

Questions for PubPol/Econ 541
Oct 2

Policies and Institutions: National, US

Jackson, Ch. 3, pp. 79-100:

- Should (according to Jackson), and do, international institutions like the WTO interfere with the sovereignty of its member states? **<a: Yes, and they must. Countries today have effects on other countries, and managing this requires some interference with sovereignty.>**
- To what part of the US government does the US constitution assign responsibility for commercial policy? What does this imply for the procedures by which the US enters into trade agreements? **<a: It is assigned to Congress, not the President. Thus the President must either get Congress to agree in advance to honor an agreement negotiated by the President, or must be asked to approve it afterwards.>**
- Once a trade agreement is negotiated and accepted, does it automatically become part of the law of the participating countries? **<a: This is confusing. Apparently in some countries the answer is yes, in others (the UK) it is no and further legislation is required. In the US, we are somewhere in between, with some agreements considered “self-executing” and therefore automatically part of domestic law, and others not. I can’t tell how one knows which is which.>**
- Can the US federal government enter into international agreements that constrain the US states? Does the same apply to other negotiating units’ (e.g., Canada, the EU) abilities to commit their sub-units? **<a: Yes, the US federal government can do this. Authority over commerce is given to it, not the states. This is less true in other places including both Canada and the EU. As a result, some international agreements have not required that their rules extend to sub-units, since other countries couldn’t do that even though the US could.>**
- Why did Fast Track, or something like it, become necessary only after trade negotiations were moving beyond tariffs to negotiating non-tariff measures? **<a: Because NTMs often “reach deeply into the interstices of domestic policy and regulation” which Congress reserves for itself.>**
- What are the four requirements of the Fast Track procedure that was first approved by Congress? Under what President was this done? **<a: The requirements were 1) consultation with Congress during the negotiations, 2) the bill not be amendable, 3) it would be reported out of committee within a short period of time, and 4) that debate be limited. It was done in the late 1979s, under Carter, though serious discussions had already begun under Ford.>**
- What units of the US government have responsibilities for aspects of US trade policies? **<a: Many: Agriculture for ag policy; Defense for export controls; Labor for workers unemployed due to imports; Commerce for anti-dumping and countervailing duties; State and Treasury for various international relations that may involve trade; and of course USTR.>**

Verrill, "An Introduction to Trade Remedies Available under U.S. Law," 1999.

- Who has "standing" under the antidumping law? Who determines whether there is dumping? **<a: Standing requires that the companies petitioning (or those who are neutral) account for 50% or more of domestic production. The Commerce Department's International Trade Administration decides whether there is dumpin.>**
- How do the injury requirements differ for antidumping and for safeguards? Do either require that the domestic firms make losses? **<a: For antidumping, imports must cause (or threaten to cause) "material injury," which means "harm that is more than inconsequential." Firms need not make losses; they may just be worse off than they would have been without the dumping. For safeguards, the aggregate of imports from all foreign sources must be a substantial cause of "serious injury," which is greater injury than needed for antidumping, and the imports must be as important a cause as any other. The source does not mention whether firms must make losses.>**
- What can a U.S. producer do if it believes that its competitors in another country are engaging in anticompetitive conduct that is being tolerated by their government? **<a: They can file a complaint under Section 301.>**

USTR, "FACT SHEET: USTR Releases 2023 Trade Policy Agenda and 2022 Annual Report," Office of the United States Trade Representative, March 2023.

- From this, does it appear that the Biden administration is pursuing any new trade agreements? **<a: No.>**
- Is there any mention of actions taken against China? **<a: That is probably implicit in the mention of supply chains, and it is explicit in ensuring that China "competes fairly.">**

Swanson, Ana, "Biden's Reluctant Approach to Free Trade Draws Backlash," *New York Times*, April 3, 2023.

- What is the role of free-trade agreements in the green subsidies of the Inflation Reduction Act? **<a: Subsidies are contingent on inputs only from countries with which the US has an FTA.>**
- Why is this a problem? **<a: US lacks FTAs with Europe and Japan.>**
- How is the Biden administration trying to deal with this? **<a: By negotiating small trade agreements that bypass the need for Congressional approval.>**
- On what basis does USTR Tai defend not pursuing more FTAs? **<a: That we need policies for the world we live in, not the world we want to live in.>**
- Is she right that new FTAs are not part of the world we live in? **<a: Apparently not, as other countries are still doing them.>**

Boot, Max, "Biden is making the same mistake as Trump on China," *Washington Post*, November 30, 2022.

- What, according to this, did Biden do right on trade? **<a: The Chips and Science Act, to increase US technological competitiveness.>**

- What was largely right, if it can be limited properly? **<a: The ban on exports of cutting edge U.S. chip-making technology to China, but only if it can be limited to military uses, which it can't.>**
- What has he done wrong, much like Trump? **<a: Tariffs on China, not joining the TPP, the IRA tax credits that abuse Japan and Germany; and failure to counter RCEP.>**

Foroohar, Rana, "America Is Telling a Very Different Story About Trade," *Financial Times*, June 18, 2023. [

- Why is the new policy not "America First"? **<a: This says it's because the target is concentrated power of all kinds, including domestic companies.>**
- What are the "chokepoints" mentioned by USTR Tai? **<a: Chinese mercantilism (in the case of rare earth minerals); Russian aggression (food crops and fertilizer); and multinational corporate power in areas such as digital trade.>**
- What is Tai's objection to free trade agreements? **<a: The "reinforce existing supply chains that are fragile and make us vulnerable.>**
- Tai wants to help workers, here and abroad. How? **<a: Mainly by using agreements similar to what was included in USMCA.>**

Economist, "Trade Mission: Taking Stock of America's Flagship Trade Programme for Africa," *the Economist*, February 9, 2023.

- What is AGOA? **<a: The African Growth and Opportunity Act, passed in 2000, grants tariff preferences to Sub-Saharan African countries.>**
- Has it succeeded? **<a: Yes and no. It has created jobs in Africa, mainly in the clothing sector, but it has not done nearly as much as expected.>**
- What interferes with its success? **<a: Mentioned here are uncertainty about its renewal and lack of infrastructure in many African countries. Also, outside of clothing, other tariffs are low enough that the preferences don't help much.>**
- Do the preferences require that inputs also be made in Africa? **<a: Apparently not, at least in clothing.>**

Fefer et al., "Section 232 Investigations: Overview and Issues for Congress," Summary only, 2019.

- Under what circumstances does Section 232 of the 1962 Trade Act permit the President to levy tariffs? **<a: If a product "is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.">**
- Who conducts the investigation to determine if this is the case? If the answer is yes, must the President levy tariffs? **<a: Commerce does the investigation. The President has the option of not levying the tariff.>**
- Must the tariffs apply to all imports of the product? If not, do we know why not? **<a: At least in the case of the recent tariffs, Commerce accepts requests for exceptions, only some of which are granted. This doesn't say what the basis might be for those exceptions.>**

- Is the use of Section 232 legal under the rules of the WTO? **<a: We don't know yet. Countries have initiated complaints against the US there, but they have not been decided. And the WTO does allow an exception for "essential security interests." [More recently, a WTO panel ruled against the US on its use of this for steel and aluminum.] >**

Optional to Read:

Zumbrun, Josh, "The \$67 Billion Tariff Dodge That's Undermining U.S. Trade Policy," *Wall Street Journal*, April 25, 2022.

- What does the "de minimis rule" say? **<a: That imports under a certain value are not subject to any tariff.>**
- By how much have US de minimis imports risen? **<a: They've risen from \$40 million in 2012 to \$67 billion in 2020, more than one thousand fold!>**
- What forces have caused this? **<a: 1) A rise in the \$ cap on de minimis imports, from \$200 to \$800 in 2016. 2) Trump's tariffs on China. 3) Increased e-commerce purchases by consumers. 4) Changes in business models by sellers in order to take advantage of this.>**
- What is the role of "bonded trucks" and "bonded warehouses" in this? **<a: Apparently a good can be put into one of these and not be considered as having entered the country. The example has this happening in both the US and Mexico.>**
- Why do we have only uncertain data on the value of de minimis imports and the nature of the goods imported? **<a: Because once declared to qualify, the importers don't have to say exactly what the value is or what the product is.>**
- Does it seem likely that the US Congress will change this? **<a: I'd say no. There is pressure to do so for imports from China, but so far this has made it into a bill only in the House, not the Senate. [And realistically, it would put a huge burden on Customs to implement, now that so many packages are taking advantage of the rule.]>**

Rampell, Catherine, "What Women's Underwear Tells Us About Our Trade System," *Washington Post*, February 9, 2023.

- What are the average tariffs on men's and women's underwear? **<a: Men's 11.5%; women's 15.5%.>**
- What are "pink taxes"? **<a: The higher markups on women's goods than on men's goods.>**
- Is this true only of clothing and only of the US? **<a: Not only clothing – many other goods too. But pretty much only the US.>**
- Why is this the case? **<a: It's not entirely clear, but they mention having higher tariffs on labor-intensive products to protect from cheap labor abroad, and women's underwear, with lace, is more labor intensive.>**
- Is it only women who are discriminated against? **<a: No. Low-income consumers also.>**