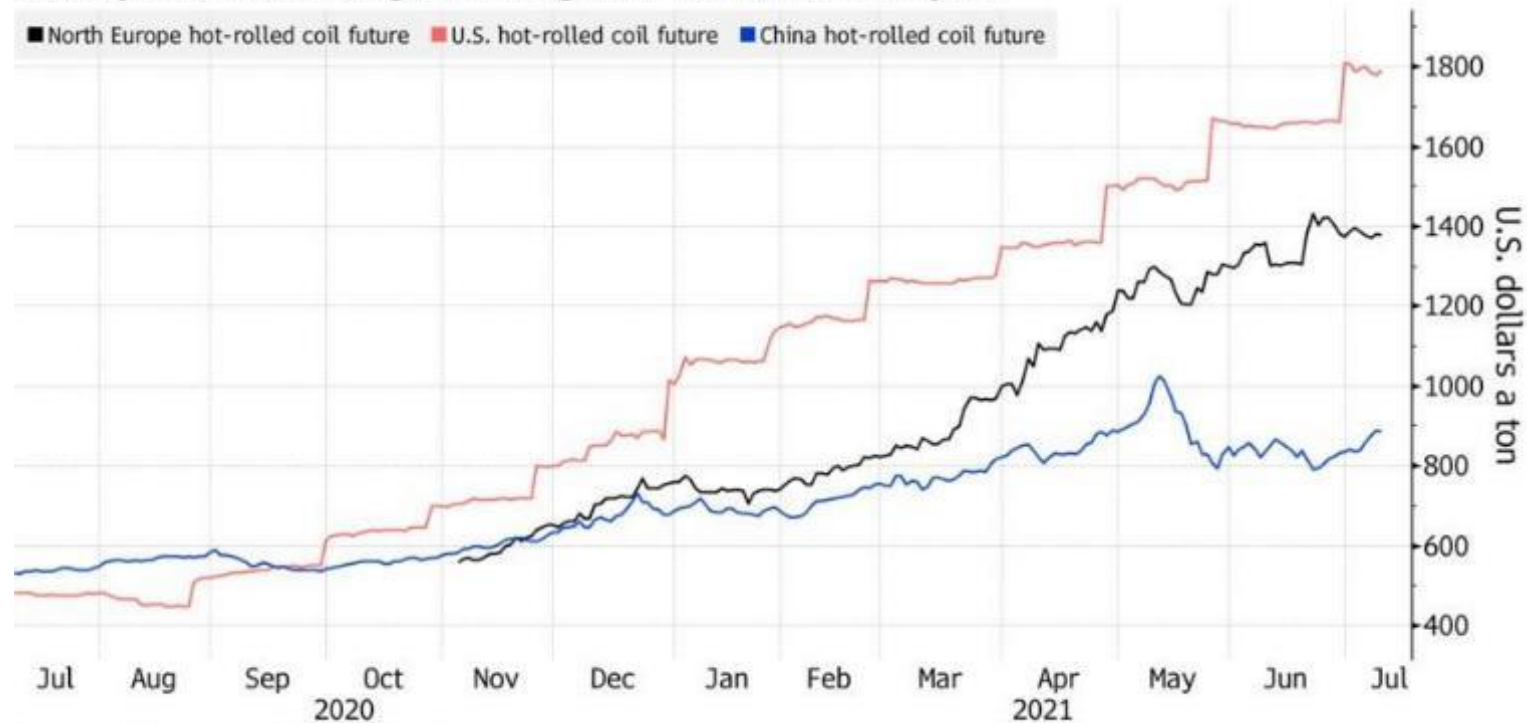
Retaliation Against \$40B in U.S. Exports



Steel Prices

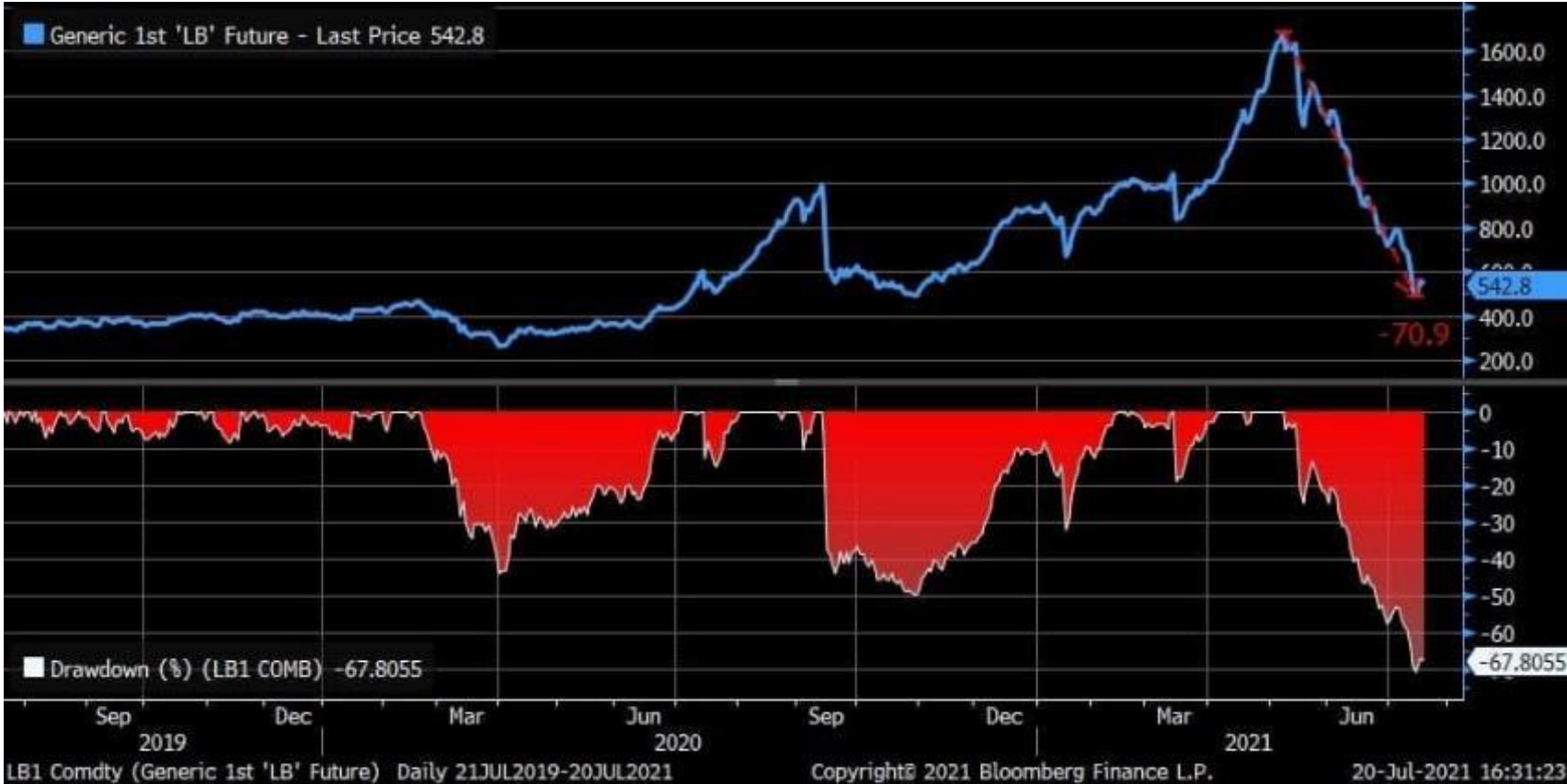
Global Rally

Steel prices have surged throughout the world this year



Source: Bloomberg, Shanghai Exchange

Lumber Prices



NAFTA ► USMCA



USMCA's First Anniversary

Preserve U.S. Trade Ties to Canada and Mexico

- Supports **12 million** American jobs
- Tops the next **11** largest markets for manufactures
- Accounts for one-third of all U.S. agricultural exports
- Services exports have tripled in **25** years

Strengthen North American Trade

- New rules on digital trade, intellectual property, etc.



USMCA: All About Enforcement

- Mexican energy sector, IP, ag/biotech access
- Labor cases
- Auto sector scuffles continue
- Canadian dairy market access



U.S.-China Trade Tensions



U.S.-China Trade Tensions

- **Broad *agreement* on diagnosis: Concerns about unfair trade, subsidies, IP theft, market access**
- **Broad *opposition* to tariffs as a remedy**
 - ✓ **Tariff on \$350 billion of imports (7/18-now)**



Cost of the U.S.-China Trade War

- ✓ IIF: \$40 billion in U.S. exports lost due to retaliation (900 product categories collapse)
- ✓ Hit to heartland: Soybean sales collapse; farm bankruptcies reach new high
- ✓ Fed: “100% of tariff” impact on Americans



Phase 1 Deal

- Halt to further tariff escalation; modest rollback
- Financial services, intellectual property, currency
- China's purchase of U.S. goods (met ~60%)
- But questions remain:
 - ✓ Will more tariffs be rolled back?
 - ✓ Huawei? Uyghurs? South China Sea?





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D'asphile
M'A ATTAQUE
LA
FRANCE
M'A
ACHEVÉ

U.S.-EU Trade

U.S.-EU Trade: Big Benefits, Big Irritants

16 million jobs, \$5.5 trillion in sales

- ✓ **Boeing and Airbus trade disputes resolved**
- ✓ **Digital Services Taxes on hold**
- ✓ **Privacy Shield (digital trade) talks stalled, “tech sovereignty” as EU goal**



**UK
Kenya**



China

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