

# PUBLICATION

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## Trump Administration Advances Trade Agenda, Taking New Action on Steel and NAFTA

**Authors: Sheila P. Burke**

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**Trade will move to the forefront over the coming months as the Trump Administration is poised to take significant steps related to international trade in steel and the North American Free Trade Agreement (NAFTA).**

During the campaign, President Trump frequently accused foreign countries (particularly China) of selling steel in the U.S. for less than the cost of production, a practice known as "dumping." On April 24, 2017, Secretary of Commerce Wilbur Ross launched an official Section 232 Commerce Department investigation to determine if foreign companies are dumping steel in the U.S. marketplace. If the investigation finds this to be the case, under Section 232 of the Trade Expansion Act of 1962, President Trump has said he will take action to remedy the situation. Possible courses of action identified by Secretary Ross include imposition of tariffs, new quotas limiting the volume of steel imports, or a hybrid 'tariff-rate quota' option that would include quotas on specific products with new tariffs for imports above those levels. While seemingly targeted at China, any tariffs or quotas would have a significant impact on European steel exports and present a significant point of disagreement between the U.S. and its European allies. Secretary Ross initially indicated that he hoped the investigation would be complete by the end of June, but statutorily the Department has 270 days, or until January 19, 2018, to complete the investigation. President Trump also indicated a delay was increasingly likely, telling the Wall Street Journal that his administration was "waiting till we get everything finished up between health care and taxes and maybe even infrastructure." If the investigation finds dumping is occurring, the President will have 90 days to decide on a course action. However, recent reports suggest that North Korea's July 28 intercontinental ballistic missile test has heightened the resolve of the Trump Administration to pressure China into acting to curb provocative North Korean actions and the White House is reportedly considering a set of trade restrictions aimed at China that could be released as early as this week.

Similarly, in the coming months, the Trump Administration will advance another campaign promise and begin the process of renegotiating NAFTA. The process of renegotiating the landmark 1994 trade agreement, which was the subject of criticism during the campaign, will begin when President Trump submits a detailed list of negotiating objectives to Congress. The report, required under Trade Promotion Authority, will be the clearest outline to date of the White House's goals for a renegotiation that has been promised, but rarely talked about in specific policy terms. This action follows three days of public hearings at the Office of the U.S. Trade Representative (USTR) in late June in which USTR officials heard testimony from Members of Congress, business leaders, private citizens and trade associations on the potential impacts of the forthcoming renegotiation.

**Takeaway:** Echoing some of the policies proposed by President Trump during the campaign, the Trump Administration has moved quickly to reexamine the U.S. government's role in regulating trade between the U.S. and other nations. In the next few months, expect the Department of Commerce to release the results of its Section 232 investigation into steel dumping. Similarly, in the coming months, the Trump Administration is expected to release details of its negotiating objectives for the forthcoming renegotiation of the NAFTA treaty.