

# National Election Impacts on the Recycled Materials Industry

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## International Trade

Wednesday, September 18, 2024 – 1:00pm EDT



Recycled Materials  
Association  
*Sustainable. Resilient. Essential.*

[recycledmaterials.org](https://recycledmaterials.org)

# Webinar Overview

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- Housekeeping Issues
  - ReMA Antitrust Reminder and Code of Conduct
  - Press/Media
- Overview of ReMA Trade Policies and Positions
- Trade Policy Positions/Priorities of Presidential Candidates
- Congressional Outlook
- Q&A / Wrap-Up

# ReMA Policy on Free and Fair Trade

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- Support and facilitate free and fair trade;
- Support trade agreements that encourage free and fair trade;
- Support export and import laws and regulations and encourage them to be consistent with ReMA's globally accepted specifications;
- Advocate for initiatives that enable the efficient movement of commodities through the global supply chain; and
- Oppose unfair or illegal trade practices.

# Speaker Biography

Holland & Knight



## Peter Tabor

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### PRACTICES

Public Policy & Regulation | Consumer Products Mergers and Acquisitions | Agriculture & Food Policy



# Trade Outlook

September 2024



# Trade Overview – What to expect in 2025

- How did we get here? A look back – trade policy under Presidents
  - Barack Obama
  - Donald Trump
  - Joe Biden
- The tariff tools and levers available to POTUS
  - Section 201, 301, 232
- Harris administration priorities and people
- Trump administration priorities and people
- Congress' likely makeup and role in trade policy

# Trade overview – How did we get here?



## Trade Policy under President Obama (2009-2017)

- Classic economic approach: greater market access >>> more exports >>> more jobs
  - Prioritization of regional and bilateral FTAs
  - Focus on reducing tariffs
  - Inclusion of competitor and emerging markets – China, Vietnam
  - Utilizing WTO enforcement mechanisms
    - 25 WTO challenges launched, 16 against China
- Global Forum on Steel Excess Capacity
- Key administration officials
  - Ron Kirk, Michael Froman – USTR

# Trade overview – How did we get here?



## Trade Policy under President Obama (2009-2017)

- Several regional and bilateral trade agreements signed
  - South Korea FTA – enacted in 2012, renegotiated in 2018
  - Colombia FTA – enacted in 2012
  - Panama TPA – enacted in 2012
  - Trans-Pacific Partnership (TPP) negotiations – concluded in 2015
- Impacts? Who benefited from this approach?
  - Republicans fretted that the United states was falling behind other countries in inking trade deals
  - Democrats by and large did not support Obama administration trade efforts
    - Dem support hinged on trade adjustment assistance



# Trade overview – How did we get here?



## Trade Policy under President Trump (2017-2021)

- Outright rejection of free trade principles and practice
  - Withdrawal from the TPP
  - Threatened withdrawal from NAFTA – subsequent renegotiation (USMCA)
  - Imposition of tariffs ostensibly to protect US industry, seek trading partner concessions
    - 301 tariffs on Chinese imports
    - 232 tariffs on all imported steel and aluminum
    - Threatened other tariffs
- Architects of Trump's trade policy
  - Bob Lighthizer – USTR
  - Peter Navarro – White House Adviser

# Trade overview – How did we get here?



## Trade Policy under President Trump (2017-2021)

- Focus on bilateral trade agreements
  - Japan – focus on agriculture and digital trade
  - China Phase One – focus on agriculture, financial services, technology transfer
    - Unenforceable Chinese import commitments, which China never met
- Impacts? Who benefited from Trump's trade agenda?
  - Retaliation against US tariffs hurt US exports, especially agriculture
  - Trade agreements signed had a negligible effect on our trade balance
    - US trade deficit ballooned under the Trump administration

# Trade overview – How did we get here?



## Trade Policy under President Biden (2021-present)

- “Worker-centric” trade policy approach
  - Labor and environment as key aspects of trade agreement negotiations
  - Continued reliance on tariffs, especially against China
  - Imposition of tariffs ostensibly to protect US industry
- Trade agenda took a backseat to legislation focused on US manufacturing
  - Chips and Science Act
  - Inflation Reduction Act
  - Infrastructure Investment and Jobs Act
- Key administration officials
  - Katherine Tai – USTR
  - Janet Yellen – Treasury Secretary
  - Gina Raimondo – Commerce Secretary

# Trade overview – How did we get here?



## Trade Policy under President Biden (2021-present)

- Focus on broad, multilateral frameworks – de-emphasis on market access
  - IPEF
  - APEP
- Impacts? Who benefited from this approach?
  - US exports have languished due in part to no new foreign market access
    - Strong US dollar has further frustrated US export prospects
  - Dems and Republicans are frustrated with the Biden administration's unwillingness to ink new (traditional) trade deals

# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

- Tariffs are taxes on imports, paid by the importer
- Focus of all the trade laws at issue is not to increase revenue
  - Respond to a threat to national or economic security
- US tariffs have historically been among the lowest in the world
  - US average tariff was 3.4% in 2019
  - EU average tariff was 5.1%
  - Canada's average tariff was 3.9%
- Tariffs (or the threat of tariffs) can motivate trading partners to come to the negotiating table
- Tariffs alone cannot spur significant domestic manufacturing growth

# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

- Who pays? US importers, who typically pass on the cost to US consumers
- Do tariffs work?
  - To promote US manufacturing?
    - Must be coupled with legislation, policy to increase domestic manufacturing
  - To reduce trade deficits?
    - 301 tariffs on Chinese imports simply caused a shift to imports from other countries
    - CRS: From 2017-2019, China's share of the trade deficit fell by 8%, while other countries' share increased by 45%
  - They increase tension with trading partners
    - CRS: \$309bn in US tariffs was partially offset by \$76bn in retaliatory tariffs on US exports
- More tariffs have been collected under Biden (\$144b) than under Trump (\$89b)

# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

**Section 201 of the Trade Act of 1974**—Allows the President to impose temporary duties and other trade measures if the U.S. International Trade Commission (ITC) determines a surge in imports is a *substantial cause or threat of serious injury* to a U.S. industry.

- 73 ITC Section 201 investigations from 1975-2001
  - ITC found a threat to US industry in 26 of those investigations
  - 2002: President Bush used Section 201 to impose quotas, increase tariffs on imported steel
  - WTO members challenges the measures and Bush relented
- February 2018: President Trump used Section 201 as the basis for tariffs on imported washing machines and solar panels
  - Biden administration extended tariffs on solar panels

# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

**Section 232 of the Trade Expansion Act of 1962**—Allows the President to adjust imports if the Department of Commerce finds certain products are imported in such quantities or under such circumstances as to *threaten to impair U.S. national security*.

- Fourteen Section 232 investigations since 1980
- In 2017, then-President Trump imposed 25% steel and 10% aluminum tariffs
  - Stated goal: Increase US capacity utilization to 80% - Did it work? No
  - Retaliation: Canada, China, EU, India, Mexico, Russia and Turkey
- In 2022: President Biden reaches deals with EU, Japan and UK – steel quotas
- May 2024: 304 AD/CVD orders are in place for steel-related imports



# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

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- USITC report: 232 tariffs increased the average prices of steel and aluminum by 2.4 percent and 1.6 percent, respectively
- Petersen Institute for International Economics: Jobs “saved” in the steel-producing industries from the tariffs came at a high cost to consumers, at roughly \$650,000 per job
- Current retaliation against Section 232 steel and aluminum tariffs targets more than \$6 billion worth of American products for an estimated total tax of approximately \$1.6 billion

# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

**Section 301 of the Trade Act of 1974**—Allows the United States Trade Representative (USTR) to suspend trade agreement concessions or impose import restrictions if it determines a U.S. trading partner is *violating trade agreement commitments or engaging in discriminatory or unreasonable practices that burden or restrict U.S. commerce.*

- Trump administration tariffs on Chinese imports commenced in July 2018
  - July/August 2018: 25% tariff on \$50 billion (\$12.5 billion)
  - September 2018: 10% tariff on \$200 billion (\$20 billion)
  - May 2019: 10% tariff increased to 25% (\$30 billion)
  - September 2019: 10% tariff on \$112 billion (\$11 billion); subsequently raised to 15%
  - December 2019: China Phase One trade deal
    - Indefinite postponement of List 4b tariffs
    - Reduction (from 15% to 7.5%) of List 4a tariffs
- Biden administration maintains 301 tariffs after USTR concludes four-year review
  - August 2024: 25-100% tariffs on \$18 billion (\$3.6 billion)

# Trade overview – The tariff tools, levers available to POTUS

**While the Constitution gives Congress control over commerce, including international trade, Congress has ceded some of this authority to the President**

**International Emergency Economic Powers Act (IEEPA) of 1977—**  
Allows the President to regulate the importation of any property in which any foreign country or a national thereof has any interest *if the President declares a national emergency to deal with an unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States.*

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- Requires a national emergency emanating primarily/substantially from abroad
- Typically used by the President to block any transaction or freeze any asset
  - President issues an order under IEEPA and Treasury carries it out
- Trump threatened to use IEEPA to:
  - Block any American company from doing business in China
  - Block all Mexican imports over Mexico's efforts to stop migrants crossing our border
- Trump did use IEEPA to sanction:
  - Members of the International Criminal Court
  - A Chinese telecoms company
- Congress must decide whether/how to rein in the next president's use of IEEPA

# Trade overview – What to expect in 2025

**No matter who wins in November, trade policy approach of the past decade will in many respects continue – there is no going back**

- Domestic legislation impacts on trade policy are longlasting – inward focus
  - Inflation Reduction Act
  - CHIPS and Science Act
  - Infrastructure Investment and Jobs Act
- No appetite for traditional trade agreements
  - IPEF and APEP lack market access provisions
- Republicans and Democrats are fighting for the labor vote
  - Prioritizing manufacturing jobs
- Agreement on China as a national and economic security threat
- Continued use of tariffs but with different objectives
  - Harris – protect US manufacturing sector
  - Trump – punish perceived wrongdoers and force concessions in bilateral talks

# Trade overview – Under a Trump Administration

## New tariffs will negatively impact the US economy

- 10% (perhaps 20%) universal tariff on all imports
- 60% tariff on Chinese imports
- Tax Foundation analysis of Trump proposed tariff increases:
  - Equivalent to a \$524 billion annual tax hike
  - Shrink GDP by at least 0.8 percent, the capital stock by 0.7 percent
  - Increase unemployment by 684,000 full-time equivalent jobs

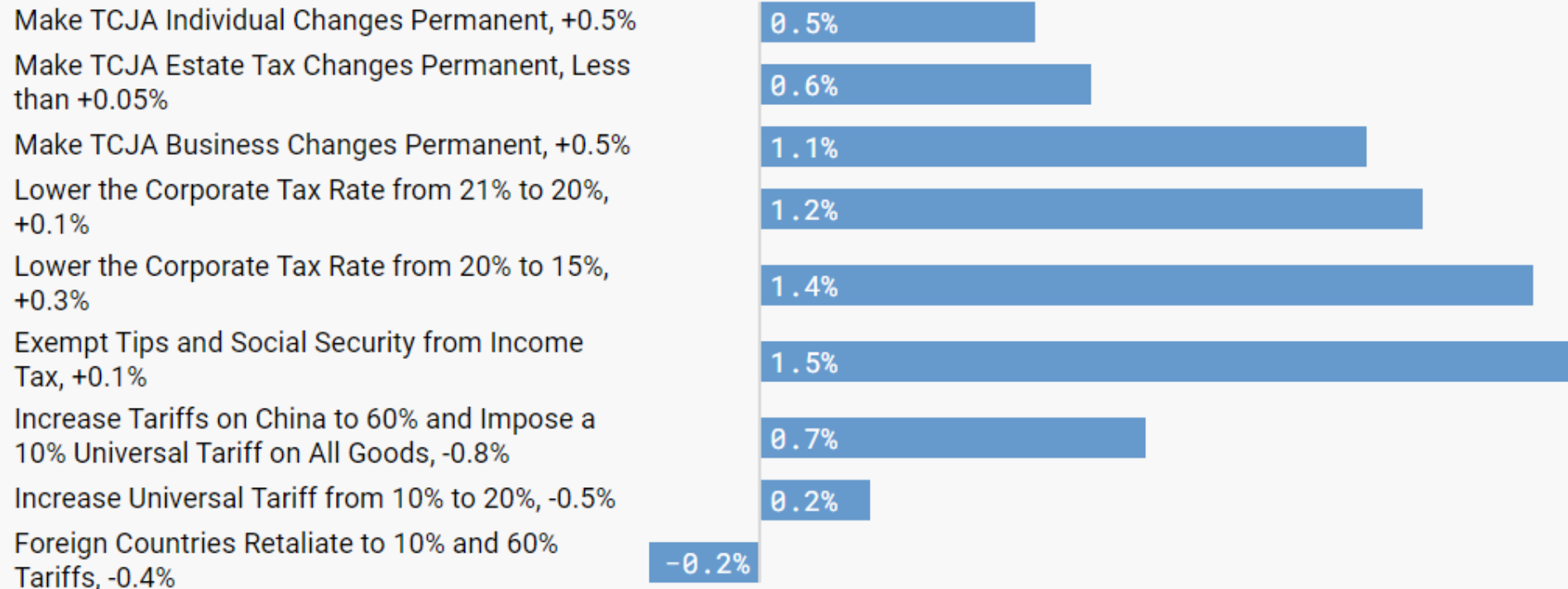
|                                 |          |
|---------------------------------|----------|
| GDP                             | -0.8%    |
| Capital Stock                   | -0.7%    |
| Pre-Tax Wages                   | 0.0%     |
| Full-Time Equivalent (FTE) Jobs | -684,000 |

Source: Tax Foundation General Equilibrium Model, June 2024.

# Trade overview – Under a Trump Administration

## A New Trade War Could Wipe Out the Growth from Tax Reform

*Cumulative Change in Long-Run GDP from Tax and Tariff Policies*



Totals may not sum due to rounding.

Source: Tax Foundation General Equilibrium Model, September 2024.

# Trade overview – Under a Harris Administration

**No matter who wins in November, trade policy approach of the past decade will in many respects continue – there is no going back**

- Expect continuity with Biden administration trade agenda
  - Any trade deal must include protections for workers and address climate change
  - Continued “de-risking” from China
- Continued worker-centric, climate-focused trade agenda
  - Sen Harris opposed TPP, USMCA
  - Cast the tie-breaking vote on the Inflation Reduction Act
    - \$370 billion in federal grants, loans, and tax incentives for clean energy
- Opposition to foreign ownership of key US business (US Steel)

# Congress' likely makeup and role in trade policy in 2025

**No matter who wins in November, trade policy approach of the past decade will in many respects continue – there is no going back**

- High likelihood that we will have a split Congress – Democratic House and Republican Senate; the reverse of the current makeup
- US Senate:
  - 48 Ds, 49 Rs and 3 Is – Is caucus with Ds
  - Montana is likely to flip, making the Senate a 50/50 split
    - Leaked audio of R candidate (Sheehy) disparaging Native Americans (7% of voters in MT) could hurt R chances
    - Trump victory means a Republican Senate; VP casts the tiebreaking vote
- Senate Finance Committee leadership in 2025
  - Ranking Member Mike Crapo (R-ID) will likely chair the committee
    - Has been critical of the Biden administration's failure to negotiate new trade agreements, enforce existing agreements
  - Expect acquiescence to Trump trade agenda, strong resistance to a (Biden) Harris trade agenda



# Congress' likely makeup and role in trade policy in 2025

**No matter who wins in November, trade policy approach of the past decade will in many respects continue – there is no going back**

- High likelihood that we will have a split Congress – Democratic House and Republican Senate; the reverse of the current makeup
- US House:
  - Ds need 4 seats to retake the House
    - Cook Political Report gives Ds slight edge, but split will be close
- Ways & Means Committee leadership in 2025
  - Ranking Member Richard Neal (D-MA-01) will likely chair the committee
    - Current W&M Ranking Member
    - Chaired the Committee in the 116<sup>th</sup> Congress
    - Voted against NAFTA IN 1993, fast track authority in 1995, 2002
  - Expect support for Harris administration, resistance to Trump agenda's more aggressive moves against allies

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# Multilateral Environmental Agreements Impacting Trade in Recycled Materials



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# Potential Election Impact on Trade-Related International Environmental Treaties



**United Nations**  
Framework Convention on  
Climate Change



BASEL / ROTTERDAM / STOCKHOLM  
CONVENTIONS



**MINAMATA**  
CONVENTION  
ON MERCURY



**UN**   
environment  
programme  

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ozone  
secretariat

# What is the Basel Convention?

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- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.
- Global concern over the dumping of hazardous waste materials in developing countries in the 1980s.
- Basel Convention signed in 1989, entered into force in 1992.
- Currently, 191 parties (UN Member States) to the Convention.
- United States **signed** the Convention, but has not **ratified**, so the U.S. is **not a party**.

# Basel Convention E-Amendments

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- Basel Conference of Parties (COP-15) adopted amendments to the Convention in June 2022 that modify Annexes II, VIII and IX, which enlarge the control of the transboundary movements of WEEE/E-Waste and now bringing all electronic and electrical products under the PIC procedures.
- Effective January 1, 2025.
- New **A1181 entry** for presumptively hazardous WEEE products.
- New **Y49 entry** for all non-hazardous WEEE products.
- All WEEE will be subject to PIC controls, trade bans, unless **Article 11/ESM**.

# Election Impacts on Basel Convention

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- Neither presidential campaign has taken official position on Basel Convention.
  - Control of White House will likely dictate views of international environmental treaties, like Basel but also Plastics Pollution treaty.
  - President Trump pulled United States out of Paris Climate Accords, but President Biden rejoined on first day in office.
- The United States has not ratified Basel, Stockholm or Rotterdam Conventions under Democratic or Republican administrations.

# Thank You

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# Q&A Session





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# Next Election Impact Webinars

## Environment Impacts

Wednesday, October 9<sup>th</sup> – 1:00pm ET

## Election Results and What They Mean

Wednesday, November 20<sup>th</sup> – 1:00pm ET

