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Trade Priorities of the New Administration

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Agenda

Recap of Biden's Final Trade Actions

Trump Administration 2.0

Heads of Trade-Related Agencies

Tariffs, Tariffs, and More Tariffs

Other Import Initiatives

Sanctions and Related Export Initiatives

Trade Potpourri



Recap of Biden's Final Trade Actions

Recap of Biden's Final Trade Actions

- Enhanced Export Controls on Advanced Computing, Integrated Circuits, Closed AI
 - Compliance with new requirements May 15, 2025 (comment period)
- Ban on Connected Vehicles from China and Russia
 - Rolling implementation based on model year
- Added dozens of Russian entities to SDN list and Chinese entities to Entity List
- Continue to expand UFLPA Entity List (now nearly 150)

Recap of Biden's Final Trade Actions

- *De Minimis* proposed rule changes (NPRM)
 - Comment period open until March 24, 2025
 - Would require HTSUS codes be declared
 - Would require items subject to Section 301, Section 232, Section 201, AD/CVD to pay tariffs (removes exemption from tariffs for those items)
- Block's Nippon Steel acquisition of U.S. Steel (being challenged in court)

Recap of Biden's Final Trade Actions

- Open Section 301 investigations
 - China's targeting of semiconductor industry
 - China's targeting of the maritime, logistics, and shipbuilding sectors
 - China – tungsten, wafers, and polysilicon
 - Nicaragua – labor rights and human rights
- Forced Labor finding against Kingtom Aluminio a Chinese-owned aluminum extruder in the Dominican Republic



Trump Administration 2.0

Trump Administration 2.0

1. America First Security and Defense, But No Hot Wars and Not the World's Police

- China-Taiwan, Russia-Ukraine, Mediterranean to the Gulf, NATO, Fentanyl/Drugs, Undocumented Migration

2. Economic Nationalism

- Reduce Budget Deficits and Trade Deficits, Tax Policy, Rebalance Trade, China, SE Asia, EU and USMCA, Undocumented Migration

3. Reduce Administrative State

- Regulatory Reform/DOGE, Government Reform/DOGE



Heads of Trade-Related Agencies

Heads of Trade-Related Agencies

1. Secretary of Commerce – Howard Lutnick

- Pending Senate confirmation



2. Secretary of State – Marco Rubio

- Confirmed on January 21, 2025



3. Secretary of the Treasury – Scott Bessent

- Pending Senate confirmation



Heads of Trade-Related Agencies

4. U.S. Trade Representative — Jamieson Greer

- Pending Senate confirmation
- Juan Millán named acting U.S. Trade Representative



5. Secretary of the Department of Homeland Security – Kristi Noem

- Pending Senate confirmation



6. Commissioner of Customs and Border Protection – Rodney Scott

- Pending Senate Confirmation





Tariffs, Tariffs, and More Tariffs

Tariff Tools Available to Trump Administration

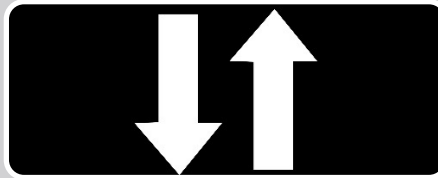
Action	Issue/Purpose	Prerequisites	Limitations
IEEPA	“Unusual or extraordinary” threats to national security, foreign policy or the economy	Declaration of national emergency; consult with Congress “in every possible instance” before action	None – can target multiple products and countries
Section 232	National security	DOC BIS report	None – can target multiple products and countries
Section 301	Unfair foreign trade practices	USTR report	Targets a specific country; 4-year review
Section 201	Safeguard tariffs	USITC finding of serious injury due to imports	Targets specific products from all countries; up to 4 years (can be extended to 8 years)
Section 122	“Large and serious” balance-of-payments deficits	Existence of “fundamental” international payments problems	Up to 15% tariff; limited to 150 days (unless extended by Congress)
Section 338	Discrimination of U.S. commerce by foreign countries	Existence of discrimination of U.S. commerce	Up to 50% tariff; targets a specific country

Tariff Buckets



Tactical or Transactional Tariffs

- Canada & Mexico



Transitional or Transformational

- Intended to either raise revenue or reduce trade deficit



Strategic Tariffs

- e.g. steel or solar

“Tactical” / “Transactional” Tariffs

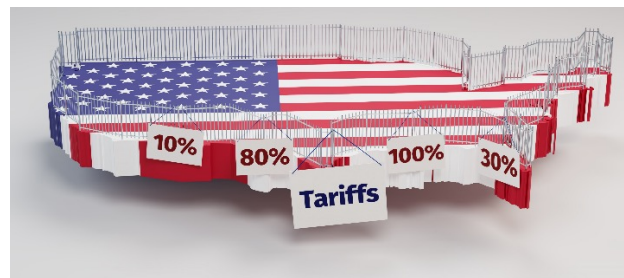
- Used for leverage in negotiations on other policy initiatives
- Mexico / Canada – Immigration and Fentanyl
 - 25%?
 - Target for negotiation/implementation of Feb 1
- China
 - Section 301 targets, fentanyl
 - Congressional repeal of Permanent Normal Trade Relations with China
- BRIC – rival currency to US dollar

“Transformational” / “Transitional” Tariffs

- Offset to planned tax cuts /reduce trade deficits
 - ✓ Proposed 60-100% tariffs on imports of Chinese goods
 - ✓ Proposed 10-20% tariffs on imports worldwide
 - ✓ Likely to be lower, especially initially
- Disagreement within party over effectiveness and implementation

Strategic Tariffs

- Less focus in early days of Trump administration, but still likely to see
- Focus on industries for domestic protection (steel, aluminum, solar, chips)
- May see discussion after Commerce, Treasury and USTR reports due April 1





Other Import Initiatives

USMCA Review Major Topics

- China investments in Mexico
- Steel and aluminum (and aluminum extrusions)
- Auto core parts “roll-up” and clarification of EV
- Agricultural disputes (dairy [CAN], GMO [MEX], organics)
- Mexico’s energy policies
- Canada’s digital service tax measures
- Reforms to Rapid Response Labor Mechanism



Forced Labor

- Expect continued focus – Secretary Rubio co-sponsored UFLPA
- No indication of shifting resources away from forced labor enforcement
- Negotiating tool against China



External Revenue Service



America First Memo states Secretary of Treasury shall:

“investigate the feasibility of establishing and recommend the best methods for designing, building, and implementing an External Revenue Service (ERS) to collect tariffs, duties, and other foreign trade-related revenues.”



Sanctions and Other Export Initiatives

Sanctions, Generally

- Developing expectation that the Trump Administration will turn to tariffs as tool for foreign policy pressure rather than sanctions
 - Recent conflict with Colombia over immigration leading to 25% tariff threat; but *note* - visa sanctions imposed
 - Trump and key officials, including Sec of Commerce Scott Bessent's, statements that sanctions haven't been as effective as hoped and are overused
 - America First Memo – indicates that State and Commerce may consider trade measures to “incentivize compliance” with export control enforcement
- To be seen whether it is more effective. If tariffs actually imposed, likely to be more broadly disruptive to trade. (Need for flexibility for companies.)

Recent Actions

- Withdrawal of E.O. 14115 which targeted persons engaging in violence towards civilians (Palestinians) in the West Bank
- Trump has publicly pressured Putin to “come to negotiating table” to negotiate an end to the war
 - Threatened the “hard way” with economic sanctions

China Policies

- Likely to continue export controls targeting high-tech developments in China, including advance chips
- Unclear to what extent U.S. gov't investment and funding initiatives for chips, clean energy, and high-tech areas will continue under Trump Administration
- Continued statements regarding 10% tariffs and the target of multiple ongoing USTR investigations and reviews
- Considering ending Permanent Normal Trade Relations
 - Unclear if this is likely or a negotiating tactic



Currency Manipulation

- **America First Memo** – Treasury told to recommend measures to counter currency manipulation or “misalignment” that:
 - prevents effective balance of payment adjustments or
 - provides and unfair competitive advantage
- Treasury to identify countries to designate as currency manipulators

Trade
Remedies

Trade
Agreements

Government
Procurement

Trade Potpourri

Trade Remedies

- 2024 was already a record year for investigations. Continue to expect this. Currently 117 active investigations.
- America First Memo – review of AD/CVD policies including “zeroing” which may lead to amendments to favor domestic industry
- **Circumvention Risk** – with increased use of tariffs, likely to see increased circumvention; expect enforcement; need heightened diligence
 - Tools to combat this by reporting through EAPA, CBP e-allegation portal, qui tam under False Claims Act

Trade Agreements

- Focus on bilateral or sector-specific agreements with individual countries rather than multi-country agreements
- Already seeing impact of trade policies as other countries racing for their own bilateral trade deals *not* including US to offset potential trade barriers with US

Government Procurement Programs

- Overall policy focus on Buy America and similar goals
- **America First Memo** – directs USTR to review impact of trade agreements on federal procurement
 - May see withdrawal from WTO Agreement on Gov't Procurement



Conclusions

“Buckle up”



Know your product from top to bottom; BOM should have all relevant info from HTSUS codes, country of origin and costing

Know your supplier's supplier; take a deep dive into sourcing

Review contracts for INCOTERMS; get logistics providers under MSAs; clearly address port of entry detentions and costs



Questions

We invite you to stay abreast of continuing trade developments via our blog, ThompsonHineSmarTrade.com. To receive an email notification whenever a new post is published, [please subscribe to the blog](#).

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