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Trump Administration Tariff Actions: Frequently Asked Questions

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Trump Administration Tariff Actions: Frequently Asked Questions

The Constitution grants Congress the sole authority over the regulation of foreign commerce. Over the past several decades, Congress has authorized the President to adjust tariffs and other trade restrictions in certain circumstances through specific trade laws. Since 2018, the Trump Administration has used these delegated authorities under three trade laws to impose increased tariffs, largely in the range of 10% - 25%, on a variety of U.S. imports. The Trump Administration's tariff actions and the trade laws authorizing them are intended to address concerns related to national security, injury to competing domestic industries, and violations of trade agreement commitments or other trade barriers. Several U.S. trade partners argue that some of these tariff actions violate existing U.S. commitments under the World Trade Organization (WTO) and have imposed tariffs on U.S. exports in retaliation, which the Trump Administration has, in turn, viewed as a violation of WTO commitments. Congress continues to actively examine and debate these tariffs, and several bills were introduced in the 116th Congress to expand, limit, or revise existing authorities.

U.S. Trade Laws Authorizing the Trump Administration's Enacted and Proposed Tariff Actions

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.

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*.

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*.

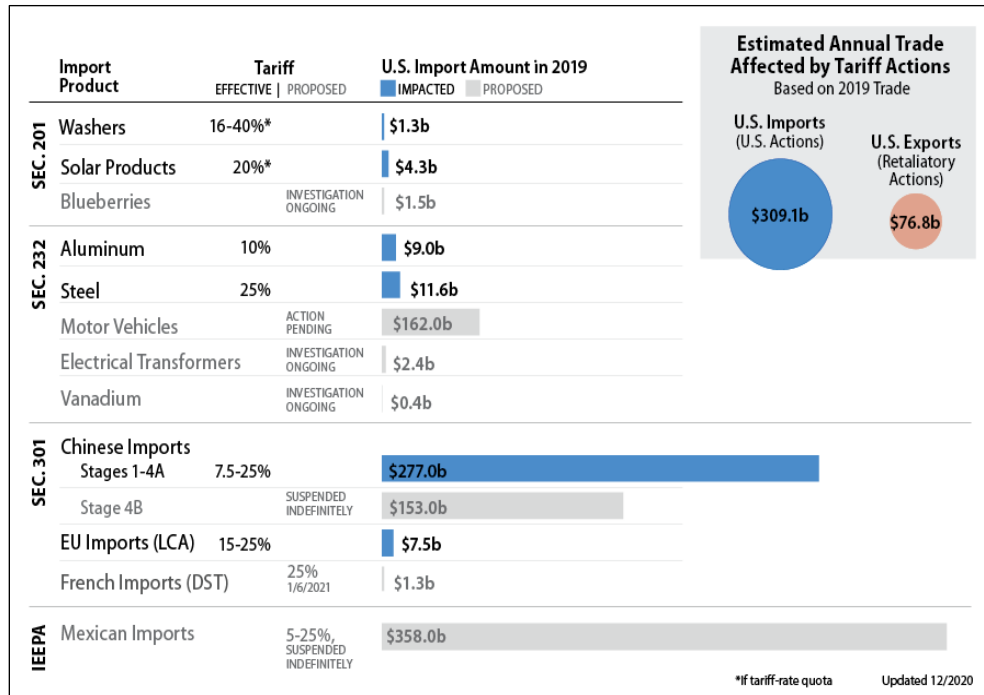
International Emergency Economic Powers Act (IEEPA) of 1977—Allows the President to regulate the importation of any property in which any foreign country or a national thereof has any interest *if the President declares a national emergency to deal with an unusual and extraordinary threat*, which has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

The Trump Administration's tariff actions may raise a number of significant issues for Congress. These issues include the economic effects of U.S. tariffs and other countries' retaliatory tariffs on firms, farmers, and workers, and the overall U.S. economy, the appropriate use of delegated authorities in line with congressional intent, and the potential implications and impact of these measures for broader U.S. trade policy, particularly with respect to the U.S. role in the global trading system.

The products affected by the tariff increases include washing machines, solar products, steel, aluminum, the majority of U.S. imports from China, and a limited number of imports from the European Union (e.g., aircraft and alcoholic beverages). Retaliatory tariffs, especially from China, affect several U.S. exports, including agricultural products, such as soybeans and pork, machinery, steel, and aluminum. Using 2019 data, U.S. imports subject to the increased tariffs accounted for 12% of annual U.S. imports, while exports subject to retaliatory tariffs accounted for 5% of annual U.S. exports. The increased tariffs have not led to a material change in the overall U.S. goods trade balance, but they may have contributed to a shift in its composition as the U.S. trade deficit with

China decreased by 8% from 2017 to 2019, while the trade deficit with other major sources of U.S. imports increased, including with Mexico and Vietnam by more than 45% over the same time period.

U.S. Imports and Exports Affected by the Recent Tariff Actions



Sources: CRS analysis of U.S. import data from the U.S. Census Bureau and trade partner data from Trade Data Monitor.

Notes: LCA refers to the Section 301 investigation over large civil aircraft. DST refers to the Section 301 investigation over digital services taxes. Calculations of total U.S. imports and exports affected by the tariff actions account for overlap among the different actions. U.S. exports affected by retaliation is estimated using partner country import data.

Although the consensus among most economists is that increased tariffs have a negative effect on the U.S. economy overall, they may have both costs and benefits across different market sectors and actors. Import tariffs are effectively a tax on domestic consumption and thus increase costs for U.S. consumers and downstream industries that use products subject to the tariffs. Retaliatory tariffs create disadvantages for U.S. exports in foreign markets, and can lead to fewer sales of U.S. products abroad and depress prices. However, domestic producers who compete with affected imports can benefit by being able to charge higher prices for their goods. The Trump Administration also argues the tariffs have been an effective negotiating tool to address unfair trade practices by U.S. trade partners, particularly in the case of the Phase One agreement with China, which includes commitments to purchase additional U.S. exports.

In January 2020, the Congressional Budget Office estimated that the increased tariffs would reduce U.S. gross domestic product (GDP) by 0.5% in 2020, below a baseline without the tariffs, while raising consumer prices by 0.5%, thereby reducing average real household income by \$1,277. In light of the Coronavirus Disease 2019 (COVID-19) pandemic and associated economic downturn, some in Congress have called for removal of the tariffs as a tool to spur economic activity. The tariff actions and their economic impact may be subject to ongoing congressional debate, including with respect to potential reforms to presidential tariff authorities, the use of tariffs as a tool in trade negotiations, how the current tariff increases should be addressed under a new Administration, and the appropriate roles of Congress and the President in U.S. trade policy.

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Introduction

The U.S. Constitution grants Congress the sole authority to regulate foreign commerce and therefore impose tariffs, but through various trade laws, Congress has delegated authority to the President to modify tariffs and other trade restrictions under certain circumstances.¹ The Trump Administration proclaimed significant tariff increases under three such authorities, Section 201 and Section 301 of the Trade Act of 1974 and Section 232 of the Trade Act of 1962, and proposed but later suspended increased tariffs under the International Emergency Economic Powers Act (IEEPA). Several additional actions remain pending leaving the possibility of further tariff increases under these laws. Several U.S. trade partners argue that some of these tariffs violate U.S. obligations under multilateral trade agreements administered by the World Trade Organization (WTO) and have imposed retaliatory tariffs in response.

The Trump Administration's tariff actions raise a number of issues for Congress and have been the focus of congressional debate. Such issues include the effect of the tariffs on U.S. economic activity, such as increases in the price of imported goods, affecting both U.S. consumers and producers, as well as diminished competitiveness of U.S. exports in foreign markets as a result of tariff retaliation. The tariff actions, their frequent modifications, and the exemption application process have also created uncertainty for U.S. businesses. In addition, questions over whether the Trump Administration's tariff actions adhere to congressional intent for the use of delegated tariff authority, in part due to broadly defined statutory criteria, have led to debate in Congress over potential legislative reforms.

Congress may also consider how these tariff actions affect the multilateral trading system and the U.S. role and leadership in that system, U.S. bilateral trade relations, and whether tariff increases are an appropriate tool in the negotiation of broader trade reforms. If Congress deems that the use of unilateral U.S. tariffs has been ineffective or inappropriate in general or specific uses, what other actions are available or should be available to address the concerns raised under these authorities, particularly to address non-market driven trade and other unfair trading practices from countries such as China?

Background Information

What are tariffs and what are average U.S. tariff rates?

Tariffs or duties are taxes assessed on imports of foreign goods, paid by the importer to the U.S. government, and collected by U.S. Customs and Border Protection (CBP).² Current U.S. tariff rates may be found in the Harmonized Tariff Schedule (HTS) maintained by the U.S. International Trade Commission (ITC).³ The Trump Administration's unilateral import restrictions have been mostly in the form of *ad-valorem* tariff increases, but it also proclaimed other import restrictions, including quotas and tariff-rate quotas under these authorities.

¹ U.S. Const. art. I, §8, cl. 3.

² For more information, see CRS In Focus IF11030, *U.S. Tariff Policy: Overview*, by Christopher A. Casey.

³ USITC, *Harmonized Tariff Schedule*, 2020 Edition, available at <https://hts.usitc.gov/current>. For more information on the Harmonized Tariff Schedule, see https://usitc.gov/harmonized_tariff_information.

Types of Import Restrictions

Tariff – A tax on imports of foreign goods paid by the importer. *Ad valorem* tariffs are assessed as a percentage of the value of the import (e.g., a tax of 25% on the value of an imported truck). *Specific* tariffs are assessed at a fixed rate based on the quantity of the import (e.g., 7.7¢ per kilogram of imported almonds), and are most common on agricultural imports.

Quota – A restriction on the total allowable amount of imports based either on the quantity or value of goods imported. Quotas are in place on a limited number of U.S. imports, mostly agricultural commodities, in part due to past trade agreements to remove and prohibit them.

Tariff-rate Quota (TRQ) – TRQs involve a two-tiered tariff scheme in which the tariff rate changes depending on the level of imports. Below a specific value or quantity of imports, a lower tariff rate applies, but once this threshold is reached all additional imports face a higher, sometimes prohibitive, tariff rate.

The United States played a prominent role in establishing the global trading system after World War II and has generally led and supported global efforts to reduce and eliminate tariffs since that time. Through both negotiated reciprocal trade agreements and unilateral action, countries around the world, including the United States, have reduced their tariff rates over the past several decades, some by considerable margins. According to the WTO, U.S. most-favored-nation (MFN) applied tariffs, the tariff rates the United States applies to members of the WTO, averaged 3.4% in 2019, among the lowest in the world.⁴ The United States also has fewer beyond the border measures, which can distort or discourage trade, than most countries. Globally, tariff rates vary, but are also generally low. For example, the top five U.S. trading partners all have average MFN tariff rates below 10%: the European Union (EU) (5.1%), Mexico (7.1%), Canada (3.9%), China (7.6%) and Japan (4.3%). Lower tariff rates apply among bilateral or regional trade agreement partners (e.g., tariffs have been eliminated on nearly all trade between the United States, Canada, and Mexico).

Despite these low tariff averages, most countries apply higher rates on a limited number of imports, often agricultural goods, and may impose various other restrictions that discourage trade.⁵ China, for example, has an average tariff rate of 7.6% according to the WTO, but has high tariff peaks on certain products and relies on state trading and TRQs to control agricultural, raw material, and commodity imports.⁶ China also leans heavily on state-led industrial policies and practices that were a key focus of the Trump Administration’s Section 301 investigation and resultant increased tariffs against China.

What are Section 201, Section 232, and Section 301?

Section 201, Section 232, and Section 301 refer to U.S. trade laws that allow presidential action, based on agency investigations, recommendations, and other criteria. Each allows the President to restrict imports to address specific concerns. The focus of these laws is not to provide additional

⁴ WTO, World Tariff Profiles 2020, available at https://www.wto.org/english/res_e/booksp_e/tariff_profiles20_e.pdf. In certain circumstances, actual tariffs applied by WTO members differ from their MFN rates. In some cases, applied tariffs are lower than MFN rates due to reciprocal preferential tariff treatment among trade agreement partners (e.g., the U.S.-Mexico-Canada Agreement (USMCA)), or through unilateral action and preference programs that reduce tariffs on imports from developing countries (e.g. the African Growth and Opportunity Act (AGOA)). In other cases, applied tariffs are higher than MFN rates (e.g., the Trump Administration’s unilateral tariff increases on various U.S. imports and U.S. trading partners’ subsequent retaliation).

⁵ In the United States, products with the highest MFN tariffs include dairy products (19.0% average), sugars and confectionery (14.9%), beverages and tobacco (13.6%), trucks (25%), and clothing (11.6%). WTO, World Tariff Profiles 2020.

⁶ For more, see CRS In Focus IF10964, “*Made in China 2025*” *Industrial Policies: Issues for Congress*, by Karen M. Sutter.

sources of revenue, but rather to alter trading patterns and address specific trade practices. The issues the laws seek to address are noted in italics below.

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 <i>substantial cause or threat of serious injury</i> to a U.S. industry (19 U.S.C. §§2251-2255).
Section 232 of the Trade Expansion Act of 1962	Allows the President to take action to adjust imports if the U.S. Department of Commerce finds certain products imported into the United States in such quantities or under such circumstances as to <i>threaten to impair U.S. national security</i> (19 U.S.C. §1862).
Section 301 of the Trade Act of 1974	Allows the United States Trade Representative (USTR), at the direction of the President, to suspend trade agreement concessions or impose import restrictions if it determines an act, policy, or practice of a foreign country <i>violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement or is unjustifiable and burdens or restricts U.S. commerce</i> (19 U.S.C. §§2411-2420).

What is IEEPA?

In response to an “unusual and extraordinary threat, which has its source in whole or in part outside the United States,” the President may invoke the International Emergency Economic Powers Act (IEEPA)⁷ under the procedures laid out in the National Emergencies Act (NEA).⁸ IEEPA empowers the President to investigate, regulate, or prohibit a host of international economic activity.⁹

What is Congress’s role in these trade actions?

The authorities through which the Trump Administration proclaimed or proposed unilateral tariff increases allow the President to act without approval from Congress. For more on these procedures, see “What are the steps to impose tariffs under these authorities?” Congress can also alter proclaimed tariff increases, or revise or remove the President’s tariff proclamation authorities through legislation. Members introduced a range of bills in the 116th Congress that would make various reforms (see “What legislation was proposed in the 116th Congress to alter the President’s authority?”). Congress may also use its oversight authorities (e.g., hearings, reporting requirements, subpoena powers) to examine the Administration’s tariff policy implementation, and maintains various tools to indirectly influence the Administration’s tariff actions through, for example, the appropriations process or consideration of Administration appointees.

What are some considerations in the use of tariffs against China?

The Trump Administration invoked Section 301 in an effort to address China’s trade and investment practices of concern, including evidence of policies and practices that included the forced or required foreign technology transfer and growing instances of the theft of U.S. intellectual property (IP) and trade secrets. Under Section 301 authorities, the Administration had a range of trade and investment restrictions that it might have imposed on China, but chose to focus on tariffs. Outside of Section 301 authorities, the Trump Administration imposed measures to tighten China’s access to U.S. advanced technology and sensitive energy and

⁷ CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*, coordinated by Christopher A. Casey.

⁸ P.L. 94-412 (September 14, 1976), 90 Stat. 1255, codified as amended at 50 U.S.C. § 1601 *et seq.* (2018).

⁹ P.L. 95-223 (October 28, 1977), 91 Stat. 1626, codified as amended at 50 U.S.C. § 1701 *et seq.* (2018).

telecommunications infrastructure in the U.S. market, including restrictions on Huawei's participation in the U.S. 5G market. U.S. tariffs and China's counter tariffs have contributed to ongoing pressures on U.S. firms to diversify some elements of supply chains out of China. Tariffs also appear to have played a role in supporting China's ongoing efforts to diversify import suppliers, particularly for agriculture, energy, and technology. Growing concerns about China's political and economic trajectory, increased focus on the risks of U.S. dependence on China-controlled supply chains, and uncertainty about the stability of U.S.-China ties appear to have heightened the sense of commercial risk and costs in China and affected the approach of some U.S. companies.

U.S. and China's government trade policy levers are inherently asymmetric in their agility and capability, in large part because of underlying differences in the two countries' economic and political systems and in how the two governments look to trade and investment to foster economic development. With its emphasis on private enterprise and market-led, open trade, the process for a U.S. administration to justify and enact Section 301 authorities, including the imposition of tariffs, is by design, not an easy one. In contrast, China's statist approach has led to the development of a Chinese government trade toolkit that more easily deploys policies focused on advancing China's industrial goals and national champions. China also has significant influence over Chinese corporate decision-making related to trade. Top U.S. exports to China—including aircraft, agriculture, semiconductor chip and machinery, and energy—involve trade with Chinese state firms or purchases financed by the state. Since 2019, China has imposed ad hoc restrictions on certain Canadian and Australian imports to pressure those governments on political concerns.¹⁰ China uses trade and investment restrictions in sectors such as pharmaceuticals and medical equipment to build domestic capabilities.¹¹ China has also controlled the export of strategic commodities—such as coke, fluorspar, and rare earth elements—to pressure foreign firms to localize manufacturing in China to access these key inputs.¹²

Most of China's technology transfer, IP theft, and other policies and practices of concern that are identified in the Section 301 report arguably have not been addressed.¹³ Initial details about China's next 14th Five-Year Plan (2021-2025) suggest that Chinese leaders plan to expand the state's role in the economy and prioritize state support for *Made in China 2025* industries.¹⁴ China's economic recovery in 2020 has outpaced that of its major trading partners, and industrial production has recovered much faster than consumption, leading to growing inventory in steel, industrial glass and other sectors and goods.¹⁵ When USTR invoked tariffs in 2018, China was not yet producing or exporting products tied to *Made in China 2015*, but this production appears to be coming on line in sectors, such as electric vehicles, with prospects for not only domestic sales but also exports.

¹⁰ "China Ratchets Up Pressure on Canada by Suspending Another Canola Exporter," *The Canadian Press*, March 27, 2019; and Gerry Shih, "China Sharply Ramps up Trade Pressure with Australia over Political Grievances," *The Washington Post*, November 27, 2020.

¹¹ Robert D. Atkinson, "The Impact of China's Policies on the Global Biopharmaceutical Industry Innovation," Information Technology and Innovation Foundation, September 8, 2020.

¹² For more, see CRS Insight IN11524, *China Issues New Export Control Law and Related Policies*, by Karen M. Sutter.

¹³ For more, see CRS Insight IN11208, *U.S. Signs Phase One Trade Deal with China*, by Karen M. Sutter.

¹⁴ For more, see CRS In Focus IF11684, *China's 14th Five-Year Plan: A First Look*, by Karen M. Sutter and Michael D. Sutherland.

¹⁵ For more, see CRS In Focus IF11667, *China's Economy in 2020: Navigating Headwinds*, by Karen M. Sutter and Michael D. Sutherland.

Tariffs against China have been unpopular among many in the U.S. business community and some Members of Congress. Critiques of tariffs, however, often do not address how tariffs may counter Chinese subsidies and other unfair trade and investment practices that incentivize or require foreign firms to locate production in China. As Congress debates the use of tariffs and their effects on the U.S. economy, it may also consider what U.S. tools and authorities are available or needed to effectively address China’s non-market behavior. If the United States were to lift tariffs, how would Congress ensure that China would lift its tariffs and not continue to resort to other trade and investment measures that remain active? Addressing these questions may require considering both the economic costs of tariffs, as well as more complex analysis of the costs to U.S. economic competitiveness of not countering China’s current industrial policies, particularly as China seeks to move into higher value sectors identified in *Made in China 2025*.

When was the last time a President acted under these laws?¹⁶

Presidential action under Section 201, Section 232, and Section 301 has varied since Congress enacted these laws in the 1960s and 1970s, but since 2002, past Presidents generally declined to impose trade restrictions under these laws. The use of Section 232, which focuses on national security concerns and was created during the Cold War, has been infrequently used over several decades. The use of Sections 201 and 301, which address some issues also covered by trade rules established at the WTO, has decreased since the creation of that institution in 1995 and its dispute-settlement system, generally considered more rigorous and effective than the dispute-settlement system under its predecessor, the GATT.¹⁷ The Trump Administration, however, cited a number of concerns with the WTO dispute settlement system, and made greater use of domestic trade laws, particularly Section 301, to resolve U.S. trade disputes.¹⁸

Section 201 The ITC conducted 73 Section 201 investigations from 1975 to 2001. In 26 of those cases, the ITC determined imports were a threat to a domestic industry and the President decided to grant some form of relief. In 2002, based on a Section 201 case, President George W. Bush implemented a combination of quotas and tariff increases on various types of steel imports. The action was subsequently challenged in the WTO. In 2003, WTO panels determined that the safeguard action was inconsistent with the United States’ WTO obligations, and on December 8, 2003, President Bush terminated the action. This was the last action taken under Section 201 prior to President Trump’s import restrictions on solar products and washing machines.

Section 232 Prior to the Trump Administration, there were 26 Section 232 investigations resulting in nine affirmative findings by Commerce. In six of those cases, the President imposed a trade action. A President arguably last acted under Section 232 in 1986. In that case, Commerce determined that imports of metal-cutting and metal-forming machine tools threatened to impair national security. In this case, the President sought voluntary export restraint agreements with leading foreign exporters, and developed domestic programs to revitalize the U.S. industry.¹⁹ These agreements predate the founding of the WTO, which established multilateral rules prohibiting voluntary export restraints. The most recent Section 232

¹⁶ For more information on the use of these trade laws, see “What other CRS products provide further information on these issues?”

¹⁷ World Economic Forum, Global Future Council on International Trade and Investment, *Strategic Brief for Trade Ministers on the WTO Dispute Settlement Mechanism*, 2018, http://www3.weforum.org/docs/Strategic_Brief_Trade_Ministers_WTO_Dispute_Settlement_Mechanism_pagers_2018.pdf.

¹⁸ USTR, *The President’s 2020 Trade Policy Agenda*, February 2020, p. 18, https://ustr.gov/sites/default/files/2020_Trade_Policy_Agenda_and_2019_Annual_Report.pdf.

¹⁹ U.S. President (R. Reagan), “Statement on the Revitalization of the Machine Tool Industry” Weekly Compilation of Presidential Documents, vol. 22 (December 16, 1986), p. 1654.

	investigation prior to the Trump Administration took place in 2001 with regard to iron ore and finished steel, but it resulted in a negative finding by Commerce and no further action.
Section 301	<p>Between 1975 and 2016, the United States initiated 124 cases under Section 301, 29 of them after the establishment of the WTO in 1995. These cases mainly targeted the European Union (EU), which accounted for over 20% of all the cases—concerning mostly agricultural trade. The EU was followed by Canada, Japan, and South Korea. Prior to 1995, the United States used Section 301 extensively to pressure other countries to eliminate trade barriers and open their markets to U.S. exports. The creation of an enforceable dispute settlement mechanism in the WTO, strongly advocated by the United States, significantly reduced use of Section 301. Since then, the United States had used the authority primarily to build cases and pursue dispute settlement at the WTO.</p> <p>Prior to 2017, the last Section 301 investigation took place in 2013 and involved Ukraine's practices regarding intellectual property rights (IPR). Given the political situation in Ukraine, the USTR determined that no action was appropriate at the time. The last investigation resulting in U.S. tariff increases took place in 2009 and involved Canada's compliance with the 2006 U.S.-Canada Softwood Lumber Agreement. Per a U.S.-Canadian understanding, the USTR suspended the tariffs in 2010.</p>
IEEPA	While IEEPA has never been used to impose a tariff, its nearly identically worded predecessor statute, the Trading with the Enemies Act, was used by President Nixon in 1971 to place a 10% tariff on all imports into the United States. ²⁰ In 2019, President Trump threatened to use IEEPA to impose tariffs on goods from Mexico until “the illegal migration crisis is alleviated through effective actions taken by Mexico.” ²¹ Ultimately, the Trump Administration decided not to impose the threatened tariffs.

Timeline, Scale, and Scope of U.S. and Retaliatory Tariff Actions

The Trump Administration imposed increased tariffs under several different actions beginning in 2018. Many of these actions were revised since they were first imposed, either in terms of the countries or products they cover or the rate of the tariff increase. These actions include tariffs on washing machines and solar panels under Section 201 in response to concerns over the effect of imports on domestic industry, effective since February 2018 (**Table 1**); tariffs on steel and aluminum under Section 232, in response to concerns over the effects of imports on national security, effective since March 2018 (**Table 2**); tariffs on various imports from China in response to technology transfer, intellectual property, and innovation policies under Section 301, imposed in four stages beginning in July 2018 (**Table 3**); and tariffs on various imports from the EU in response to aircraft subsidies, also imposed under Section 301 and effective since October 2019 (**Table 4**).²² Retaliation to some of these actions in the form of tariffs on U.S. exports first took effect in April 2018.

In addition to these actions, several tariff actions remain proposed or are under investigation. These include: tariffs on blueberries under Section 201 (**Table 5**); tariffs on autos, electrical transformers, titanium sponge, and vanadium under Section 232 (**Table 6**); tariffs on imports

²⁰ CRS Insight IN11129, *The International Emergency Economic Powers Act (IEEPA) and Tariffs: Historical Background and Key Issues*, by Christopher A. Casey.

²¹ Statement from President Trump Regarding Emergency Measures to Address the Border Crisis, May 30, 2019, available at: <https://www.whitehouse.gov/briefings-statements/statement-president-regarding-emergency-measures-address-border-crisis/>.

²² The Trump Administration's Section 301 tariff increases on imports from the EU differ from the other tariff actions in that they resulted from a dispute the U.S. government initiated at the WTO. For more, see CRS In Focus IF11364, *Boeing-Airbus Subsidy Dispute: Recent Developments*, by Andres B. Schwarzenberg.

from France and other countries in response to their digital services taxes under Section 301 (**Table 7**); and tariffs on imports from Vietnam in response to its currency valuation and timber trade practices, also under Section 301 (**Table 8**). The Trump Administration also proposed and then indefinitely suspended increased tariffs on imports from Mexico under IEEPA (**Table 9**).

Measuring U.S. and Retaliatory Tariff Actions

The scale and scope of the U.S. and retaliatory tariff actions can be measured in a number of ways, each with certain limitations. In order to provide a uniform comparison of the value of trade potentially affected by the various tariff measures, this report, unless otherwise noted, uses an *approximation* based on trade values from 2019, the last full year for which U.S. and partner country trade data are available, and the official lists of U.S. and retaliatory tariffs currently in effect. However, not all of the tariff actions covered in this report were in effect during 2019 and some tariffs that were in effect in 2019 have now been suspended (e.g., U.S. tariffs on steel and aluminum imports from Canada and Mexico). Moreover, some individual import transactions are not subject to the tariffs due to exclusions granted on a case-by-case basis. Hence, the data in this report do not reflect the *actual* value of trade subject to increased tariffs in 2019. For more information on the product exclusions process, see the section on “Product Exclusions.”

Generally U.S. imports and exports subject to the U.S. and retaliatory tariffs have declined since the tariffs were first imposed, as the tariffs increased the price and thereby reduced the demand for these products. Since many of the tariff increases were first imposed in 2018, the 2019 trade values likely understate the economic significance of U.S. trade potentially affected by the tariffs, given the declines that have occurred. For more information on the changes in U.S. trade values over time, see the section on “Economic Implications of Tariff Actions.”

Data for U.S. imports come from the U.S. Census Bureau sourced through Trade Data Monitor. Data for U.S. exports come from partner country import data, sourced through Trade Data Monitor. Since product classifications differ between countries, partner country import data are used as a proxy for U.S. exports in order to accurately match retaliatory tariff lists with their associated trade flows.

What tariff actions have been implemented to date?

The tables below provide a timeline of key events related to each trade action currently in effect, organized by the trade authority used to enact the import restriction. In addition to tariffs, the Trump Administration imposed quotas, or quantitative limits, on U.S. imports of certain goods from specified countries, as well as tariff-rate quotas (TRQs), for which one tariff applies up to a specific quantity or value of imports and a higher tariff applies above that threshold.

Table I. Section 201 Investigations on Solar Products and Washing Machines

Key Dates	<ul style="list-style-type: none"> • 5/17/2017—U.S. industry petition initiates ITC injury investigation on solar cells/modules. • 6/5/2017—U.S. industry petition initiates ITC injury investigation on large residential washers. • 9/22/2017—ITC makes affirmative solar cells/modules injury determination. • 10/5/2017—ITC makes affirmative large residential washers injury determination. • 11/13/2017—ITC submits report and recommended action on solar cells/modules to President. • 12/4/2017—ITC submits report and recommended action on large residential washers to President Trump. • 1/23/2018—President Trump proclaims actions on solar cells/modules and large residential washers, effective February 7, 2018. • 8/7/2019—ITC releases mid-term review on large residential washers safeguard. • 12/23/2019—ITC announces investigation, as directed by President Trump, to consider the economic effect of potentially increasing TRQ threshold for solar cells. • 1/23/2020—President Trump proclaims TRQ allocation limit for large residential washers at 1.2 million per quarter beginning February 7, 2020 in order to eliminate possible concentration of imports in single quarter. • 3/6/2020—ITC releases report, pursuant to USTR request, on probable economic effect on domestic industry of increasing the safeguard TRQ on solar cells. • 8/3/2020—ITC announces investigation, in response to industry petition, on possible extension of large residential washer safeguard. • 10/10/2020—President Trump proclaims modification to solar cells/modules safeguard, increasing the 4th year tariff from 15% to 18%, and authorizes USTR to request that the ITC investigate whether extending the term of the solar tariffs is necessary to prevent or remedy serious injury to the domestic industry. • 11/25/2020—ITC determined import relief for domestic washer industry continues to be necessary and that the industry is making a positive adjustment to the import competition, and will forward its recommendation for extending the tariffs to President Trump.
U.S. Import Restriction	<p>Solar Cells: 4-year TRQ with 30% above quota tariff, descending 5% annually (currently, 20%).</p> <p>Solar Modules: 4-year 30% tariff, descending 5% annually (currently 20%).</p> <p>Large Residential Washers: 3-year TRQ, 20% in quota tariff descending 2% annually (currently 16%), 50% above quota tariff descending 5% annually (currently 40%).</p> <p>Large Residential Washer Parts: 3-year TRQ, 50% above quota tariff, descending 5% annually (currently 40%).</p>
Countries Affected	<p>Canada excluded from the duties on washers. Certain developing countries excluded if they account for less than 3% individually or 9% collectively of U.S. imports of solar cells or large residential washers, respectively. All other countries included.</p>
Current Status	<p>Effective since February 7, 2018.</p>

Source: White House and USITC.

Table 2. Section 232 Investigations on Steel and Aluminum

Key Dates	<ul style="list-style-type: none"> • 4/2017—Commerce self-initiates investigations on U.S. steel and aluminum imports. • 1/2018—Commerce submits steel and aluminum reports to President Trump. • 3/23/2018—United States imposes steel and aluminum tariffs of 25% and 10%, respectively. Temporary exemptions to May 1 in place for certain countries (later extended to June 1). • 4/30/2018—President Trump exempts South Korea from steel tariffs; imposes a quota arrangement. • 5/31/2018—President Trump permanently exempts Argentina and Brazil from steel tariffs, and Argentina from aluminum tariffs, based on quota arrangements. Australia permanently exempted from both tariffs without a quota. • 8/10/2018—President Trump increases tariff on Turkish steel from 25% to 50%. • 5/19/2019—President Trump exempts Canada and Mexico from steel and aluminum tariffs and announces process for reinstating tariffs should imports surge. • 5/21/2019—President Trump decreases tariff on Turkish steel from 50% to 25%. • 10/14/2019—President Trump announces plan to increase tariffs on Turkish steel to 50% in response to Turkish military actions but later suspends the planned increase. • 12/2/2019—President Trump announces plans to reinstate steel and aluminum tariffs on imports from Argentina and Brazil due to currency issues. (Not instated.) • 2/8/2020—President Trump imposes tariffs on derivative products of steel and aluminum (e.g., nails, wires, and some auto parts) of 25% and 10%, respectively. • 8/16/2020—President Trump reinstates tariffs on certain aluminum imports from Canada, citing a surge in import volumes. • 10/27/2020—President Trump withdraws reinstated tariffs on certain aluminum imports from Canada, citing consultations and expected import declines (effective 9/1/2020).
U.S. Import Restriction	<p>Aluminum: 10% tariffs on certain aluminum and aluminum derivatives, effective indefinitely.</p> <p>Steel: 25% tariffs on certain steel and steel derivatives, effective indefinitely.</p>
Countries Affected	<p>Aluminum: Argentina,* Australia, Canada, and Mexico exempted. All other countries included.</p> <p>Steel: Argentina,* Australia, Brazil,* Canada, Mexico, and South Korea* exempted. All other countries included.</p> <p>(* Quantitative import restrictions imposed in place of tariffs.</p>
Current Status	<p>Aluminum: Tariffs effective since March 23, 2018 (February 8, 2020 for aluminum derivatives).</p> <p>Steel: Tariffs effective since March 23, 2018 (February 8, 2020 for steel derivatives).</p>

Source: White House and Commerce Department.

Table 3. Section 301 Investigation of China’s Technology Transfer, IP, and Innovation Policies

Key Dates	<ul style="list-style-type: none"> • 8/14/2017—President Trump directs USTR to consider investigation of China’s laws, policies, practices, or actions affecting U.S. IP and forced technology transfers. • 3/22/2018—USTR releases investigation findings in its Section 301 report and finds that four practices justify U.S. action: forced technology transfer requirements, cyber-enabled theft of U.S. IP and trade secrets, discriminatory and nonmarket licensing practices, and state-funded strategic acquisition of U.S. assets. President Trump signs memorandum proposing to (1) implement tariffs on certain Chinese imports; (2) initiate a WTO dispute settlement case against China’s discriminatory technology licensing; and (3) propose new investment restrictions on Chinese efforts to acquire sensitive U.S. technology. • 7/6/2018—United States imposes stage 1 tariffs (25% tariff on approx. 820 tariff lines). China responds with 25% stage 1 retaliatory tariffs. • 8/23/2018—United States imposes stage 2 tariffs (25% tariff on approx. 280 tariff lines). China responds with 25% stage 2 retaliatory tariffs. • 9/24/2018—In response to Chinese retaliatory tariffs, United States imposes stage 3 tariffs (10% tariffs on approx. 5,760 tariff lines). China responds with stage 3 retaliatory tariffs (5-10%). • 12/1/2018—President Trump announces the start of negotiations with China and pauses implementation of further tariffs. • 5/5/2019—U.S. officials report China is backpedaling on earlier commitments and announce plans to increase stage 3 tariffs to 25% and to prepare tariffs on remaining Chinese imports (stage 4, on approximately 3,800 tariff lines). • 5/10/2019—United States imposes stage 3 tariff increase to 25%. China increases some stage 3 retaliatory tariffs as high as 25%. • 8/2019—President Trump tweets that China has not followed through with commitments to buy U.S. agricultural products and USTR releases a two-part plan to impose 10% tariffs on most remaining U.S. imports from China (stage 4). The first part (4A) is to take effect on September 1, 2019; the second part (4B) is to take effect on December 15, 2019. • 8/23/2019—In response to Chinese retaliatory tariffs, President Trump directs USTR to further increase tariffs by raising stage 1-3 tariffs to 30% in October 2019, and stage 4 tariffs to 15% on their effective dates. • 9/1/2019—United States imposes stage 4A tariffs (15% tariff on approx. 3,250 tariff lines). China imposes stage 4A retaliatory tariffs (5-10%). • 10/11/2019—President Trump suspends the proposed October tariff increases, and announces a forthcoming “phase one” deal with China. • 12/15/2019—USTR suspends potential stage 4B tariffs of 15% before they take effect. • 1/15/2019—United States and China sign “phase one” deal, addressing some trade and investment issues and committing China to purchase \$200 billion in additional U.S. exports over two years, but majority of existing tariffs remain in place. • 2/14/2020—Phase one deal goes into effect. United States reduces stage 4A tariffs from 15% to 7.5%. China reduces stage 4A retaliatory tariffs to 2.5-5%.
U.S. Import Restriction	<p>Stage 1: 25% tariff on approx. 820 tariff lines.</p> <p>Stage 2: 25% tariff on approx. 280 tariff lines.</p> <p>Stage 3: 25% tariff on approx. 5,760 tariff lines.</p> <p>Stage 4A: 7.5% tariff on approx. 3,250 tariff lines.</p> <p>Stage 4B: proposed 15% tariff on approx. 550 tariff lines (indefinitely suspended).</p>
Countries Affected	China.

Current Status	Stage 1: Effective July 6, 2018 (25%).
	Stage 2: Effective August 23, 2018 (25%).
	Stage 3: Effective September 24, 2018 (10%), increased May 10, 2019 (25%).
	Stage 4A: Effective September 1, 2019 (15%), reduced February 14, 2020 (7.5%).
	Stage 4B: Suspended indefinitely.

Source: White House and USTR.

Table 4. Section 301 Investigation of EU Large Civil Aircraft Subsidies

Key Dates	<ul style="list-style-type: none"> 4/12/2019—USTR initiates an investigation to enforce U.S. rights in the WTO case against the EU and certain member states. 10/9/2019—Pursuant to Sections 301, 304, and 306 of the Trade Act of 1974, USTR determines to impose additional <i>ad valorem</i> duties of 10% and 25% on \$7.5 billion worth of U.S. imports from the EU, including the United Kingdom. 10/18/2019—Additional tariffs on certain U.S. imports from the EU go into effect. 12/12/2019—USTR begins a review of the action to determine if the list of imports subject to additional tariffs should be revised or tariff rates increased. 2/21/2020—USTR increases the rate of additional duties on certain large civil aircraft to 15% (effective March 18) and modifies the list of other products subject to additional 25% tariffs (effective March 5). (On March 12, USTR corrected an error on the revised list issued on 02/21.) 6/26/2020—USTR begins a second review of the action issuing a proposed list of modifications (with a technical correction on July 1). 8/18/2020—United States modifies the list of non-aircraft products subject to 25% tariffs (effective September 1, 2020).
	<p>U.S. Import Restriction</p> <p>Aircraft: 15% import tariff. Agricultural and other products: 25% import tariff.</p>
	<p>Countries Affected</p> <p>Primarily France, Germany, Spain, and the United Kingdom, but also Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, and Sweden.</p>
	<p>Current Status</p> <p>Aircraft tariffs: Effective October 18, 2019 (10%), increased March 18, 2020 (15%). Agricultural and other product tariffs: Effective October 18, 2019 (25%), products modified March 5, 2020 and September 1, 2020.</p>

Source: White House and USTR.

What proposed tariff actions remain pending or were not implemented?

The tables below provide a timeline of key events related to each trade action that has been proposed and either remains pending or was not implemented. The tables are organized by the authority under which the trade actions were proposed.

Table 5. Section 201 Investigation on Blueberries

Key Dates	<ul style="list-style-type: none"> 9/29/2020—USTR request initiates ITC injury investigation on blueberries (notification amended on 10/9/2020).
Proposed U.S. Import Restriction	Not specified.

Countries Affected	Not specified.
Current Status	Investigation ongoing. Injury determination due February 11, 2021, with report by March 29, 2021.

Source: White House and USITC.

Table 6. Section 232 Investigations on Autos/Parts, Uranium, Titanium Sponge, Electrical Transformers/Parts, Mobile Cranes, and Vanadium

Key Dates	<ul style="list-style-type: none"> • 5/23/2018—Commerce self-initiates investigation on motor vehicle/parts imports. • 7/18/2018—Commerce initiates investigation on uranium imports based on industry petition. • 2/17/2019—Commerce submits motor vehicle report to President Trump (no public release). • 3/4/2019—Commerce initiates investigation on titanium sponge imports based on industry petition. • 4/16/2019—Commerce submits uranium report to President Trump (no public release). • 5/17/2019—President Trump proclaims motor vehicle/parts imports a national security threat and directs USTR to negotiate with EU, Japan, and others to resolve. • 7/12/2019—President Trump does not concur with Commerce findings that uranium imports threaten to impair national security, but establishes U.S. Nuclear Fuel Working Group to develop recommendations to revive domestic industry. • 11/19/2019—Commerce submits titanium sponge report to President Trump (no public release). • 2/27/2020—President concurs with Commerce findings that titanium imports threaten to impair national security and directs Administration to negotiate with Japan to ensure U.S. access, but does not impose import restrictions. • 4/23/2020—U.S. Nuclear Fuel Working Group submit strategy document with recommendations related to uranium. • 5/4/2020—Commerce self-initiates investigation on imports of large electrical transformers and their parts made of grain-oriented electrical steel (GOES). • 5/6/2020—Commerce initiates investigation on mobile cranes imports based on industry petition. • 6/3/2020—Commerce initiates investigation on vanadium imports based on industry petition. • 11/5/2020—USTR announces Mexico has agreed to establish a strict monitoring regime for exports of electrical transformer laminations and cores and therefore will not be subject to potential U.S. Section 232 tariffs on these products. • 11/23/2020—Commerce terminates investigation on mobile cranes after the petitioner withdrew its application citing changes in the economic environment.
Proposed U.S. Import Restriction	Not specified.
Countries Affected	<p>Autos/Parts: EU, Japan, and other countries “deemed necessary” targeted for negotiations.</p> <p>Titanium: Japan targeted for negotiations.</p> <p>Other Investigations: Not specified.</p>
Current Status	<p>Autos/Parts: National security threat declared, but no import restrictions imposed.</p> <p>Uranium: President Trump determined imports are not a national security threat.</p>

Titanium Sponge: National security threat declared, but no import restrictions imposed.
Electrical Transformers/Parts: Investigation ongoing.
Mobile Cranes: Investigation terminated.
Vanadium: Investigation ongoing.

Source: White House and Commerce Department.

Table 7. Section 301 Investigation of Foreign Digital Services Tax (DST)

Key Dates	<ul style="list-style-type: none"> 7/16/2019—USTR initiates investigation of France’s digital services tax (DST). 12/2/2019—USTR issues report on France’s DST, finding the tax discriminates against major U.S. digital companies. 12/6/2019—USTR seeks comments on proposed additional <i>ad valorem</i> duties of 100% on a preliminary list of French products, and schedules hearings for January 7 and 8, 2020. 1/2020—USTR convenes a hearing and accepts post-hearing rebuttal comments. 1/21/2020—France suspends its DST for the remainder of 2020. 6/2/2020—USTR initiates an investigation into the implemented or proposed DSTs of 10 additional U.S. trading partners. 7/16/2020—USTR publishes a list of imports from France to be subject to additional <i>ad valorem</i> duties of 25% on or before January 6, 2021.
Proposed U.S. Import Restriction	<p>France: Proposed 25% tariff on 21 U.S. tariff lines, approx. \$1.3 billion in annual imports. Other Countries: To be determined.</p>
Countries Affected	France, Austria, Brazil, the Czech Republic, the European Union, India, Indonesia, Italy, Spain, Turkey, and the United Kingdom.
Current Status	<p>France: Tariffs to take effect on or before January 6, 2021. (The proposed action reportedly has been put on hold while the United States, France, and other countries participate in ongoing OECD digital taxation negotiations.) Other Countries: Investigation ongoing.</p>

Source: White House and USTR.

Table 8. Section 301 Investigations of Vietnam’s Currency and Timber Practices

Key Dates	<ul style="list-style-type: none"> 10/2/2020—USTR initiates investigation to examine Vietnam’s import and use of illegal timber. 10/2/2020—USTR initiates investigation to examine Vietnam’s valuation of its currency. 11/25/2020—USTR schedules public hearings for December 28 (Vietnam’s timber trade practices) and December 29 (Vietnam’s currency valuation).
Proposed U.S. Import Restriction	Not specified.
Countries Affected	Vietnam.
Current Status	<p>Currency: Investigation ongoing. Timber: Investigation ongoing.</p>

Source: White House and USTR.

Table 9. Proposed Tariffs under IEEPA

Key Dates	<ul style="list-style-type: none"> 5/30/2019—President announces intent to invoke IEEPA authorities to impose 5% tariff on all imports from Mexico, starting June 10, 2019, and increasing by 5% monthly to 25% in response to concerns over Mexico’s immigration policies affecting the United States.²³ 6/7/2019—President states that the United States reached an agreement with Mexico (see State Department announcement), suspending the proposed tariffs indefinitely.²⁴
Proposed U.S. Import Restriction	Proposed 5% import tariff on all U.S. imports from Mexico, increasing by 5% monthly to a maximum of 25% (currently suspended).
Countries Affected	Mexico.
Current Status	Suspended indefinitely.

Source: White House and State Department.

What types of U.S. imports are affected by the tariff actions?

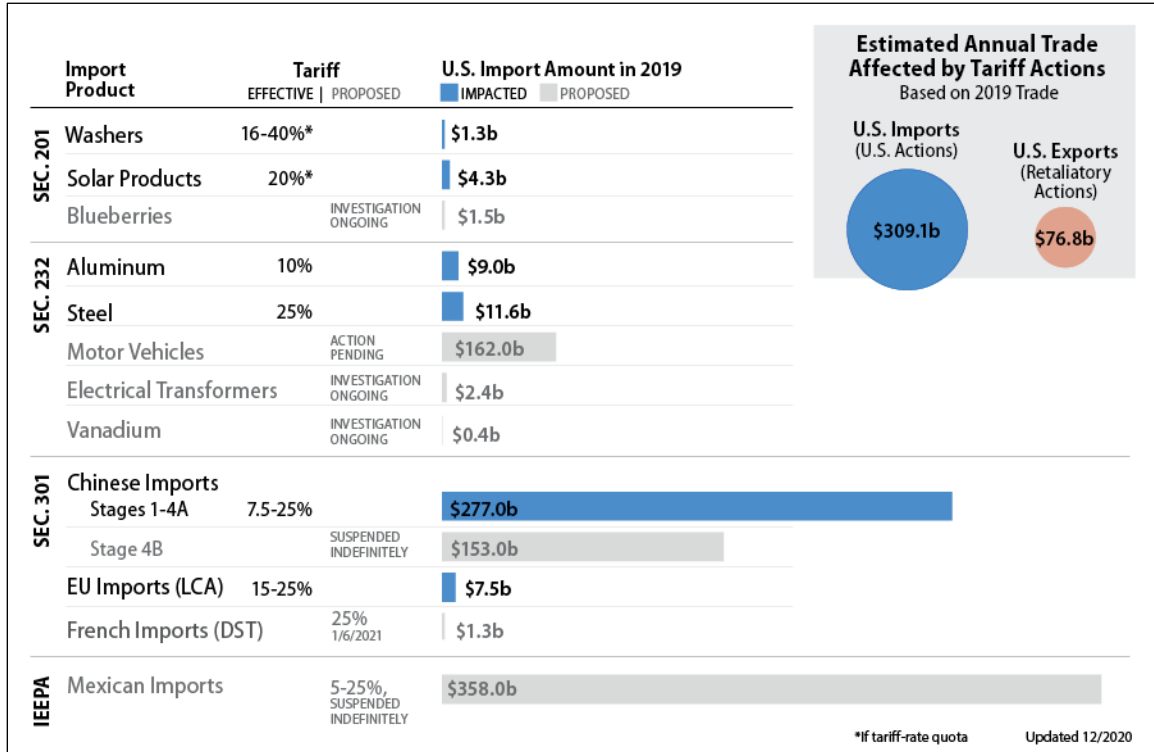
The Trump Administration has imposed increased tariffs on U.S. goods accounting for \$309.1 billion of U.S. annual imports, using 2019 trade values (**Figure 1**). U.S. Section 301 tariffs on imports from China, a result of the U.S. investigation on China’s IP practices, account for the bulk of tariff activity and affect \$277.0 billion of U.S. imports. These tariffs cover a vast range of goods or more than 8,700 products at the 8-digit harmonized tariff schedule (HTS) level and are discussed further below.²⁵ The other U.S. tariff actions are more targeted. U.S. Section 201 and Section 232 tariffs are product-specific and affect U.S. imports of washing machines and solar cells/modules (Section 201), and steel and aluminum (Section 232). U.S. Section 301 tariffs on imports from the EU, which are related to a U.S. WTO dispute against EU aircraft subsidies, are also more targeted. These tariffs mostly affect U.S. imports of aircraft, alcoholic beverages, and some agricultural products.

²³ Statement from President Trump Regarding Emergency Measures to Address the Border Crisis, May 30, 2019, available at: <https://www.whitehouse.gov/briefings-statements/statement-president-regarding-emergency-measures-address-border-crisis/>. More recently, President Trump also declared a national emergency and invoked IEEPA with respect to imports of bulk-power system electric equipment, but measures are unlikely to include tariffs. However, it is possible that tariffs on certain electrical equipment might be put in place following the recent Section 232 investigation on certain electrical transformers and parts.

²⁴ President Donald J. Trump, Twitter Post, June 7, 2018, 5:31 p.m., <https://twitter.com/realdonaldtrump/status/1137155056044826626>. The suspension preceded the release of a U.S. Mexico Joint Declaration on migration. Department of State, Office of the Spokesperson, U.S.-Mexico Joint Declaration, June 7, 2019, available at <https://www.state.gov/u-s-mexico-joint-declaration/>.

²⁵ The Harmonized Tariff Schedule of the United States (HTS) is a classification system for U.S. imports, which includes their associated tariff rates. HTS categories range from 2 digits to 10 digits with increasing specificity per digit. There are roughly 10,000 U.S. HTS tariff lines at the 8-digit level. Tariff classifications are generally harmonized internationally up to 6 digits. For more information and the current U.S. tariff schedule, see https://usitc.gov/harmonized_tariff_information.

Figure I. U.S. Imports Affected by Trump Administration Tariff Actions



Source: CRS analysis of U.S. import data from the U.S. Census Bureau and trade partner data from Trade Data Monitor.

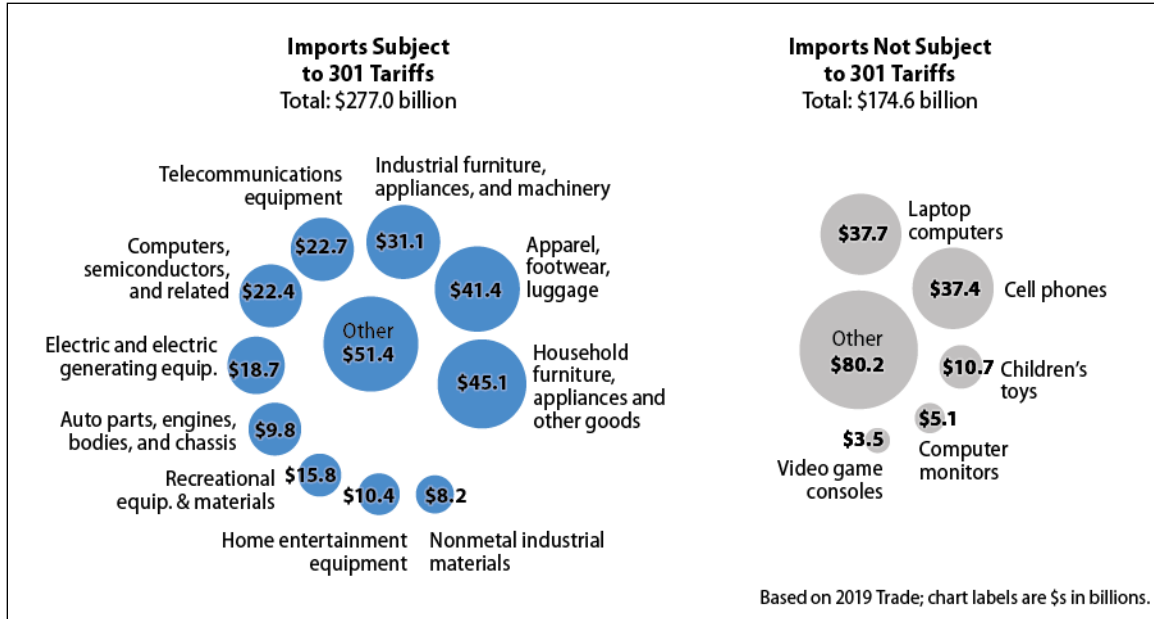
Notes: LCA refers to the Section 301 investigation over large civil aircraft. DST refers to the Section 301 investigation over digital services taxes. Calculations of total U.S. imports and exports affected by the tariff actions accounts for overlap among the different actions. U.S. exports affected by retaliation is estimated using partner country import data.

The majority (60%) of U.S. imports from China are subject to additional tariffs under the Section 301 action. **Figure 2** below breaks down the top product categories facing the increased tariffs as well as those that are not subject to the tariffs. The Trump Administration imposed the Section 301 tariffs on Chinese imports in four separate tranches with earlier stages covering mostly intermediate goods.²⁶ Research on the economic effects of the early stage tariffs highlighted the resulting increased production costs for U.S. firms using Chinese imports in their supply chains.²⁷ Later stages of the tariffs, however, covered major consumer products including household furniture and appliances (\$45.1 billion in 2019 imports), as well as apparel, footwear, and luggage (\$41.4 billion). These products now represent the largest categories of imports subject to the tariffs, accounting for nearly one-third of affected imports. The top products not subject to additional tariffs are consumer goods, including laptop computers (\$37.7 billion in 2019 imports) and cell phones (\$37.4 billion), which together accounted for 43% of the imports not covered by the Section 301 tariffs.

²⁶ For more information on the four stages of tariffs, see CRS Report R45949, *U.S.-China Tariff Actions by the Numbers*, by Brock R. Williams and Keigh E. Hammond.

²⁷ Aaron Flaaen and Justin Pierce, *Disentangling the Effects of the 2018-2019 Tariffs on a Globally Connected U.S. Manufacturing Sector*, Finance and Economics Discussion Series 2019-086, December 23, 2019, Washington: Board of Governors of the Federal Reserve System, <https://www.federalreserve.gov/econres/feds/files/2019086pap.pdf>.

Figure 2. U.S. Imports from China Affected by Section 301 Tariffs



Source: CRS analysis with import data from the U.S. Census Bureau.

Note: Product categories for imports subject to tariffs based on 5-digit U.S. end-use import codes. Product categories for imports not subject to tariffs based on 10 HTS classification.

What countries have imposed retaliation to date?

Currently, five U.S. trading partners are imposing retaliatory tariffs on \$76.8 billion of U.S. annual exports (2019 values) in response to the Trump Administration’s tariff actions (**Figure 3**).

China’s retaliation to U.S. Section 301 tariffs (regarding China’s IP practices) accounts for the largest share, affecting \$68.4 billion of U.S. exports. China imposed these tariffs in four different stages from July 2018 to September 2019, responding to the four tranches of U.S. tariffs on Chinese imports.²⁸

An additional \$6.7 billion of U.S. exports to China, the EU, India, Turkey and Russia are affected by retaliation to the U.S. Section 232 tariffs on steel and aluminum. These retaliatory tariffs, except for India’s, have been in place since mid-2018. India’s retaliation did not take effect until June 2019, after the United States removed its eligibility to the Generalized System of Preferences (GSP), which eliminated India’s duty-free access to the U.S. market for a wide range of products.²⁹ Initially, Canada and Mexico also retaliated against the U.S. Section 232 tariffs (affecting \$14.1 billion U.S. exports), but they removed their retaliation in May 2019, after the Trump Administration exempted both countries from the steel and aluminum duties. This de-escalation of tariff actions among the three countries occurred as they were working to ratify the U.S.-Mexico-Canada Agreement (USMCA).

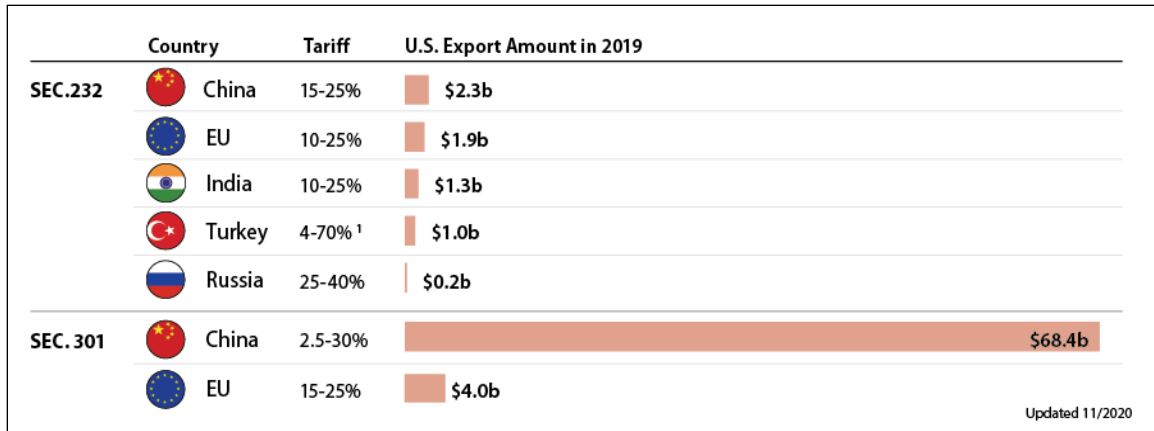
²⁸ For more information on the four stages of tariffs, see CRS Report R45949, *U.S.-China Tariff Actions by the Numbers*, by Brock R. Williams and Keigh E. Hammond.

²⁹ For more information, see CRS In Focus IF11232, *Generalized System of Preferences (GSP)*, by Vivian C. Jones.

Most recently, in November 2020, the EU imposed additional tariffs on \$4.0 billion of U.S. exports in response to U.S. Section 301 tariffs on EU aircraft and other goods. Both the U.S. and EU tariffs relate to ongoing disputes at the WTO over aircraft subsidies.

Looking forward, several additional retaliatory actions have been announced, but per WTO rules on allowable measures in response to safeguard actions, are not to be imposed until 2021. China, Japan, and South Korea have announced planned retaliation to U.S. Section 201 tariffs, and the EU has announced a planned second stage of retaliation against U.S. Section 232 tariffs.³⁰

Figure 3. Retaliatory Tariffs by Country
(billions of U.S. dollars)



Source: CRS analysis based on partner country import data sourced through Trade Data Monitor.

Notes: U.S. exports of specific products subject to retaliatory tariffs approximated by using partner country import data in order to match trade data to the official tariff lists issued by U.S. trading partners.

(1) Turkey temporarily increased its retaliatory tariffs up to 140% in August 2018 in response to the Trump Administration’s tariff increase on Turkish steel to 50%, but in May 2019 both countries withdrew the additional increases.

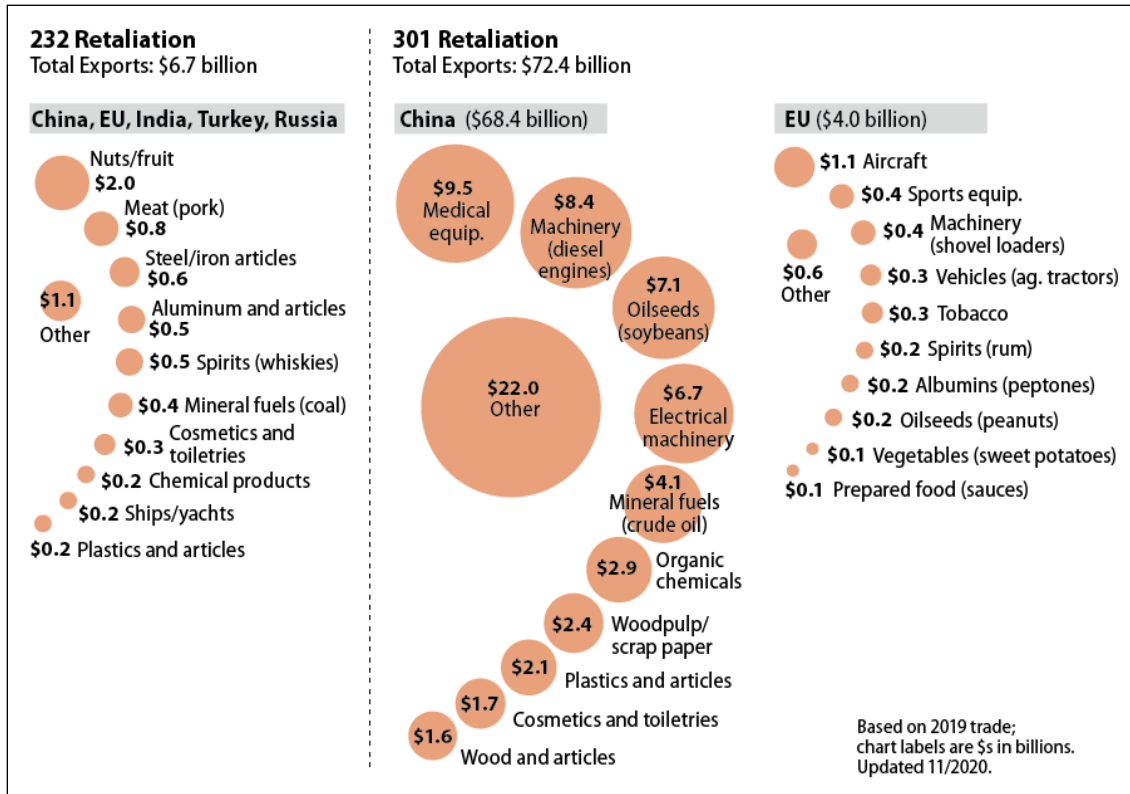
What types of U.S. exports are affected by retaliatory tariff measures by certain U.S. trading partners?

The retaliatory tariffs affecting \$76.8 billion of U.S. exports cover a broad range of goods (**Figure 4**). A common theme among all the retaliatory actions is a focus on agricultural products, affecting U.S. exports of soybeans, pork, and fruits and nuts, for example.³¹ The product mix of each of the retaliatory actions, however, is unique, reflecting the U.S. tariffs to which they are responding. For example, China’s Section 301 retaliation covers the largest range of products, affecting thousands of tariff lines. Meanwhile, the response to the U.S. Section 232 tariffs includes a focus on steel and aluminum articles, and the EU’s Section 301 retaliation targets primarily aircraft.

³⁰ See official 2018 safeguard retaliation notifications to the WTO by China, Japan, South Korea, and the EU, available at https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S003.aspx.

³¹ For more information, see CRS Report R45903, *Retaliatory Tariffs and U.S. Agriculture*, by Anita Regmi.

Figure 4. U.S. Exports Affected by Retaliatory Tariffs



Source: CRS analysis with partner country trade data sourced from Trade Data Monitor.

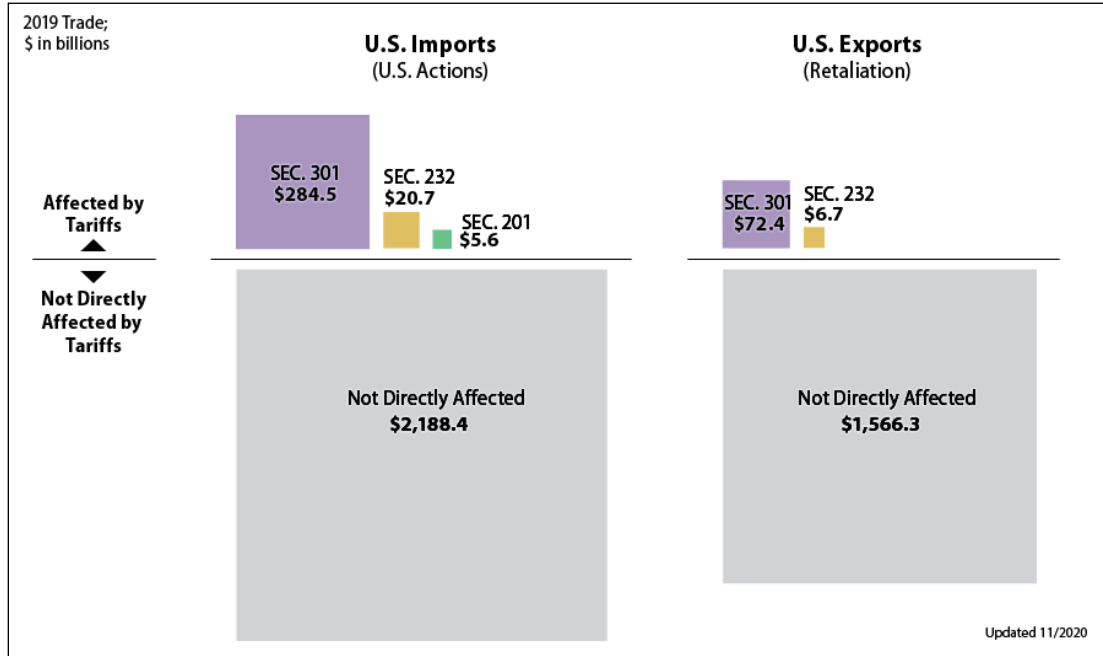
Notes: U.S. exports based on partner country import data, categorized by 2-digit HS product classifications. Goods in parentheses denote specific products in a 2-digit category that account for a large share of affected exports.

What share of annual U.S. trade is affected?

Considering the tariffs currently in effect, as a share of overall U.S. trade, approximately 12% of annual U.S. goods imports are subject to increased U.S. tariffs under the Trump Administration’s tariff actions and 5% of annual U.S. goods exports are subject to increased tariffs under partner country retaliatory actions, using 2019 trade values.³² U.S. Section 301 actions and subsequent retaliation account for the largest shares of affected U.S. imports and exports (**Figure 5**). In some cases trade in products subject to the additional tariffs has declined significantly since the tariffs were first imposed. For example, U.S. whisky exports to the EU, subject to retaliatory tariffs since 2018, declined from \$643.4 million in 2017 to \$444.7 million in 2019. As a result, more recent trade values may understate the economic significance of the tariff actions on U.S. trade flows.

³² Aggregate shares of trade affected by U.S. and retaliatory actions adjusted to reflect overlapping tariffs on certain products.

Figure 5. Shares of U.S. Goods Trade Affected by Tariff Actions



Source: CRS analysis with data from the U.S. Census Bureau and partner country trade data from Trade Data Monitor.

Note: U.S. exports affected by retaliatory tariffs are based on partner country import data.

Product Exclusions

What is the product exclusion process for each of the trade actions?

Section 201

In Presidential Proclamation 9693, announcing the Section 201 action on solar products, President Trump gave the USTR 30 days to develop procedures for exclusion of particular products from the safeguard measure.³³ On February 14, 2018, the USTR published a notice establishing procedures to consider requests for the exclusion of particular products.³⁴ Based on that notice, the USTR received 48 product exclusion requests and 213 subsequent comments responding to these requests by the deadline, March 16, 2018. On September 19, 2018, the USTR announced a limited number of solar product exclusions, and indicated that additional requests received by the March 16, 2018 deadline remained under evaluation.³⁵ Canada is excluded from the additional duties on washers.³⁶ Certain developing countries were excluded, provided that they account for less than 3% individually or 9% collectively of

³³ Executive Office of the President, Proclamation 9693 of January 23, 2018, “To Facilitate Positive Adjustment to Competition from Imports of Certain Crystalline Silicon Photovoltaic Cells (Whether or Not Partially or Fully Assembled Into Other Products) and For Other Purposes,” 83 *Federal Register* 3541, January 25, 2018.

³⁴ USTR, “Procedures to Consider Additional Requests for Exclusion of Particular Products From the Solar Products Safeguard Measure,” 83 *Federal Register* 6670, February 14, 2019.

³⁵ USTR, “Exclusion of Particular Products from the Solar Products Safeguard Measure,” 83 *Federal Register* 47393, September 19, 2018.

³⁶ Commitments in NAFTA (and its successor agreement, USMCA) allow for imports from Canada and Mexico to be included in U.S. global safeguard actions only if they individually account for a substantial share of total U.S. imports of the targeted products. The Trump Administration determined that U.S. washing machine imports from Canada did not satisfy this requirement and were therefore excluded from the action. Proclamation 9694 of January 23, 2018, “To

U.S. imports of solar cells or large residential washers, respectively. All other countries are covered by the Section 201 trade actions.

Section 232

The 232 product exclusion process is administered by the Department of Commerce's Bureau of Industry and Security (BIS). Thousands of requests have been filed to date and the exclusion process has been the subject of criticism and scrutiny by several Members of Congress and other affected stakeholders. To limit potential negative domestic impacts of the tariffs on U.S. consumers and consuming industries, Commerce published an interim final rule for how parties located in the United States may request exclusions for items that are not "produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality."³⁷ The rule went into effect the same day as publication to allow for immediate submissions; there have been subsequent updates to the process.

Initially, requesters were required to complete the official response form spreadsheets for each steel and aluminum exclusion and submit the forms on [regulations.gov](https://www.regulations.gov), where both requests for exclusions and objections to requests are posted.³⁸ In June 2019, Commerce launched a new online 232 Exclusions Portal for all submissions as of June 13, 2019, while all prior submissions reside on [regulations.gov](https://www.regulations.gov).³⁹

Each requester must complete a separate application for each product to be considered for exclusion. Exclusion determinations are to be based on national security considerations, but the specific nature of these considerations remain unclear. There is no time limit for submitting an exclusion request. To minimize the impact of any exclusion, the interim rule allows only "individuals or organizations using steel articles ... in business activities ... in the United States to submit exclusion requests," eliminating the ability of larger umbrella groups or trade associations to submit petitions on behalf of member companies. A parallel requirement applies for aluminum requests. Any approved product exclusion will be limited to the individual or organization that submitted the specific exclusion request. Parties may also submit objections to any exclusion within 30 days after the exclusion request is posted. A rule introduced in September 2018 allowed for submissions of rebuttals and sur-rebuttals. The review of exclusion requests and objections will not exceed 90 days. Exclusions will generally last for one year.

Companies and some Members of Congress have criticized the intensive, time-consuming process to submit exclusion requests, the lengthy waiting period for a response from Commerce, what some view as an arbitrary nature of acceptances and denials, and the fact that all exclusion requests to date have been rejected when a U.S. steel or aluminum producer has objected to it.⁴⁰ (See "What concerns have been raised regarding the product exclusion process?")

On May 26, 2020, Commerce requested "public comment on the appropriateness of the factors considered, and the efficiency and transparency of the process employed, in rendering decisions on requests for exclusions from the tariffs and quotas imposed on imports of steel and aluminum articles." The notice also seeks feedback on potential revisions to the exclusion process.⁴¹ Commerce has not announced any changes to the exclusion process.

Facilitate Positive Adjustment to Competition From Imports of Large Residential Washers," 83 *Federal Register* 3553, January 25, 2018.

³⁷ Department of Commerce, Bureau of Industry and Security, "Requirements for Submissions Requesting Exclusions From the Remedies Instituted in Presidential Proclamations Adjusting Imports of Steel Into the United States and Adjusting Imports of Aluminum into the United States," 83 *Federal Register* 12106, March 19, 2018.

³⁸ Docket Number BIS-2018-0006 (Steel); Docket Number BIS-2018-0002, (Aluminum).

³⁹ The Exclusions Portal is available at <https://www.commerce.gov/page/section-232-investigations>.

⁴⁰ Ed Crooks and Fan Fei, "Trade war winners and losers grapple with Trump tariff chaos," *The Financial Times*, July 23, 2018, and Jim Tankersley, "Steel Giants with Ties to Trump Officials Block Tariff Relief for Hundreds of Firms," *The New York Times*, August 5, 2018.

⁴¹ Department of Commerce, "Notice of Inquiry Regarding the Exclusion Process for Section 232 Steel and Aluminum Import Tariffs and Quotas," 85 *Federal Register* 31441, May 26, 2020.

Section 301

During the Section 301 notice and comment period on proposed Section 301 tariff increases on imports from China, the USTR heard from a number of U.S. stakeholders who expressed opposition and/or concern about how such measures could affect their businesses, as well as U.S. consumers. In response, the USTR created a product exclusion process, whereby firms could petition for an exemption from the Section 301 tariff increases for specific imports. The USTR stated that product exclusion determinations would be made on a case-by-case basis, based on information provided by requesters that showed

- Whether the particular product is available only from China;
- Whether the imposition of additional duties on the particular product would cause severe economic harm to the requester or other U.S. interests; and
- Whether the particular product is strategically important or related to “Made in China 2025” or other Chinese industrial programs.⁴²

To date, the USTR has created four formal product exclusion processes for the four stages of tariff increases under Section 301 against China—all of which have now closed. Some Members have raised the issue of streamlining the exclusion process with the USTR during hearings and in letters to the USTR, and have introduced legislation that would establish statutory guidelines for the Section 301 exclusion process. Exclusions granted to date are typically for a time-limited period.

What exclusions for imports of medical supplies related to COVID-19 are available?

The Section 301 action against China covers some products with known or potential medical uses or inputs for the manufacture of such goods.⁴³ The USTR announced on March 20, 2020, that, prior to the Coronavirus Disease 2019 (COVID-19) outbreak, the agency had been working with the U.S. Department of Health and Human Services “to ensure that critical medicines and other essential medical products were not subject to additional Section 301 tariffs.” Consequently, the United States had not imposed tariffs on certain critical products, such as ventilators, oxygen masks, and nebulizers. Moreover, the USTR indicated that, in recent months, it prioritized the review of requests for exclusions on medical care products, resulting in exclusions granted on basic medical supplies, including gloves, soaps, facemasks, surgical drapes, and hospital gowns.

Since March 2020, the USTR has exempted certain medical products from Section 301 tariffs in several rounds of exclusions. CRS could not determine exactly how many of them have been exempted on the basis of COVID-19 concerns, as the USTR does not specify the rationale for granting exclusions in its announcements. While some products can be easily identified, there are others with known or potential medical uses—or inputs for the manufacture thereof—that have received exclusions but whose ultimate purpose cannot always be ascertained from HTSUS subheadings or the provided product descriptions (e.g., organic chemicals or textiles for the manufacture of pharmaceuticals or PPE).

In addition, at the end of March 2020, the USTR published a Federal Register notice seeking comments to determine if further modifications to the Section 301 tariffs on U.S. imports from China are necessary to respond to the COVID-19 pandemic in the United States.⁴⁴ The notice

⁴² For more information, see CRS In Focus IF10964, “*Made in China 2025*” Industrial Policies: Issues for Congress, by Karen M. Sutter.

⁴³ For an overview of select imported products related to the response to the COVID-19 pandemic, as well as tariff rates on those products, see U.S. International Trade Commission, “COVID-19 Related Goods: U.S. Imports and Tariffs,” May 4, 2020.

⁴⁴ For more detail, see 85 FR 16987 (March 25, 2020).

provided no further guidance on the types of products that the USTR considers to be “medical-care products.”

How many product exclusion requests have been made?

Section 201	The USTR received 48 product exclusion requests and 213 subsequent comments responding to these requests by the deadline, March 16, 2018. Product exclusions were granted for a limited number of solar products. ⁴⁵
Section 232	The Department of Commerce notes that as of July 27, 2020, almost 223,000 exclusion requests had been received, 89% of which were for steel imports. Approximately 37,000 requests were rejected, with another 45,300 attracting objections. Of the approximately 155,000 decisions made, 79% of the requests were granted, 22% denied, and the rest remain pending.
Section 301	According to the USTR, through January 31, 2020 (the deadline for submitting exclusion requests for products under List 4A), the agency received a total of 52,746 exclusion requests, pertinent to all four actions. Of these, 6,804 (13%) have been granted and 45,942 (87%) have been denied (as of October 25, 2020).

What concerns have been raised regarding the product exclusion process?

Several Members of Congress have raised concerns about the Section 232 exclusion process. For example, a bipartisan group of House Members articulated concerns about the speed of the review process and the significant burden it places on manufacturers, especially small businesses.⁴⁶ Some Members have questioned the Administration’s processes and ability to pick winners and losers through granting or denying exclusion requests.

Senator Elizabeth Warren requested that the Commerce Inspector General (IG) investigate the implementation of the exclusion process and asked for evidence that the exclusions granted meet Commerce’s stated goal of “protecting national security while also minimizing undue impact on downstream American industries,” as well as evidence that the exclusions granted to date strengthen the national security of the United States.⁴⁷ On October 29, 2018, the Commerce IG office initiated an audit of the agency’s processes and procedures for reviewing and adjudicating product exclusion requests.⁴⁸ In July 2019, the Commerce IG determined that BIS had a large backlog of exclusion requests and that requests with objections had lower completion rates.⁴⁹ In October 2019, the IG issued a Management Alert regarding “a lack of transparency that contributes to the appearance of improper influence in decision-making for tariff exclusion requests.” The IG recommended that BIS take specific actions to ensure transparency.⁵⁰ In May

⁴⁵ USTR, “Exclusion of Particular Products from the Solar Products Safeguard Measure,” 83 *Federal Register* 47393, September 19, 2018.

⁴⁶ MIL OSI - ForeignAffairs.co.nz, “MIL-OSI USA: Walorski Calls for Changes to Tariff Product Exclusion Process for Manufacturers,” ForeignAffairs.co.nz, May 8, 2018.

⁴⁷ Letter from Senator Elizabeth Warren to the Commerce Department, August 29, 2018.

⁴⁸ Letter from Carol Rice, Assistant Inspector General for Audit and Evaluation, to Daniel O. Hill, Acting Under Secretary of Commerce for Industry and Security, Bureau of Industry and Security, October 29, 2018.

⁴⁹ Letter from Carol Rice, Assistant Inspector General for Audit and Evaluation, to Nazak Nikakhtar, Assistant Secretary for Industry and Analysis, Performing the Non-Exclusive Duties of the Under Secretary of Commerce for Industry and Security, Bureau of Industry and Security, July 1, 2019.

⁵⁰ Letter from Carol Rice, Assistant Inspector General for Audit and Evaluation, to Secretary Ross, Management Alert: Certain Communications by Department Officials Suggest Improper Influence in the Section 232 Exclusion Request

2020, Commerce issued a request for public comment on the exclusion process and potential revisions.⁵¹ No changes have been announced since the comment period closed.

In response to a formal request by Senators Pat Toomey and Tom Carper, on December 12, 2018, the Government Accountability Office (GAO) announced an investigation of the Section 232 product exclusion process.⁵² The GAO's ongoing investigation examines the processing of exclusion requests on the BIS web portal, tariff refunds by Customs and Border Protection, and the impact of the tariffs, quotas, and exclusion requests on U.S. trade, companies, and consumers. An earlier GAO investigation into the exclusion process focused on the time period before the web portal was launched (June 2019) and found that Commerce did not decide the majority of requests within its established timeliness guidelines and recommended specific improvements.⁵³

Congress authorized additional funds for the Section 232 product exclusion process in the FY2019 appropriations law (P.L. 116-6), and in the accompanying joint explanatory statement, stipulated that Commerce provide quarterly reports to Congress on its administration of the process.⁵⁴

The Section 301 exclusion process managed by the USTR has not attracted the same level of attention from Congress as the Section 232 exclusion process. However, in recent years, some Members have raised the issue of establishing or streamlining an exclusion process with the USTR during hearings and in letters to the USTR. For instance, for the third and largest action (List 3), a bipartisan group of more than 160 Representatives urged the Administration to consider granting exclusions. Subsequently, the joint explanatory statement to the FY2019 appropriations law (P.L. 116-6), enacted in February 2019, directed the USTR to establish a product exclusion process for that third stage of tariffs within 30 days of the law's enactment.⁵⁵ During the first session of the 116th Congress, some Members also introduced legislation that would create statutory guidelines for the exclusion process, including the American Business Tariff Relief Act of 2019 (S. 2362) and the Import Tax Relief Act of 2019 (S. 577/H.R. 1452). More recently, in August 2020, some Members introduced a bill to suspend all duties, including Section 301 tariffs, on imports of articles needed to combat the COVID-19 pandemic.⁵⁶

Review Process, Final Memorandum No. OIG-20-003-M, October 28, 2019.

⁵¹ Bureau of Industry and Security, Commerce, "Notice of Inquiry Regarding the Exclusion Process for Section 232 Steel and Aluminum Import Tariffs and Quotas," 85 *Federal Register* 31441-31451, May 26, 2020.

⁵² Letter from U.S. Government Accountability Office to Senator Pat Toomey, December 12, 2018, available at https://www.toomey.senate.gov/files/documents/GAO_Trade.pdf.

⁵³ U.S. Government Accountability Office, *Steel and Aluminum Tariffs: Commerce Should Improve Its Exclusion Request Process and Economic Impact Reviews*, GAO-20-517, September 15, 2020, <https://www.gao.gov/products/GAO-20-517>.

⁵⁴ U.S. Congress, House Committee on Appropriations, *Explanatory Statement Regarding H.J. Res. 31, Consolidated Appropriations Act, 2019*, prepared by Chairwoman Nita Lowey, 116th Cong., 1st sess., February 11, 2019, available at <https://docs.house.gov/bills/thisweek/20190211/116hrpt9-JointExplanatoryStatement-u1.pdf>.

⁵⁵ U.S. Congress, House Committee on Appropriations, *Explanatory Statement Regarding H.J. Res. 31, Consolidated Appropriations Act, 2019*, prepared by Chairwoman Nita Lowey, 116th Cong., 1st sess., February 11, 2019, available at <https://docs.house.gov/bills/thisweek/20190211/116hrpt9-JointExplanatoryStatement-u1.pdf>.

⁵⁶ On August 8, 2020, Senators Pat Toomey and Margaret Wood Hassan introduced S. 4497, "Stop PPE Taxes Act of 2020." The bill would suspend—through December 31, 2022—any duty imposed on specified articles and articles identified by the USITC as related to the response to COVID-19, including any duty imposed pursuant to (1) Section 301, (2) Section 232, or (3) IEEPA.

Economic Implications of Tariff Actions

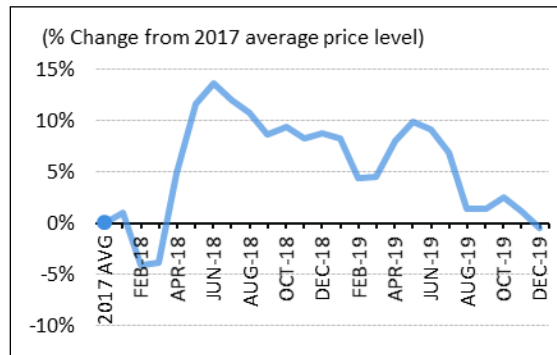
What are the general economic dynamics of a tariff increase?

Changes in tariffs affect economic activity directly by influencing the price of imported goods and indirectly through changes in exchange rates and real incomes. The extent of the price change and its impact on trade flows, employment, and production in the United States and abroad depend on resource constraints and how various economic actors (foreign producers of the goods subject to the tariffs, producers of domestic substitutes, producers in downstream industries, and consumers) respond as the effects of the increased tariffs reverberate throughout the economy. Retaliatory tariffs, which U.S. trading partners have imposed in response to U.S. Section 232 steel and aluminum tariffs and Section 301 tariffs on imports from China and the EU, also affect U.S. exporters. The following outcomes (summarized in **Table 10**) are generally expected at the level of individual firms and consumers:

- **Increased costs for U.S. consumers:**

Higher tariff rates generally lead to price increases for consumers of the goods subject to the tariffs and for consumers of downstream products as input costs rise. Higher prices in turn lead to decreased consumption depending on consumers' price sensitivity for a particular product.⁵⁷ For example, consider the monthly price of U.S. laundry equipment, which includes washing machines subject to tariff increases as high as 50% under Section 201 since February 2018. The monthly price of this equipment increased by as much as 14% in 2018 compared to the average price level in 2017, before the tariffs took effect (**Figure 6**). A recent economic study carefully isolated the price effect of the tariffs from other potential factors influencing prices (by for example comparing price changes in other household appliances during the same period), and determined that the tariffs effectively led to an \$86 increase in the price of washing machines.⁵⁸ The study found that the tariffs had a larger effect on consumer prices than might be anticipated, as the price of dryers, even though not subject to tariff protection, also increased by a similar margin (\$92 per unit), which the study attributed to the fact that retailers typically charge identical prices for washers and dryers.

Figure 6. U.S. Laundry Equipment Prices



Source: CRS analysis based on U.S. Bureau of Labor Statistics (BLS) data.

Note: Base period set to 2017 average. Consumer price index series id CUUR0000SS30021 covers "laundry equipment."

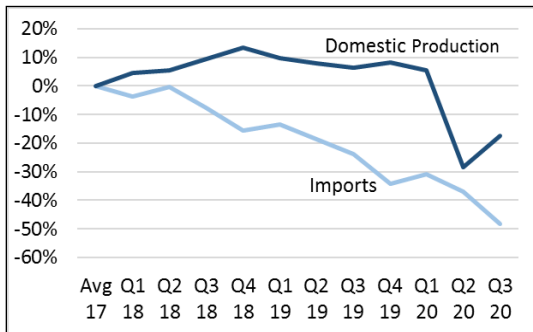
⁵⁷ The availability of substitutes is one factor determining consumer's elasticity of demand or change in demand relative to a given change in prices.

⁵⁸ Aaron Flaaen, Ali Hortacsu, and Felix Tintelnot, "The Production Relocation and Price Effects of US Trade policy: The Case of Washing Machines," *American Economic Review*, vol. 110, no. 7 (July 2020). In sum, due to these higher prices, the study estimated that each additional job gained in the domestic industry as a result of the tariff protection cost \$817,000 annually, even accounting for the additional tariff revenue paid to the U.S. government.

- Decreased domestic demand for imported goods subject to the tariffs and less competition for U.S. producers of substitute goods:** U.S. producers competing with the imported goods subject to the tariffs (e.g., domestic steel and aluminum producers) may benefit to the degree they are able to charge higher prices for their domestic goods and may expand production as a result of increased profitability. Since March 2018, U.S. imports of steel and aluminum have faced additional tariff charges of 25% and 10%, making foreign supplies of these products more expensive relative to domestic sources.⁵⁹ Likely as a result of this tariff protection, U.S. imports of these goods decreased in 2018 and 2019 relative to their average level in 2017 before the tariffs took effect, while U.S. production expanded (**Figure 7** and **Figure 8**). By the first quarter of 2020, U.S. real imports of steel and aluminum (adjusted for price fluctuations) had decreased by more than 30% and 16%, respectively, from their average 2017 levels. U.S. quarterly production of steel and aluminum during this period, however, increased by as much 13.5% and 9.0%, respectively, above average 2017 levels. More recently, both domestic production and imports have decreased in line with broader declines in U.S. economic activity associated with the COVID-19 pandemic.

Figure 7. Domestic Production and Imports: Steel

(quarterly % change from 2017, real values)

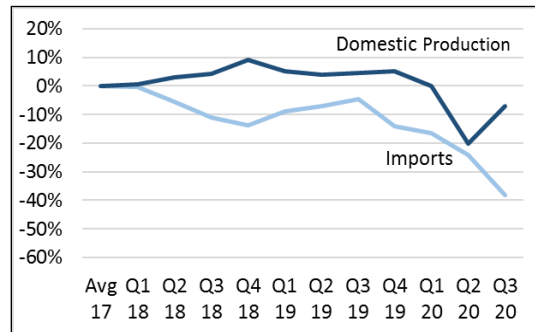


Source: Production data from Federal Reserve Economic Data (FRED) and imports from U.S. Census Bureau.

Notes: Base period set to 2017 average. Production series seasonally adjusted, ID = IPN3311A2RSQ. Import classification = NAICS 3311. Data are in real terms (adjusted for price fluctuations).

Figure 8. Domestic Production and Imports: Aluminum

(quarterly % change from 2017, real values)



Source: Production data from Federal Reserve Economic Data (FRED) and imports from U.S. Census Bureau.

Notes: Base period set to 2017 average. Production series seasonally adjusted, ID = IPG3313S. Import classification = NAICS 3313. Data are in real terms (adjusted for price fluctuations).

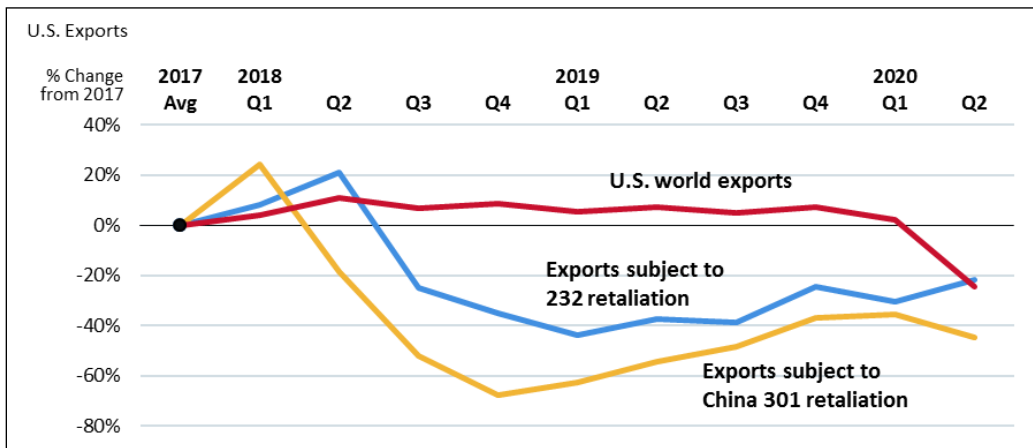
- Increased costs for U.S. producers in downstream industries:** Like U.S. consumers, U.S. producers that use imported goods subject to the additional tariffs as inputs (“downstream” industries, such as auto manufacturers in the case of the steel and aluminum tariffs) may be harmed as their costs of production increase. Higher input costs are likely to lead to some combination of lower profits for producers and higher prices for consumers, which in turn may dampen demand for these downstream products, leading to some contraction in these

⁵⁹ In some instances, typically when demand is very price sensitive, or highly elastic, foreign producers may choose to lower their prices and absorb a portion of the tariff increase. The degree to which foreign producers change their prices in response to tariff changes is known as the tariff pass-through rate.

sectors. A study by researchers at the Federal Reserve Board, which examined effects on the manufacturing sector from all U.S. tariff actions in 2018, found that higher input costs from the tariffs were associated with higher prices, employment declines, and reductions in output for affected firms.⁶⁰ Another study found that the higher input costs associated with the tariffs may have led to a decrease in U.S. exports for firms reliant on imported intermediate inputs. This study suggested export growth was approximately 2% lower for products made with goods subject to higher U.S. tariffs, relative to unaffected products.⁶¹

- Decreased demand for U.S. exports subject to retaliatory tariffs:** Retaliatory tariffs place U.S. exporters at a price disadvantage in export markets relative to competitors from other countries, potentially decreasing demand for U.S. exports to those markets. Since Q3 2018, after Section 232 retaliatory tariffs took effect in China, the EU, Russia, and Turkey, U.S. exports to these trading partners subject to the tariffs declined by as much 44% below their 2017 average values (**Figure 9**). U.S. exports to China subject to retaliation during the same time period declined even further from their 2017 levels, falling as much 68% on a quarterly basis. By contrast, during this same period overall U.S. exports were as much as 10% higher each quarter relative to 2017, suggesting the retaliatory tariffs played a role in the product-specific export declines (total exports declined in Q2 2020 in line with the economic downturn and COVID-19 pandemic).

Figure 9. Declines in U.S. Exports subject to Retaliation
(quarterly % change from 2017 average)



Source: CRS analysis with data from the U.S. Census Bureau and partner country trade data from Trade Data Monitor.

Notes: Base period set to 2017 average. Covers U.S. exports subject to retaliation since Q2 2018, including Section 232 retaliation by China, the EU, Russia, and Turkey, and stage 1 and stage 2 Section 301 retaliation by China. U.S. exports affected by retaliatory tariffs are based on partner country import data. Total U.S. exports declined sharply in Q2 2020 in line with the global economic downturn related to the COVID-19 pandemic.

⁶⁰ Aaron Flaaen and Justin Pierce, *Disentangling the Effects of the 2018-2019 Tariffs on a Globally Connected U.S. Manufacturing Sector*, Washington: Board of Governors of the Federal Reserve System, Finance and Economics Discussion Series 2019-086, December 23, 2019, <https://www.federalreserve.gov/econres/feds/files/2019086pap.pdf>.

⁶¹ The authors suggest that the U.S. import tariff increases had the equivalent effect of U.S. trading partners applying a 2% tariff on U.S. exports. Kyle Kandley, Fariha Kamal, and Ryan Monarch, *Rising Import Tariffs, Falling Export Growth: When Modern Supply Chains Meet Old-Style Protectionism*, National Bureau of Economic Research, NBER Working Paper No. 26611, January 2020, <https://www.nber.org/papers/w26611>.

Table 10. Potential Costs and Benefits of Increased Tariffs

Economic Group	Potential Costs	Potential Benefits
U.S. consumers	Higher prices on goods subject to import tariffs and downstream products facing higher input costs	Lower prices on products subject to export retaliation
U.S. producers of domestic substitutes		Increased profit margins as tariffs allow for higher prices in domestic market
U.S. producers of downstream products	Decreased profit margins as input costs rise	
U.S. exporters subject to retaliatory tariffs	Decreased profit margins as export sales decline and domestic prices fall due to lower foreign demand	
Foreign producers subject to tariffs	Decreased profit margins as demand falls with rising import prices in U.S. market	

Notes: Tariffs are only one of many variables affecting economic conditions in U.S. and global markets. Other factors, including fluctuations in the business cycle, exchange rates, and monetary policy may dominate the effects of the tariff changes.

What are the estimated effects of the tariffs on the U.S. economy?

In addition to industry-level effects, tariffs also have the potential to affect the broader U.S. economy. For example, several academic studies and preliminary accounts of other industry observers appear to suggest the ad hoc nature of the tariffs has increased uncertainty in the business environment placing a drag on investment activity. One study found that uncertainty resulting from U.S. trade policy reduced investment by roughly 1.5% in 2018.⁶² U.S. tariffs may also reduce national consumption patterns, as the higher costs of imported goods potentially reduces consumers’ discretionary income and therefore aggregate demand. Similarly, retaliatory tariffs may dent U.S. consumption to the extent they cause export declines and lower incomes in affected industries. For example, some research suggests U.S. counties most exposed to China’s retaliatory tariffs on U.S. agricultural exports saw auto sales decline by 4%-5% relative to unaffected counties after the retaliatory tariffs were imposed.⁶³ Some groups that support the tariffs, however, argue that estimates of their impact may exaggerate potential negative effects.⁶⁴

Assessing the tariffs overall impact on the U.S. economy is in part a distributional question, given the tariffs’ varied effects on producers in protected industries, downstream industries, consumers, and exporters subject to retaliation. From a policy perspective some analysts see the Trump Administration’s trade actions as addressing longstanding issues of fairness that are intended to provide U.S. producers with a more level playing field (e.g., Section 232 tariffs on steel and aluminum), or punish U.S. trade partners for deliberately undermining existing trade rules (e.g.,

⁶² Dario Caldara, et al., “The Economic Effects of Trade Policy Uncertainty,” *Journal of Monetary Economics*, vol. 109 (January 2020), pp. 38-59.

⁶³ Michael E. Waugh, *The Consumption Response to Trade Shocks: Evidence from the U.S.-China Trade War*, National Bureau of Economic Research, NBER Working Paper 26353, December 2019, <https://www.nber.org/papers/w26353>.

⁶⁴ Robert E. Scott, *Estimates of Jobs Lost and Economic Harm Done by Steel and Aluminum Tariffs Are Wildly Exaggerated*, Economic Policy Institute, March 21, 2018, <https://www.epi.org/publication/estimates-of-jobs-lost-and-economic-harm-done-by-steel-and-aluminum-tariffs-are-wildly-exaggerated/>.

Section 301 tariffs on Chinese imports). Research by academic economists, however, generally argues the negative impact of higher prices on consumers and industries using the imported goods outweighs the benefit of higher profits and expanded production in the import-competing industries and the additional government revenue generated by the tariffs, especially if the negative effects of retaliatory tariffs are taken into consideration.⁶⁵ Quantitative estimates of the effects vary based on modeling assumptions and techniques, but most suggest a negative overall effect on U.S. gross domestic product (GDP) as a result of the tariffs.

The Congressional Budget Office, for example, estimates that the increased tariffs in effect as of December 2019 would reduce U.S. GDP by 0.5% in 2020, below a baseline without the tariffs, while raising consumer prices by 0.5%, thereby reducing average real household income by \$1,277.⁶⁶ From a global perspective, the International Monetary Fund (IMF) estimated that the tariffs would reduce global GDP in 2020 by 0.8%.⁶⁷

In early 2020, the United States entered a recession as a result of the economic fallout from the global COVID-19 pandemic, with the scale of economic disruption far outweighing estimated negative effects of the Trump Administration's tariff actions, cited above.⁶⁸ In the second quarter of 2020, U.S. GDP declined at annualized rate of 32.9%, highlighting further deterioration in U.S. economic conditions following a 5% decline (annualized rate) in the first quarter of 2020.⁶⁹ Various stakeholders, including some Members of Congress, have called for suspending the tariff increases in an effort to enhance U.S. economic growth during the downturn.⁷⁰ Some beneficiaries of the increased tariffs, however, argue they are necessary to maintain domestic production and employment during the pandemic.⁷¹

How are the tariffs affecting individual U.S. companies?

In addition to studies on the potential macroeconomic effects of the tariffs, a variety of anecdotal information on the tariffs' impact on specific businesses can be found in press reports or quarterly or annual company reporting. The Trump Administration's tariff actions and subsequent retaliatory tariffs are only some of the factors that influence economic conditions for U.S. companies, making it difficult to assess the tariffs' direct effects.

⁶⁵ For example, see Pablo D. Fajgelbaum, et al., "The Return to Protectionism," *The Quarterly Journal of Economics*, vol. 135, no. 1 (January 2020), pp. 1-55.

⁶⁶ Congressional Budget Office, *The Budget and Economic Outlook: 2020 to 2030*, January 28, 2020, p. 33, <https://www.cbo.gov/system/files/2020-01/56020-CBO-Outlook.pdf>.

⁶⁷ International Monetary Fund, *World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers*, October 2019, pp. 31-33, <https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019>.

⁶⁸ For more, see CRS Report R46270, *Global Economic Effects of COVID-19*, coordinated by James K. Jackson.

⁶⁹ Bureau of Economic Analysis, "Gross Domestic Product, 2nd Quarter 2020 and Annual Update," press release, July 30, 2020, <https://www.bea.gov/news/2020/gross-domestic-product-2nd-quarter-2020-advance-estimate-and-annual-update>.

⁷⁰ Ana Swanson, "U.S. Weighs Tariff Relief but Some Fear China Will Take Advantage," *New York Times*, March 15, 2020. Representative Stephany Murphy, "Murphy, Cunningham Urge Congressional Leadership to Suspend Tariffs in Upcoming Coronavirus Response Bill," press release, March 18, 2020, <https://murphy.house.gov/news/documentsingle.aspx?DocumentID=1254>.

⁷¹ United Steelworkers, "USW Calls on Congress to Continue Strict Enforcement of Trade Rules," press release, March 26, 2020, <https://m.usw.org/news/media-center/releases/2020/usw-calls-on-congress-to-continue-strict-enforcement-of-trade-rules>.

In general, this anecdotal information largely conforms to the theoretical effects of the tariffs outlined in this report. Companies stating they have benefitted from the tariffs are producers competing with the imported products subject to the tariffs, while many downstream manufacturers and retailers assert they have been harmed. Many U.S. exporters subject to retaliatory tariffs also argue that these trade policy actions have negatively affected their operations. For some U.S. producers, the effects of the tariffs have been more complex, including companies that are both benefitting from higher domestic prices due to the tariffs while also being harmed by higher input costs. The text box below provides selected examples of companies in each of these four broad categories.

Selected Companies with U.S. Operations Affected by the Tariffs

U.S. Producers Reportedly Benefitting from Increased Prices

- **ArcelorMittal (steel)** – Company officials stated the tariffs were a “net positive,” and CEO Lakshmi N. Mittal stated trade policies “helped in structurally changing the landscape of the steel industry,” while reporting a profit increase to \$1.9 billion in the second quarter of 2018, up 41% from the same quarter the previous year.⁷²
- **Nucor (steel)** – CEO John Ferriola announced the “second strongest quarter in Nucor’s history” for the second quarter of 2018 arguing that the company benefitted from reduced imports resulting from “the broad-based tariffs imposed under Section 232.”⁷³
- **Century Aluminum (aluminum)** – CEO Michael Bless, whose company is chiefly a domestic producer and the main proponent of the tariff, claims it has “created the conditions to support the restart of the U.S. primary aluminum capacity.”⁷⁴

U.S. Retailers and Downstream Producers Reportedly Harmed from Increased Prices

- **Walmart** – CEO Doug McMillon stated that the company would attempt to delay price increases as long as possible but that it was being affected by Section 301 tariffs and eventually, it would be forced to increase prices, with worries about “what customers will have to pay if tariffs do escalate.”⁷⁵
- **Ford** – Ford CEO James Hackett claims that metals tariffs cost the company roughly \$1 billion in profits.⁷⁶
- **Caterpillar** – Claims that tariffs on steel and aluminum added \$40 million to costs in the third quarter of 2018, with expectations of costs around \$100 million for the second half of the year.⁷⁷
- **Beverage Companies** – Warn that because they package their products in aluminum cans, the 10% tariff will force them to increase product prices. For example, the malt beverage industry claims that the tariff will cost it about \$348 million, making it more difficult to grow and further invest in their U.S. operations.⁷⁸ Coca-Cola’s CEO James Quincey said the company expects to increase prices in part because the tariff on imported aluminum has made Coke cans more expensive to produce.⁷⁹

U.S. Exporters Reportedly Harmed by Retaliatory Tariffs

⁷² “Trump Tariffs are Lifting Profits, Steel Giant ArcelorMittal Says,” *New York Times*, August 1, 2018.

⁷³ Nucor Corporation, “Q2 2018 Results Earnings Conference Call,” press release, July 19, 2018, <https://www.nasdaq.com/aspx/call-transcript.aspx?StoryId=4188556&Title=nucor-corporation-nue-ceo-john-ferriola-on-q2-2018-results-earnings-call-transcript>.

⁷⁴ Century Aluminum, “2nd Quarter 2018 Earnings Final Transcript,” August 1, 2018, pp. 6-7, <https://centuryaluminum.gcs-web.com/financial-information/quarterly-results>.

⁷⁵ “Walmart CEO Worries What Consumers Will Have to Pay if Trade War Escalates,” *CNBC*, December 6, 2018.

⁷⁶ “Trump Metal Tariffs will Cost Ford \$1 Billion in Profits, CEO Says,” *Reuters*, September 26, 2018, Business News.

⁷⁷ “Caterpillar Knocked Back by Concerns over Rising Tariff-Related Costs,” *Financial Times*, October 23, 2018.

⁷⁸ John Dunham & Associates, *The Impact of Potential Aluminum Import Tariffs or Quotas on America’s Malt Beverage Industry*, The Beer Institute, March 4, 2018, <http://www.beerinstitute.org/tariffs-aluminum-tax-beer/>.

⁷⁹ Emily Price, “Coca-Cola CEO Says Steel and Aluminum Tariffs are Impacting its Business,” July 25, 2018.

- **Tyson Foods** – Stated concerns over retaliatory tariff actions in Canada and Mexico, noting “because of the ongoing trade war and the tariffs it’s produced – we’re getting less for our products in some key markets.”⁸⁰ Pork was one of the largest U.S. export categories facing retaliatory tariffs in Canada and Mexico, but this retaliation has now been suspended.
- **Harley-Davidson** – Claimed that EU retaliatory tariffs raise the costs of its exports to the EU by \$2,200 per motorcycle and announced its intent to shift some of its production out of the United States to remain competitive in the EU market.⁸¹ In July 2019, the company received EU approval to begin importing motorcycles from Thailand, facing a 6% tariff, as compared to the 31% tariff applied to motorcycles exported to the EU from the United States.⁸²
- **Brown-Forman (Jack Daniels)** – The maker of Jack Daniels argued retaliatory tariffs would reduce 2018 profits by 6%.⁸³ Whiskey is one of the largest U.S. export categories facing retaliatory tariffs in the EU.

Companies Highlighting Complex Effects of Tariff Actions

- **Whirlpool** – CEO Marc Bitzer argued that “one area of concern for us is the unintended consequence of the tariffs.”⁸⁴ The Trump Administration’s Section 201 tariffs on washing machines were intended to benefit U.S. appliance manufacturers facing import competition, but Whirlpool claims subsequent Section 232 tariffs on steel and aluminum have raised input costs, while retaliatory tariffs have hurt exports.
- **Alcoa (aluminum)** – Alcoa, the largest domestic producer with substantial overseas production, argues the tariffs cost it \$15 million in June 2018, with CEO Roy Harvey stating “Tariffs will not solve the challenges facing the aluminum industry.”⁸⁵

Are there estimates of economic implications at the state level?

The U.S. Chamber of Commerce⁸⁶ and the Brookings Institution⁸⁷ have examined how the retaliatory tariffs could affect state and metropolitan economies by tallying the total exports subject to retaliation by location. The Chamber’s website allows users to select a specific state for more information, while Brookings’ website includes a downloadable dataset searchable by specific metropolitan area. State-level trade data are also accessible directly from the Census Bureau at usatrade.census.gov. More recently, researchers at the Federal Reserve Bank of St. Louis, published a study looking at the relationship between each state’s exposure to trade (i.e., the state’s share of value added activity in the most highly traded sectors), both generally and specifically to trade affected by the tariffs imposed by the United States and China on one another.⁸⁸ The researchers found that states more exposed to trade had worse outcomes in terms of both economic growth and employment from 2018 to 2019 (the year in which the initial tariffs took effect) than states that were less exposed.

⁸⁰ Tyson Foods, “The Trouble with Tariffs,” blogpost, August 3, 2018, available at <https://www.tysonfoods.com/the-feed-blog/trouble-tariffs>.

⁸¹ “Harley-Davidson is Fighting the Trade Wars on Two Fronts,” *Wall Street Journal*, June 25, 2018.

⁸² “Harley-Davidson Gets EU Approval for Plan to Dodge \$100-million Tariff Hit,” *Los Angeles Times*, July 23, 2019.

⁸³ “Jack Daniel’s Maker Brown-Forman Lowers Profit Forecast as Tariff Bite,” *Reuters*, August 29, 2018.

⁸⁴ “Ohio Whirlpool Plant Runs Hot and Cold on Tariffs,” *NBC News*, August 1, 2018.

⁸⁵ “Alcoa Shares Drop As Investors Worry About Tariff Impacts,” *Wall Street Journal*, July 19, 2018.

⁸⁶ U.S. Chamber of Commerce, “Trade Works. Tariffs Don’t,” available at <https://www.uschamber.com/tariffs>.

⁸⁷ Brookings Institution, “Which U.S. Communities are Most Affected by Chinese, EU, and NAFTA Retaliatory Tariffs?” available at <https://www.brookings.edu/research/which-us-communities-are-most-affected-by-chinese-eu-and-nafta-retaliatory-tariffs/>.

⁸⁸ Ana Maria Santacreu and Makenzie Peake, “The Economic Effects of the 2018 U.S. Trade Policy: A State-Level Analysis,” *Federal Reserve Bank of St. Louis Review*, vol. 102, no. 4 (Fourth Quarter 2020).

How have the tariff actions affected the trade balance?

The Trump Administration repeatedly raised concerns over the size of the U.S. goods trade deficit (i.e., the amount by which total U.S. goods imports exceed total U.S. goods exports), including making trade deficit reduction a stated objective in new U.S. trade agreement negotiations.⁸⁹ Broad-based tariff increases affecting a large share of imports may reduce imports initially, but they are unlikely to reduce the overall trade deficit over the longer term due to at least two indirect effects that counteract the initial reduction in imports. One indirect effect is a potential change in the value of the U.S. dollar relative to foreign currencies. A major reduction in imports reduces demand for foreign currency, putting upward pressure on the foreign exchange value of the U.S. dollar, thereby making U.S. exports more expensive abroad and imports less expensive in the United States. Another potential effect of U.S. import tariffs is retaliatory tariffs, which are likely to reduce demand for U.S. exports. Recent empirical research studying tariff adjustments in a panel of countries supports this theoretical framework and finds no significant evidence of tariffs improving a country's trade balance.⁹⁰

Economists generally also argue that while tariffs placed on imports from a limited number of trading partners may reduce the bilateral U.S. trade deficit with those specific countries, this is likely to be offset by an increase in the trade deficit or reduction in the trade surplus with other countries, leaving the total U.S. trade deficit largely unchanged. This is because the trade deficit generally reflects a shortfall in national saving relative to investment, which tariffs do not address.⁹¹ Changes in the size of the U.S. trade deficit both with the world and with individual U.S. trading partners from 2017-2019 appear to support this assertion.

Figure 10 below shows the relative change in the U.S. goods trade deficit with the world as well as the bilateral U.S. deficits with three major import partners, China, Mexico, and Vietnam from 2017 to 2019. The overall U.S. trade deficit has not declined since the U.S. tariffs took effect, but instead has increased, rising nearly 8% from 2017 to 2019. However, a shift in the composition of the trade deficit has occurred. The U.S. goods trade deficit with China decreased by 8% from 2017 to 2019, while the U.S. goods trade deficit with Mexico and Vietnam increased by more than 40% during the same time period as import costs from China increased and U.S. importers sought less costly alternative sources of supply. Tariffs can generate business shocks, increased costs, and uncertainty in the short-term. The longer they remain in place, some companies are able to reposition operations both within the United States and globally to adjust in response. U.S. tariffs on China were an additional factor, for example, in incentivizing an ongoing shift of certain production out of China that has been taking place over the past five years.⁹²

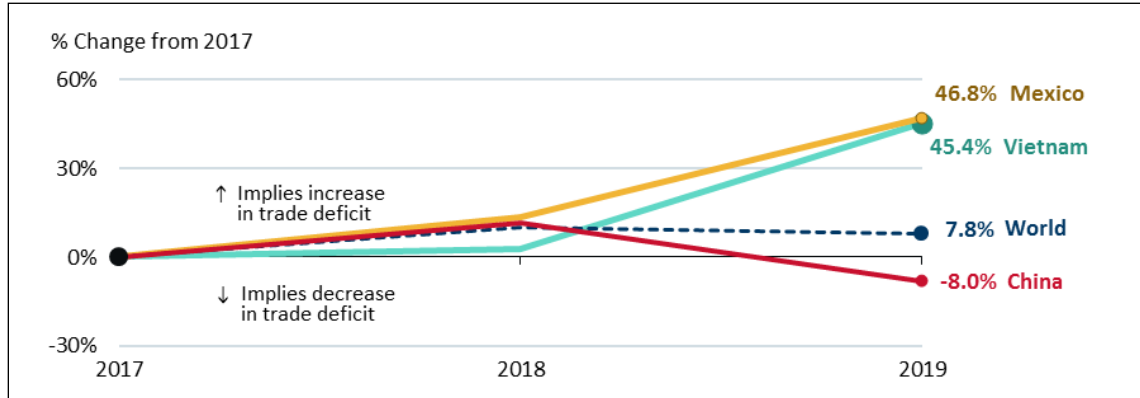
⁸⁹ USTR, "Summary of Specific Negotiating Objectives for the Initiation of United States-Japan Trade Agreement (USJTA) Negotiations," December 2018, available at https://ustr.gov/sites/default/files/2018.12.21_Summary_of_U.S.-Japan_Negotiating_Objectives.pdf.

⁹⁰ Davide Furceri et al., "Macroeconomic Consequences of Tariffs," December 2018, working paper presented at IMF Annual Research Conference, available at <http://faculty.haas.berkeley.edu/arose/Tariffs.pdf>.

⁹¹ George P. Schultz and Martin Feldstein, "Everything You Need to Know about Trade Economics, in 70 Words," *Washington Post*, May 5, 2017, Opinions.

⁹² Kearney, *Trade War Spurs Sharp Reversal in 2019 Reshoring Index, Foreshadowing COVID-19 Test of Supply Chain Resilience*, 2020, <https://www.kenarney.com/operations-performance-transformation/us-reshoring-index/full-report>.

Figure 10. Changes in the U.S. Goods Trade Deficit with China, Mexico, and Vietnam



Source: CRS analysis with data from the U.S. Census Bureau.

Presidential Trade Authorities and Congress

What are the steps to impose tariffs under these authorities?

Through Sections 201, 232, and 301, Congress has delegated to the President some of its constitutional authority to enact import restrictions, including certain tariff changes. Each of the authorities require an investigation and recommendations of appropriate actions by a key agency; the Department of Commerce and USTR have primary roles in Sections 232 and 301 investigations, respectively, while the International Trade Commission (ITC), an independent agency with an equal number of Democratic and Republican commissioners, oversees Section 201 investigations.

- Section 201**
- Section 201 investigations, which assess whether imports are the substantial cause or threat of serious injury to a domestic industry, are conducted by the ITC and generally initiated by a written petition filed by a trade association, firm, union, or group of workers representing a U.S. industry. The House Ways and Means Committee or Senate Finance Committee may also enact resolutions that trigger investigations. Finally, an investigation may be initiated at the request of the USTR, or at the ITC's own initiative.
 - The ITC, in the first phase, focuses on the industry and whether it is being seriously injured or threatened with serious injury. If so, the agency determines whether an increase in imports is a "substantial cause" thereof. This phase must be completed within 120-150 days after the filing of the petition, with possible extensions. If the ITC reaches a negative determination, the investigation ends.
 - If the ITC makes an affirmative injury determination, it considers time-limited actions that would address the serious injury and would be most effective in facilitating the industry's positive adjustment to import competition, and presents its findings to the President (180 days after petition filing).
 - The President then has 60 days to decide which, if any, of the ITC's recommendations to implement with a potential 15-day extension if more information is requested. The President may implement the ITC's recommendations, modify them, or do nothing.
 - The President is required to report to Congress in writing, describing the action, or lack of action, and the reasons for it. If the President's action differs from the ITC's recommendation, or if the President takes no action, Congress may enact a joint resolution of disapproval within 90 days of receiving the President's report, in which case the ITC's recommendation becomes the remedy, and the President must proclaim it within 30 days.

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- Section 232**
- Section 232 investigations, which assess whether the targeted product is being imported in certain quantities or under such circumstances to impair U.S. national security, are initiated through a request by the head of any U.S. department or agency, by application by an interested party, or through self-initiation by the Secretary of Commerce.
 - Commerce conducts the investigation based on federal regulations codified in 15 CFR § 705 and consults with the Secretary of Defense, other government officials, and the public, if appropriate.
 - Within 270 days from the initiation date, Commerce provides a report to the President indicating whether or not a potential national security threat exists and providing recommendations.
 - Commerce publishes an Executive Summary in the *Federal Register*.
 - If Commerce reaches a negative determination, Commerce informs the President and no further action is required.
 - If Commerce makes an affirmative determination, the President, upon receipt of the report, has 90 days to determine whether to concur with its findings; and if so, to determine a course of action.
 - The President has 15 days to implement any action.
 - The President has 30 days to submit a written statement to Congress explaining the actions or inaction.
 - In the case of petroleum or petroleum product imports only, Congress can override any presidential action by passing a joint disapproval resolution.

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- Section 301**
- Section 301 investigations, which assess whether a U.S. trade partner is violating trade agreement commitments or engaging in discriminatory or unreasonable practices that burden or restrict U.S. commerce, can be initiated as a result of a petition filed by an interested party with the USTR or by the agency itself.
 - Once the USTR begins a Section 301 investigation, it must seek a negotiated settlement with the foreign country concerned, either through compensation or an elimination of the particular barrier or practice.
 - If the USTR considers that a case “involves a trade agreement,” because they implicate U.S. obligations under, for example, the WTO Agreements, the USTR has stated that it would invoke the formal dispute proceedings specified by the agreement.
 - For Section 301 cases, except those involving a trade agreement or an IPR issue, the USTR generally has 12 to 18 months to seek a negotiated resolution.
 - If one is not obtained, the USTR determines whether or not to retaliate (which usually has taken the form of increased tariffs on selected U.S. imports) at a level equivalent to the estimated economic losses incurred by U.S. firms from the foreign barrier or practice.

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- IEEPA**
- IEEPA is one of 123 statutes that fall under the umbrella of the National Emergencies Act (NEA).
 - IEEPA may only be used “to deal with any 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.”
 - Under the terms of the NEA, the President must issue a proclamation or an executive order declaring a national emergency and must explicitly invoke IEEPA in that declaration (or in a subsequent executive order) to make use of its provisions.
 - Under the terms of the NEA, Congress may terminate a national emergency by passing a joint resolution of disapproval. Such resolutions are privileged and receive expedited consideration.

Notes: Under Section 301, the USTR is also authorized to impose “other import restrictions.” When a trade agreement is involved the USTR can suspend or withdraw benefits. See CRS Legal Sidebar LSB10108, *Tricks of the Trade: Section 301 Investigation of Chinese Intellectual Property Practices Concludes (Part I)*, by Brandon J. Murrill.

Once the President imposes tariffs, can the President change them?

Yes, the President has the authority to reduce, modify, or terminate import restrictions imposed under Sections 201, 232, and 301. However, certain statutory and constitutional limitations on the President's authority to modify the tariffs apply.⁹³ The Trump Administration adjusted several tariff increases after they were initially proclaimed.

What happens to the tariffs when President Trump leaves office?

Section 201 tariffs, currently in effect on washing machines and solar product imports, are time limited by statute, and currently scheduled to expire in February 2021 (washing machines) and February 2022 (solar products), although a potential extension of washing machine tariffs is pending as of this writing. Section 232 tariffs (steel and aluminum imports) and Section 301 tariffs (Chinese and EU imports), however, remain in effect until the President takes action to remove them. If those tariffs remain in effect when President Trump leaves office, the next Administration will have to decide whether and for how long to leave them in place. In addition to addressing the tariffs that are currently in effect, the next Administration may also have to determine what actions to take, if any, under a number of ongoing tariff investigations, which have been initiated by the Trump Administration (see **Tables 5-8**).

Have legal challenges been raised regarding the Trump Administration's tariff actions?

The Trump Administration's tariff actions have resulted in legal challenges in the U.S. domestic court system and in the dispute settlement system at the WTO.⁹⁴ For information on the disputes at the WTO, see "What WTO disputes relate to the tariff actions?"

The Trump Administration's actions under Section 232 on steel and aluminum have been challenged in cases before U.S. Courts. In one case, the American Institute for International Steel and others challenged the Constitutionality of Congress' delegation of authority under Section 232. While the CIT⁹⁵ and the U.S. Court of Appeals for the Federal Circuit⁹⁶ upheld the Constitutionality of the delegation based on a prior U.S. Supreme Court holding, one judge on the CIT suggested that perhaps it might be time to revisit that prior holding.⁹⁷ Following the Federal Circuit's decision in March 2020, plaintiffs filed a petition for a writ of certiorari with the Supreme Court (i.e., a request to review the ruling), which the Supreme Court denied.⁹⁸

In another case, U.S. importers of Turkish steel initiated a case arguing that the Trump Administration's increase of Section 232 steel tariffs from 25% to 50% on U.S. imports from Turkey did not follow statutory procedural mandates, did not have a sufficient national security

⁹³ See 19 U.S.C. §2254(b), 19 U.S.C. §1862(c), and 19 U.S.C. §2417.

⁹⁴ For detailed legal analysis, see CRS Legal Sidebar LSB10553, *Section 301 Tariffs on Goods from China: International and Domestic Legal Challenges*, by Nina M. Hart and Brandon J. Murrill and CRS Legal Sidebar LSB10421, "Steel" Subject to Tariffs: Federal Circuit Upholds Constitutionality of Section 232, by Brandon J. Murrill.

⁹⁵ *Am. Inst. for Int'l Steel, Inc. v. United States*, 376 F. Supp. 3d 1335 (Ct. Int'l Trade 2019), *aff'd*, No. 2019-1727, 2020 WL 967925 (Fed. Cir. Feb. 28, 2020).

⁹⁶ *Am. Inst. for Int'l Steel, Inc. v. United States*, No. 2019-1727, 2020 WL 967925 (Fed. Cir. Feb. 28, 2020).

⁹⁷ *Am. Inst. for Int'l Steel, Inc. v. United States*, 376 F. Supp. 3d at 1352 (Katzmann, J., concurring *dubitante*).

⁹⁸ *Am. Inst. for Int'l Steel, Inc. v. United States*, No. 19-1177, 2020 WL 3405872, at *1 (U.S. June 22, 2020).

rationale, and violated Fifth Amendment equal protection and due process guarantees.⁹⁹ The CIT held that the increase violated the statutory procedural mandates by issuing an increase outside of the temporal limits prescribed by Section 232¹⁰⁰ and without a proper report and recommendation by the Secretary on the national security threat posed by imports of steel products from Turkey.¹⁰¹ The court also held that the increase on imports of steel from Turkey violated the Fifth Amendment's guarantee of equal protection as there was "no apparent reason to treat importers of Turkish steel products differently from importers of steel products from any other country listed in the Steel Report."¹⁰²

There are also cases involving Sections 201 and 301 making their way through the CIT. With respect to Section 201, importers of bifacial solar panels have challenged the Trump Administration's recent efforts to end the exemption on those panels.¹⁰³ With respect to Section 301, nearly 3,000 complaints were filed with the CIT in September 2020. The complaints, in general, allege that the USTR both failed to follow procedural requirements and lacked authority to levy the tariffs compiled on List 3 and List 4A.¹⁰⁴

What legislation was proposed in the 116th Congress to alter the President's authority?

Multiple proposals were introduced in the 116th Congress seeking to amend the President's trade authorities under Section 201, Section 232, Section 301, and IEEPA (**Table 11**). The majority of these proposals aimed to limit presidential authorities and to expand Congress's role in determining whether to impose tariffs. Multiple proposals sought to expand Congress's role, by either requiring congressional approval of certain tariff actions or by allowing Congress to nullify a presidential action through a joint resolution of disapproval. Other proposals specifically sought to limit the authorities provided to the President under IEEPA, by excluding tariff actions. In addition, some proposals required additional reporting from the President on the economic impact of certain trade actions.

In contrast to proposals to limit the President's trade authority, the Trump White House supported a measure introduced by former Representative Sean Duffy (H.R. 764) to expand the President's authorities. H.R. 764 includes provisions to grant the President additional authority to increase

⁹⁹ "Steel Importers Sue Administration over Increased Section 232 Tariff," *World Trade Online*, January 18, 2019; *Transpacific Steel LLC v. United States*, 415 F. Supp. 3d at 1269 (holding "Plaintiff's arguments that the President failed to follow the procedure set forth in the statute and, further, that singling out importers from Turkey violated the equal protection guarantees under the U.S. Constitution, support its claim for a refund and defeat Defendants' motion to dismiss.").

¹⁰⁰ *Transpacific Steel LLC v. United States*, 466 F. Supp. 3d 1246, 1253 (Ct. Int'l Trade 2020).

¹⁰¹ *Id.* at 1254.

¹⁰² *Id.* at 1258.

¹⁰³ *Invenenergy Renewables v. United States*, No. 19-00192 (Ct. Int'l Trade); Isabelle Ico, "USTR Knocks CIT Decision on Bifacial Solar Panels Exclusion," *Inside U.S. Trade* 38, no. 23 (June 5, 2020), Isabelle Ico, "Solar Group Roiled by Move to Expand Safeguard Tariff, Reverse Rxclusion," *Inside U.S. Trade* 38, no. 41 (October 10, 2020).

¹⁰⁴ Maria Curi, "Thousands file complaints against Section 301 tariffs, but is success a 'long shot?'" *Inside U.S. Trade* 38, no. 38 (September 25, 2020); John B. Drew, "HTMX et al. v. United States - An (ongoing?) Opportunity for Importers to Recover Section 301 Tariffs Paid on Section 301 List 3 (and List 4a) Products," *LexBlog*, September 23, 2020, available at <https://www.lexology.com/library/detail.aspx?g=2f663c63-212e-4cc8-afe5-c18b2aa7401e>; CRS Legal Sidebar LSB10553, *Section 301 Tariffs on Goods from China: International and Domestic Legal Challenges*, by Nina M. Hart and Brandon J. Murrill.

tariff rates to match the rates of foreign trading partners, on a country-by-country and product-by-product basis.¹⁰⁵

For a description of the proposals in the 116th Congress to amend the President’s trade authorities under Section 201, Section 232, Section 301 and IEEPA, see **Table 11**.

Table 11. Select Proposals to Amend Certain Trade Authorities: 116th Congress

As of November 25, 2020

Legislation	Title	Trade Authority	Description of Tariff-related Provisions
<i>For Congressional Approval or Disapproval of Certain Actions</i>			
H.R. 3673	Promoting Responsible and Free Trade Act of 2019	201, 232, 301	Includes provisions to require congressional approval of actions under Sec. 232; allow for a congressional joint disapproval resolution to nullify presidential actions under Sec. 301 and Sec. 201; amend Sec. 232’s investigatory process, providing investigatory authority to the Secretary of Defense; and require increased reporting for potential actions under Sec. 201, 232, and 301, before actions go into effect.
S. 365 H.R. 1008	Trade Security Act	232	Include provisions to amend Sec. 232 to allow for a congressional joint disapproval resolution to nullify presidential actions; and transfer investigatory authority to the Secretary of Defense.
S. 1284 H.R. 723	Global Trade Accountability Act of 2019	201, 232, 301, IEEPA	Include provisions to amend Sec. 232, Sec. 301, IEEPA, and other trade authorities to require congressional approval of unilateral trade actions; require the President to report to Congress on the proposed trade action and provide an analysis of its economic impact. H.R. 723 also includes provisions to provide the President 90-day temporary authority to act for national security reasons, after which congressional approval would be required.
<i>Excluding Tariff Authorities Under IEEPA</i>			
H.R. 8363 S. 4880	Protecting Our Democracy Act		
H.R. 6628 S. 3889	Congressional Power of the Purse Act		Include provisions to exclude the imposition of duties and import quotas from the authorities provided to the President under IEEPA. S.2413, H.R. 8368, and S. 4880 also include a provision specifying that this exclusion does not restrict the President from prohibiting imports of all articles from certain countries.
S. 2413	Trade Certainty Act of 2019	IEEPA	
H.R. 3557	To prohibit the imposition of duties on the importation of goods under IEEPA.		
<i>New Authorities</i>			

¹⁰⁵ The United States currently ascribes to the nondiscriminatory “most favored nation” principle of the World Trade Organization agreements, whereby a tariff rate is applied equally to all WTO trading partners.

Legislation	Title	Trade Authority	Description of Tariff-related Provisions
H.R. 764	United States Reciprocal Trade Act	Expanding presidential authorities	Includes provisions to expand the President’s authorities to impose tariffs, by granting authority to increase tariff rates to match the rates of foreign trading partners, on a country-by-country and product-by-product basis.
H.Con.Res. 2	Reclaiming Congress’s Constitutional Mandate in Trade Resolution	Reducing presidential authorities	Includes provisions to establish an ad hoc committee to develop a plan to transfer responsibilities from USTR to the legislative branch.
Other Measures			
H.R. 1158 (P.L. 116-93)	Consolidated Appropriations Act, 2020	232	Instructed the Commerce Department to release the final report on the Sec. 232 investigation into autos. Signed into law, P.L. 116-93.
S. 4497	Stop PPE Taxes Act of 2020	232, 301, IEEPA	Includes provisions to suspend—through December 31, 2022—any duty imposed on specified articles and articles identified by the USITC as related to the response to COVID-19, including any duty imposed pursuant to (1) Section 301 (2) Section 232 or (3) IEEPA.
S. 4629	America LEADS Act	301	Includes provisions to require a report on China’s compliance with the phase one agreement (Sec. 416); establish a USTR inspector general (IG); and require the IG to audit the Sec. 301 exclusion process (Sec. 414).
H.R. 7665	To direct the United States Trade Representative to extend the exclusions of goods of China from additional duties imposed under section 301 of the Trade Act of 1974, and for other purposes	301	Includes provisions to require the USTR to extend for at least one year the exclusion of certain Chinese goods from additional duties, including medical-care products needed to address the COVID-19 pandemic.
H.R. 5879	Congressional Oversight of Sanctions Act	IEEPA	Includes provisions to require additional reporting on the use and impact of IEEPA and national emergency declarations.
S. 121	Automotive Jobs Act of 2019	232	Includes provisions to stall the Sec. 232 investigation into auto imports, and require a study of the U.S. auto industry by the ITC.

Source: CRS, compiled from Congress.gov.

Notes: Sec. 201 = Section 201 of the Trade Act of 1974; Sec. 232 = Section 232 of the Trade Expansion Act of 1962; Sec. 301 = Section 301 of the Trade Act of 1974.

Tariff Revenue Questions

Who pays for tariffs imposed on U.S. imports?

The Trump Administration repeatedly argued that U.S. trading partners (e.g., China) pay the increased tariffs the Administration imposed on U.S. imports, a claim most trade analysts and

economists refute.¹⁰⁶ The question of who pays for the tariffs, in terms of sending funds to the U.S. government, is straightforward. U.S. importers pay the additional tariff assessed by U.S. Customs and Border Protection (CBP) at the time of import. However, the broader question of who ultimately bears the economic burden of these higher costs is more complex and depends, in part, on the extent to which foreign producers adjust their prices to keep their exports competitive in the face of higher tariff costs.

Consider a simplified import scenario for illustration. Suppose a chair is produced in China and exported to the United States at a price of \$100 with a current U.S. tariff rate of 0%. Import costs for the U.S. buyer are \$100. Now suppose, a new U.S. tariff of 25% is imposed on imported chairs. If the foreign producer leaves its price unchanged after the tariff is imposed, the U.S. importer will have to pay the U.S. government the new tariff of \$25, in addition to the cost of the chair, bringing the total import cost to \$125. In this case, the cost of the tariff is fully passed-through to the importer. Now suppose the Chinese producer decides to lower the price it charges for its chairs to \$80 in order to stay competitive in the U.S. market. At this new price, the U.S. importer will pay a tariff of \$20 (25% of \$80) for a total import cost of \$100 (\$80 price + \$20 tariff). In this scenario, the foreign producer has effectively absorbed the entire cost of the tariff, such that the importer’s total costs remain unchanged before and after the tariff is imposed.

Several economists evaluated U.S. import prices during the period before and after President Trump’s tariff increases took effect. This research generally found that U.S. consumers and firms bore nearly the entire increased cost associated with the tariffs, although there is some variation across sectors. A recent study, for example, found that foreign steel producers lowered their prices somewhat in response to the tariff actions, suggesting a roughly 50% tariff pass-through rate one year after the tariffs were imposed.¹⁰⁷ Since steel accounts for a relatively small share of the trade affected by the tariff actions, however, the study found that the overall tariff pass-through rate was nearly 100%.

What additional revenue has been collected from the tariffs?

U.S. Customs and Border Protection (CBP) assesses and collects duties on U.S. imports, including the additional duties imposed as a result of the Trump Administration’s tariff actions. According to CBP, as of November 18, 2020, the U.S. government has assessed more than \$81 billion from the additional duties imposed by the Trump Administration’s tariff actions since the first duties were imposed in February 2018.¹⁰⁸ Breakdowns of the tariff revenues across the different tariff actions include:

Section 201	\$0.2 billion (washing machines) and \$1.9 billion (solar panels);
Section 232	\$7.5 billion (steel) and \$2.3 billion (aluminum); and
Section 301	\$69.1 billion (China) and \$0.9 billion (EU).

¹⁰⁶ For an example of President Trump’s statements, see White House, *Remarks by President Trump Before Marine One Departure*, June 27, 2019, at <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-marine-one-departure-50/>. For a discussion on the debate over this topic, see “Who Pays Trump’s Tariffs, China or U.S. Customers and Companies?,” *Reuters*, May 21, 2019.

¹⁰⁷ Mary Amiti, Stephen J. Redding, and David E. Weinstein, “Who’s Paying for the U.S. Tariffs? A Longer-Term Perspective,” *AEA Papers and Proceedings 2020*, vol. 110 (May 2020), pp. 541-546.

¹⁰⁸ <https://www.cbp.gov/newsroom/stats/trade>.

What happens to the revenue collected from the tariffs?

The tariffs collected are put in the general fund of the U.S. Treasury and are not allocated to a specific fund, but are available for appropriations.

In other more historical cases, revenue from duties on U.S. imports was dedicated to specific uses. Examples include:

- Section 32 of The Agriculture Adjustment Act¹⁰⁹ provides for a permanent annual fiscal year appropriation to the U.S. Department of Agriculture (USDA) equal to 30% of “the gross receipts from [all] duties collected under the customs laws” during the calendar year preceding the beginning of the fiscal year for which they were appropriated.
- Section 203 of the Emergency Wetlands Resources Act of 1985¹¹⁰ requires that quarterly payments of an amount equal to the amount of all import duties collected on arms and ammunition (HTSUS chapter 93) be used to partially fund a Migratory Bird Conservation Fund (MBCF), administered by the Department of the Interior.
- Section 3 of the Recreational Boating Safety and Facilities Act of 1980, as amended (P.L. 96-451; 16 U.S.C. § 1606a), requires the Secretary of the Treasury to transfer, “at least quarterly,” to the Reforestation Trust Fund (RT) “an amount equal to the sum of the tariffs received” on imports of forest and wood articles classified under specified headings of the HTSUS,¹¹¹ subject to a cap of \$30 million each fiscal year.
- The Continued Dumping and Subsidy Offset Act (CDSOA) of 2000, (Title X of P.L. 106-387) known as the “Byrd Amendment,” amended existing antidumping and countervailing duty (CVD) laws by requiring that duties assessed pursuant to an AD or CVD order¹¹² were to be deposited by CBP into special accounts¹¹³ and then distributed to “affected parties” (defined as a manufacturer, producer, farmer, rancher, worker representative, or association involved in or in support of an AD or CVD investigation) for certain “qualifying expenditures” (such as manufacturing facilities and equipment), as outlined in the act. In 2003, however, WTO dispute settlement and Appellate Body panels determined that the law

¹⁰⁹ Section 32 of the Act of August 24, 1935; ch. 641, as amended; 7 U.S.C. § 612c.

¹¹⁰ P.L. 93-645; 16 U.S.C. § 3912, as amended.

¹¹¹ The law specifies that the transfer be equivalent to duties on goods under HTS “headings 4401 through 4412 and subheadings 4418.50.00, 4418.90.20, 4420.10.00, 4420.90.80, 4421.90.10 through 4421.90.20, and 4421.90.70 of chapter 44, subheadings 6808.00.00 and 6809.11.00 of chapter 68 and subheading 9614.10.00 of chapter 96.”

¹¹² AD and CVD orders are directives to U.S. Customs and Border Protection (CBP) issued by the International Trade Administration (ITA) if an AD or CVD investigation results in final affirmative determinations by the U.S. International Trade Commission (ITC) and the ITA that a U.S. industry is being injured (or threatened with injury) as a result of dumping or subsidies.

¹¹³ See *19 Code of Federal Regulations* § 159.64. Prior to the CDSOA, AD and CV funds were deposited in the U.S. Treasury. Since CDSOA’s repeal, duties from AD and CV cases, except retroactive disbursements under the CDSOA, are again deposited in Treasury accounts.

violated U.S. obligations under the WTO Antidumping and Subsidies Agreements.¹¹⁴ Congress repealed CDSOA on February 8, 2006.¹¹⁵

How does additional tariff revenue compare to the national debt?

The Trump Administration stated that the increased tariffs imposed on steel, aluminum, washing machines, solar panels, and a variety of imported Chinese goods under the Administration would generate sufficient revenue to reduce the federal debt.¹¹⁶ The U.S. federal debt represents an accumulation of government borrowing over time, including as a result of annual budget deficits (i.e., when federal government outlays exceed revenue).¹¹⁷ The Trump Administration's tariff actions have been associated with a significant increase in customs revenue, which grew from \$41.3 billion in FY2018 to \$70.8 billion in FY2019.¹¹⁸ However, tariff revenue accounts for a small share of government receipts (2% in FY2019 compared to 50% for income taxes) such that despite this nearly \$30 billion increase in revenue, the federal budget deficit increased by more than \$200 billion from FY2018 to FY2019, thus contributing to an increasing federal debt. In FY2020, tariff revenue decreased slightly to \$68.6 billion, while the overall federal budget deficit increased to \$3.1 trillion largely as a result of the COVID-19 pandemic and associated economic downturn, and the large fiscal response, again contributing to an increasing federal debt in FY2020.¹¹⁹

The tariff actions have led to additional government expenditures. The Trump Administration provided targeted financial assistance to select agricultural producers in an effort to compensate for income losses due to retaliatory tariffs on U.S. exports. On July 24, 2018, USDA announced the first "trade aid" package, which targeted production of selected agricultural commodities in 2018 and was valued at up to \$12 billion.¹²⁰ On May 23, 2019, USDA announced a second package, which targeted production of an expanded list of commodities and was valued at up to an additional \$16 billion.¹²¹

¹¹⁴ In part, the Appellate Body upheld the dispute panel's finding that "the CDSOA is a non-permissible specific action against dumping or a subsidy, contrary to Article 18.1 of the *Anti-Dumping Agreement* and Article 32.1 of the *SCM Agreement*." WTO, *United States - Continued Dumping and Subsidy Offset Act of 2000 - AB-2002-7 - Report of the Appellate Body*, WTO/DS217/AB/R; WT/DS/234/AB/R, January 16, 2003.

¹¹⁵ Section 7601 of P.L. 109-171, the Deficit Reduction Act of 2005.

¹¹⁶ Donald J. Trump, Twitter, @realDonaldTrump, August 5, 2018, <https://twitter.com/realDonaldTrump/status/1026076959980302336>.

¹¹⁷ The federal government incurs a budget deficit when total outlays exceed revenues. If revenues are greater than outlays, the government incurs a surplus. The federal debt, on the other hand, represents the accumulation of government borrowing activity from private citizens, institutions, and domestic and foreign governments. Debt levels increase when there are budget deficits, net outflows for federal credit programs, or increases in intragovernmental debt. For more detail, see CRS In Focus IF10549, *Deficits and Debt*, by Grant A. Driessen.

¹¹⁸ CBO, *Historical Budget Data*, available at <https://www.cbo.gov/data/budget-economic-data>.

¹¹⁹ U.S. Department of Treasury, *Final Monthly Treasury Statement, Receipts and Outlays of the United States Government*, October 2020, p. 9, <https://home.treasury.gov/system/files/206/mts0920.pdf>.

¹²⁰ For more, see CRS Report R45310, *Farm Policy: USDA's 2018 Trade Aid Package*, by Randy Schnepf et al.

¹²¹ For more, see CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*, by Randy Schnepf.

What are the economic implications of raising revenue through tariffs?

Taxes create a distortion from market-based signals by altering the price of various economic activities. These altered prices can in turn alter economic outcomes more broadly as market actors make consumption and production decisions in response. Economists generally argue in favor of policies that minimize market distortions as much as possible, especially when they affect production and the allocation of resources. Tariffs or duties are a tax on imports, which raise the price of imports relative to domestic goods, encouraging consumption of domestic goods relative to foreign goods, and thereby potentially shift production and divert resources away from relatively efficient economic activities towards less efficient ones.¹²² Although there are instances in which economic theory suggests markets may not produce an optimal outcome, economists generally assert that tariffs are not the best tool to address these market failures.¹²³

Governments, however, must collect revenue in order to fund their services. From an economist's viewpoint, the best source of revenue is one that creates the least distortion of economic activity. Tariffs are generally not viewed as the least distortionary tax. A potential benefit of tariffs as a source of revenue for some countries is the relative simplicity of their collection, which may explain why they remain significant as a share of government revenue in some least developed countries.¹²⁴ Economists, however, generally urge developing countries to lessen their reliance on tariffs as a revenue source due to concerns that tariffs may lead to an inefficient allocation of resources.¹²⁵ Until the 1910s, custom duties or tariffs were the main source of revenue for the U.S. government; since the creation of the current federal income tax system in 1913, tariff revenue has become an increasingly smaller share of the federal government's total budget receipts. Customs revenues accounted for 2% total receipts in FY2019.¹²⁶

In addition to tariffs possibly distorting the allocation of resources, they may also represent a less progressive form of taxation. As with other taxes, the burden of tariffs does not fall uniformly across goods or demographic groups; instead, it falls more heavily on traded goods and the populations that purchase them. Studies generally find that, in the United States, tariffs harm low- and middle-income households more than high-income households, in large part because lower-income households spend more—as a proportion of their total expenditures—on tradable goods like food and apparel.¹²⁷

¹²² “Why Tariffs are Bad Taxes,” *Economist*, July 31, 2018.

¹²³ Davide Furceri et al., “Macroeconomic Consequences of Tariffs,” December 2018, working paper presented at IMF Annual Research Conference, available at <http://faculty.haas.berkeley.edu/arose/Tariffs.pdf>.

¹²⁴ Przemyslaw Kowalski, *Impact of Changes in Tariffs on Developing Countries' Government Revenue*, OECD, OECD Trade Policy Working Papers No. 18, April 18, 2005.

¹²⁵ *Ibid.*

¹²⁶ Congressional Budget Office, *An Update to the Budget Outlook: 2020 to 2030*, September 2020.

¹²⁷ Jason Furman, Katheryn Russ, and Jay Shambaugh, “U.S. Tariffs are an Arbitrary and Regressive Tax,” VoxEU, January 12, 2017, <https://voxeu.org/article/us-tariffs-are-arbitrary-and-regressive-tax>.

U.S. Trade Agreements and WTO Commitments

How have the tariff actions affected U.S. trade agreement negotiations?

The Trump Administration's tariff actions have likely affected U.S. trade agreement negotiations in a number of ways. The Trump Administration made clear that it used these various import restrictions as a tool to get countries to negotiate on other issues. At the announcement of the USMCA, President Trump stated “without tariffs, we wouldn't be talking about a deal, just for those babies out there that keep talking about tariffs. That includes Congress—‘Oh, please don't charge tariffs.’ Without tariffs, you wouldn't be standing here.”¹²⁸

On one hand, adverse economic implications of the implemented and proposed tariffs for certain U.S. trading partners likely spurred some countries to negotiate with the United States. Some of these negotiations include side letters or specific text on the tariffs in addition to broader trade issues (e.g., U.S.-China Phase One Deal, USMCA), while others did not include commitments related to the tariff actions, but were reportedly influenced by a desire to remove the threat of new tariffs (e.g., KORUS modifications, U.S.-Japan Stage One Agreements). On the other hand, tariffs likely created a more contentious and unpredictable environment for U.S. trade agreement negotiations and may have deterred some trade partners from entering new negotiations given concerns that the United States could impose additional import restrictions even after a new trade agreement takes effect. The uncertainty regarding potential new U.S. tariff actions led countries to seek explicit exemptions in their FTA negotiations with the United States.¹²⁹

USMCA

The Section 232 steel and aluminum tariffs were not addressed directly in the revised text of the USMCA, which took effect in July 2020.¹³⁰ The USMCA, however, does include side agreements exempting light trucks and 2.6 million passenger vehicle imports annually each from Canada and Mexico from potential future U.S. import restrictions under Section 232, as well as \$32.4 billion and \$108 billion of auto parts imports, respectively.¹³¹ After the USMCA was signed, the three countries announced an agreement to remove the Section 232 metal tariffs, and related retaliatory tariffs, and establish a steel and aluminum monitoring mechanism to prevent potential import surges. The parties also agreed to drop pending litigation at the WTO. U.S. implementation is through the Steel Import Monitoring and Analysis System (SIMA) and Aluminum Import Monitoring and Analysis System (AIM).¹³²

¹²⁸ White House, “Remarks by President Trump on the USMCA,” October 1, 2018.

¹²⁹ Kaori Kaneko and Linda Sieg, “Japan to U.S. on Auto Tariff Assurances - Put it in Writing Please,” *Reuters*, September 20, 2019.

¹³⁰ For more information, see CRS Report R44981, *The United States-Mexico-Canada Agreement (USMCA)*, by M. Angeles Villarreal and Ian F. Fergusson.

¹³¹ See USTR website for full text of the side letters, available at <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/united-states-mexico>.

¹³² 85 FRN 17515 and 85 FRN 23748.

U.S.-China Phase One Deal

The U.S.-China Phase One trade agreement took effect in February 2020 and aims to resolve some issues raised in the U.S. Section 301 trade dispute with China.¹³³ China committed to strengthen some IP enforcement measures and improve U.S. market access in agriculture and financial services—sectors important to the U.S. economy, but outside the 301 investigation’s scope—leaving most U.S. concerns on IP, technology transfer, industrial policies, and state subsidies to phase two. The agreement left the U.S. Section 301 tariffs, as well as China’s retaliatory tariffs, in place, although some of the tariff rates were reduced. China also committed to purchase at least \$200 billion above a 2017 baseline amount of U.S. agriculture (\$32 billion), energy (\$52 billion), goods (\$77.7 billion) and services (\$37.9 billion) between January 2020 and December 2021. Purchases to date are below commitment levels. Emphasis on this purchasing commitment component of the negotiations may have detracted from efforts to make progress in other areas.¹³⁴

U.S.-South Korea (KORUS) FTA

The Trump Administration initiated negotiations with South Korea on modifications to the KORUS FTA in January 2018.¹³⁵ The Section 232 steel and aluminum tariffs took effect while the KORUS modification negotiations were ongoing. In April 2018, South Korea was the first country to negotiate a quota arrangement in lieu of the steel tariffs with the United States. The Section 232 tariff exemptions, however, are not part of the official KORUS modifications, which took effect in January 2019.¹³⁶

U.S.-Japan Stage One Agreements (USJTA)

Avoiding potential U.S. Section 232 tariffs on autos was reportedly a primary factor in Japan’s willingness to engage in bilateral FTA negotiations with the United States.¹³⁷ Auto trade, which accounts for one-third of Japan’s exports to the United States, holds both economic and political significance in Japan. Ultimately, the USJTA, which took effect in January 2020, did not include an explicit exemption from future Section 232 actions, but the two sides released a joint statement stating their intent to “refrain from taking measures against the spirit of these agreements ... and make efforts for an early solution to other tariff-related issues.”¹³⁸ Then-Prime Minister Abe also stated that President Trump offered personal assurances that no new tariffs would be imposed after the agreement took effect.¹³⁹

¹³³ For more information, see CRS Insight IN11208, *U.S. Signs Phase One Trade Deal with China*, by Karen M. Sutter and CRS In Focus IF11284, *U.S.-China Trade and Economic Relations: Overview*, by Karen M. Sutter.

¹³⁴ For more information, see CRS In Focus IF11667, *China’s Economy in 2020: Navigating Headwinds*, by Karen M. Sutter and Michael D. Sutherland.

¹³⁵ For more information, see CRS In Focus IF10733, *U.S.-South Korea (KORUS) FTA*, coordinated by Brock R. Williams.

¹³⁶ White House, “President Donald J. Trump Approves Section 232 Tariff Modifications,” April 30, 2018, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-approves-section-232-tariff-modifications/>.

¹³⁷ For more information, see CRS Report R46140, *“Stage One” U.S.-Japan Trade Agreements*, coordinated by Brock R. Williams.

¹³⁸ White House, “Joint Statement of the United States and Japan,” September 25, 2019, <https://www.whitehouse.gov/briefings-statements/joint-statement-united-states-japan-2/>.

¹³⁹ Ana Swanson, “Trump Announces a Trade Pact with Japan,” *New York Times*, September 25, 2019.

Proposed U.S.-EU Trade Agreement

The Trump Administration informally agreed not to move forward with additional Section 232 import duties on U.S. motor vehicle and parts imports from the European Union (EU) in light of broader bilateral trade negotiations. Discussions on the steel and aluminum tariffs are also to be part of these negotiations.¹⁴⁰ The Trump Administration notified Congress of its intent to negotiate with the EU in October 2018, but prospects have languished over disagreements on the scope of negotiations.¹⁴¹

Do the tariff actions violate U.S. trade agreement commitments?

Through multilateral (WTO) and bilateral trade agreements, the United States and its trading partners have committed not to raise tariffs above certain agreed bound levels, with limited exceptions. These exceptions include specific tariffs in response to unfairly traded goods that may cause or threaten to cause material injury, such as imports dumped on U.S. markets at below-production prices (antidumping duties) or imports benefitting from government subsidies (countervailing duties), as well as time-limited safeguard actions when a surge in fairly traded imports injures or threatens to injure a domestic industry.¹⁴² Trade agreements to which the United States is a party also generally include exceptions for actions deemed necessary for “essential security interests.”¹⁴³ The United States argues that its recent tariff actions are allowed under WTO rules, while U.S. trading partners allege the U.S. actions are inconsistent with these rules and some have responded with retaliatory tariffs and initiated WTO dispute settlement actions to resolve their concerns. The United States meanwhile alleges that these retaliatory tariffs are likewise inconsistent with WTO rules and has similarly initiated WTO dispute settlement procedures in response.

What WTO disputes relate to the tariff actions?

Several countries allege that U.S. actions are inconsistent with WTO rules and initiated complaints in 2018 under the WTO dispute settlement system, over tariffs imposed under Section 201 (safeguards), Section 232 (national security), and Section 301 (“unfair” trading practices) (**Table 12**). The first step in the dispute settlement process is to request consultations, which provides WTO parties the opportunity to discuss the complaint and seek to reach a negotiated resolution without proceeding to litigation.¹⁴⁴ If consultations fail to resolve the dispute (or if a party denies the consultations request), the complainant country may request adjudication of the

¹⁴⁰ White House, “President Trump Launches a New Reciprocal Trade Relationship with the EU,” July 27, 2018. The EU was not among the trading partners with whom the Trump Administration negotiated permanent exemptions from the Section 232 steel and aluminum tariffs or alternative quota arrangements, and U.S. tariffs on U.S. imports from the EU went into effect in June 2018. The EU views the U.S. national security justification as groundless and the U.S. tariffs to be inconsistent with WTO rules, and it has challenged the U.S. actions at the WTO.

¹⁴¹ For more information, see CRS In Focus IF11209, *Proposed U.S.-EU Trade Agreement Negotiations*, by Shayerah Ilias Akhtar, Andres B. Schwarzenberg, and Renée Johnson.

¹⁴² For more information, see CRS In Focus IF10018, *Trade Remedies: Antidumping and Countervailing Duties*, by Vivian C. Jones and Christopher A. Casey, and CRS In Focus IF10786, *Safeguards: Section 201 of the Trade Act of 1974*, by Vivian C. Jones.

¹⁴³ For example, see USMCA Article 32.2 or GATT Article XXI. The GATT also includes general exceptions (Article XX) which lay out specific circumstances in which WTO members may be exempted from WTO/GATT rules.

¹⁴⁴ For more detail on the WTO dispute settlement process, see https://www.wto.org/english/thewto_e/whatis_e/tif_e/disp1_e.htm and CRS In Focus IF10645, *Dispute Settlement in the WTO and U.S. Trade Agreements*, by Ian F. Fergusson.

dispute by a WTO panel. The panel issues a ruling on whether the offending measure is consistent with the relevant provisions under WTO agreements; panel decisions can be appealed. The appeals process at the WTO is currently not functioning, however—due to the United States blocking the appointments of jurists to the seven-member Appellate Body—potentially complicating the final binding resolution of the disputes.¹⁴⁵

In 2018, tariffs in retaliation to U.S. Section 232 actions on steel and aluminum led to additional WTO disputes. In response to retaliatory tariffs imposed by Canada, China, the EU, Mexico, Turkey, and Russia, the United States filed its own WTO complaints (**Table 13**). In July 2019, the United States filed a similar case against India. The United States has invoked the so-called national security exception in GATT Article XXI in defense of the Section 232 tariffs, stating that the tariffs are not safeguards as claimed by the other WTO members.¹⁴⁶ The United States settled the cases involving Canada and Mexico through mutually agreed solutions, while the remaining panel decisions are pending. Most of the panels indicated that they expect to issue their final report to the parties in the second half of 2020, but there has been no action to date.

Section 201	South Korea and China requested separate consultations with the United States over safeguard duties imposed on imports of solar cells and modules. South Korea also initiated a dispute over U.S. safeguard duties on imports of residential washers. The cases are in the panel stage.
Section 232	Nine WTO members, including major U.S. trading partners Canada, China, the EU, and Mexico, initiated complaints over U.S. tariffs on steel and aluminum imports. Most of the requests for consultations, and subsequent retaliatory actions were notified to the WTO pursuant to the Agreement on Safeguards, though some also allege that U.S. tariff measures and related exemptions are contrary to U.S. obligations under several provisions of the General Agreement on Tariffs and Trade (GATT)—the foundational WTO agreement that sets binding international rules on trade in goods. Other WTO members have also requested to join the consultations as third parties. Consultations were unsuccessful in resolving the disputes, and panels were formed in all nine cases. In May 2019, the United States settled the cases involving Canada and Mexico, after the parties reached mutually agreed solutions outside of litigation.
Section 301	China also initiated complaints at the WTO regarding U.S. Section 301 tariffs, and one proceeded to the panel stage. The disputes were filed in response to the initial U.S. 25% tariffs on Chinese imports, additional 10% tariffs (later raised to 25%) on other products, and subsequent rounds of tariff actions. In September 2020, the panel issued its report, finding that U.S. actions in 2018 were inconsistent with WTO rules under the GATT. The United States appealed the panel findings in late October. Due to the lack of an Appellate Body to review the appeal, the dispute remains unresolved.

Table 12. WTO Challenges to Tariff Measures Imposed by Trump Administration Under U.S. Trade Laws

Issue	Complainant country	Dispute number	Date Filed / Latest Status
SECTION 201			
U.S. safeguard measure on crystalline silicon photovoltaic products	South Korea	DS545	5/14/18 consultations requested; 9/26/18 panel established but not yet composed

¹⁴⁵ CRS Legal Sidebar LSB10385, *The WTO’s Appellate Body Loses Its Quorum: Is This the Beginning of the End for the “Rules-Based Trading System”?*, by Brandon J. Murrill.

¹⁴⁶ For more see, CRS Legal Sidebar LSB10223, *The “National Security Exception” and the World Trade Organization*, by Brandon J. Murrill.

Issue	Complainant country	Dispute number	Date Filed / Latest Status
U.S. safeguard measure on large residential washers imports	China	DS562	8/14/18 consultations requested 10/24/19 panel composed
	South Korea	DS546	5/14/18 consultations requested; 7/01/19 panel composed
SECTION 232			
U.S. tariffs on steel and aluminum imports	China	DS544	4/05/18 consultations requested; 1/25/19 panel composed
	India	DS547	5/18/18 consultations requested; 1/25/19 panel composed
	EU	DS548	6/01/18 consultations requested; 1/25/19 panel composed
	Canada	DS550	6/01/18 consultations requested; 5/23/19 settled or terminated (withdrawn, mutually agreed solution)
	Mexico	DS551	6/05/18 consultations requested; 5/28/19 settled or terminated (withdrawn, mutually agreed solution)
	Norway	DS552	6/12/18 consultations requested; 1/25/19 panel composed
	Russia	DS554	6/29/18 consultations requested; 1/25/19 panel composed
	Switzerland	DS556	7/09/18 consultations requested; 1/25/19 panel composed
	Turkey	DS564	8/15/18 consultations requested; 1/25/19 panel composed
SECTION 301			
U.S. tariffs on certain Chinese imports	China	DS543	4/04/18 consultations requested; 9/15/20 panel report circulated
	China	DS565	8/23/18 consultations requested
	China	DS587	9/02/19 consultations requested

Source: WTO, https://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

Note: Status as of November 25, 2020. Panel established is when the Dispute Settlement Body has agreed to create a panel but the panelists have not yet been chosen (i.e., panel composed).

Table 13. U.S. WTO Disputes Over Retaliatory Tariffs Imposed on U.S. Products

Respondent country	Dispute number	Date Filed / Latest Status
Canada	DS557	7/16/18 consultations requested; 5/23/19 settled or terminated (withdrawn, mutually agreed solution)

China	DS558	7/16/18 consultations requested; 1/25/19 panel composed
EU	DS559	7/16/18 consultations requested; 1/25/19 panel composed
Mexico	DS560	7/16/18 consultations requested; 5/28/19 settled or terminated (withdrawn, mutually agreed solution)
Turkey	DS561	7/16/18 consultations requested; 2/28/19 panel composed
Russia	DS566	8/27/18 consultations requested; 1/25/19 panel composed
India	DS585	7/03/19 consultations requested; 1/07/20 panel composed

Source: WTO, https://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

Note: Status as of November 25, 2020.

How will the tariff actions affect the global trading system?

The United States was a chief architect of the post-World War II global trading system, including the WTO's dispute settlement mechanism. The Trump Administration's unilateral tariff measures, imposed outside the WTO's dispute settlement process, have elicited concerns from U.S. trading partners regarding U.S. adherence to the trade rules it helped create, and could affect U.S. ability to secure broader reforms of the WTO dispute settlement process, specifically with regard to the Appellate Body mechanism.¹⁴⁷ Critics of these actions argue they have damaged the United States' standing as the predominant global leader of an open and rules-based trading system and chief supporter of more liberalized trade.¹⁴⁸

While the tariff actions remain widely debated, the underlying concerns raised by the Trump Administration regarding China's unfair trading practices and their effects on the global economy, are more widely shared including by some in the EU, the UK, Japan, Canada, and Australia. The ability of the WTO to address China's industrial policies and statist trade practices that are of growing concern remains an open question. The United States turn to Section 301 on China appears to reflect in part an assessment by the Trump Administration that WTO rules and processes were inadequate to address the scope and scale of China's unfair trading and protectionist investment practices, including forced technology transfer and IP theft, outlined in the Section 301 report. While China is touting its role as a free trader and has used its state media to present the United States in its Section 301 actions as protectionist, it is silent on the state policies that it is advancing in a range of industrial and technology sectors in an effort to downplay that the United States is using non-market tools to fight non-market practices in China.

At the same time, the Trump Administration's use of tariffs across a range of trading partners potentially diluted the magnitude of the specific concerns with China and potentially undercut cooperation in joint action that might have been undertaken, at the WTO and elsewhere. The decision to include more countries than just China in the tariffs on steel and aluminum reflects the Administration's assessment that since China dominates global production and price, the United

¹⁴⁷ For more on these potential reforms, see CRS Report R45417, *World Trade Organization: Overview and Future Direction*, coordinated by Cathleen D. Cimino-Isaacs.

¹⁴⁸ Chad P. Bown and Douglas A. Irwin, "Trump's Assault on the Global Trading System," *Foreign Affairs*, September/October 2020.

States could not affect change without including other major exporters. However, it has also led to retaliatory tariff actions by many U.S. trading partners, including some close allies, which have further heightened concerns over potential strain on the global trading system. If the dispute settlement process at the WTO cannot satisfactorily resolve these conflicts, it may lead to questions over its relevance in enforcing global trade rules.

Additional Sources of Information

What other CRS products provide further information on these issues?

Section 201	<ul style="list-style-type: none">• CRS In Focus IF10786, <i>Safeguards: Section 201 of the Trade Act of 1974</i>, by Vivian C. Jones.• CRS In Focus IF10819, <i>Domestic Solar Manufacturing and New U.S. Tariffs</i>, by Michaela D. Platzer.• CRS In Focus IF10781, <i>U.S. Solar Manufacturing and Global Competition</i>, by Michaela D. Platzer.
Section 232	<p>Section 232 Overview</p> <ul style="list-style-type: none">• CRS Report R45249, <i>Section 232 Investigations: Overview and Issues for Congress</i>, coordinated by Rachel F. Fefer.• CRS In Focus IF10667, <i>Section 232 of the Trade Expansion Act of 1962</i>, by Rachel F. Fefer and Vivian C. Jones.• CRS Legal Sidebar LSB10223, <i>The “National Security Exception” and the World Trade Organization</i>, by Brandon J. Murrill. <p>Steel and Aluminum</p> <ul style="list-style-type: none">• CRS In Focus IF10998, <i>Effects of U.S. Tariff Action on U.S. Aluminum Manufacturing</i>, by Michaela D. Platzer.• CRS In Focus IF10902, <i>Trade Actions and U.S. Steel Manufacturing</i>, by Michaela D. Platzer.• CRS Legal Sidebar LSB10421, <i>“Steel” Subject to Tariffs: Federal Circuit Upholds Constitutionality of Section 232</i>, by Brandon J. Murrill. <p>Autos and Auto Parts</p> <ul style="list-style-type: none">• CRS In Focus IF10971, <i>Section 232 Auto Investigation</i>, coordinated by Rachel F. Fefer. <p>Uranium</p> <ul style="list-style-type: none">• CRS In Focus IF11505, <i>Uranium Reserve Program Proposal: Policy Implications</i>, by Lance N. Larson.• CRS Insight IN11145, <i>Section 232 Investigation: Uranium Imports</i>, by Rachel F. Fefer and Lance N. Larson. <p>Transformers</p> <ul style="list-style-type: none">• CRS Insight IN11401, <i>Recent Presidential Trade Actions Affecting the U.S. Power Grid</i>, by Christopher A. Casey, Rachel F. Fefer, and Brian E. Humphreys.
Section 301	<p>Section 301 Overview</p> <ul style="list-style-type: none">• CRS In Focus IF11346, <i>Section 301 of the Trade Act of 1974</i>, by Andres B. Schwarzenberg.• CRS Report R46604, <i>Section 301 of the Trade Act of 1974: Origin, Evolution, and Use</i>, by Andres B. Schwarzenberg. <p>China Trade Issues</p> <ul style="list-style-type: none">• CRS In Focus IF11284, <i>U.S.-China Trade and Economic Relations: Overview</i>, by Karen M. Sutter.

- CRS Report R45949, *U.S.-China Tariff Actions by the Numbers*, by Brock R. Williams and Keigh E. Hammond.
- CRS Insight IN11208, *U.S. Signs Phase One Trade Deal with China*, by Karen M. Sutter.
- CRS Legal Sidebar LSB10403, *The Legal Basis for the U.S.-China “Phase One” Agreement and Implications for Implementation*, by Nina M. Hart.
- CRS Report R46304, *COVID-19: China Medical Supply Chains and Broader Trade Issues*, coordinated by Karen M. Sutter.
- CRS In Focus IF11434, *COVID-19: U.S.-China Economic Considerations*, by Karen M. Sutter and Michael D. Sutherland.
- CRS In Focus IF11582, *Section 301: Tariff Exclusions on U.S. Imports from China*, by Andres B. Schwarzenberg.
- CRS Legal Sidebar LSB10553, *Section 301 Tariffs on Goods from China: International and Domestic Legal Challenges*, by Nina M. Hart and Brandon J. Murrill.

Digital Services Taxes

- CRS In Focus IF11564, *Section 301 Investigations: Foreign Digital Services Taxes (DSTs)*, by Andres B. Schwarzenberg.
- CRS Report R45532, *Digital Services Taxes (DSTs): Policy and Economic Analysis*, by Sean Lowry.

EU Large Civil Aircraft Dispute

- CRS In Focus IF11364, *Boeing-Airbus Subsidy Dispute: Recent Developments*, by Andres B. Schwarzenberg.

Vietnam Trade Issues

- CRS In Focus IF11683, *Section 301 Investigations: Vietnam’s Timber Trade and Currency Practices*, by Andres B. Schwarzenberg and Rebecca M. Nelson.

IEEPA

- CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*, coordinated by Christopher A. Casey.
- CRS Insight IN11129, *The International Emergency Economic Powers Act (IEEPA) and Tariffs: Historical Background and Key Issues*, by Christopher A. Casey.
- CRS Infographic IG10012, *The International Emergency Economic Powers Act: Key Facts*, by Christopher A. Casey.

Trump Administration Tariffs and Retaliation Overview

- CRS Report R44707, *Presidential Authority over Trade: Imposing Tariffs and Duties*, by Brandon J. Murrill.
- CRS Report R45949, *U.S.-China Tariff Actions by the Numbers*, by Brock R. Williams and Keigh E. Hammond.
- CRS Report R45929, *China’s Retaliatory Tariffs on U.S. Agriculture: In Brief*, by Anita Regmi.
- CRS Report R45903, *Retaliatory Tariffs and U.S. Agriculture*, by Anita Regmi.
- CRS Report R46577, *U.S. Farm Support: Outlook for Compliance with WTO Commitments, 2018 to 2020*, by Randy Schnepf.

What official sources of information are publicly available regarding the U.S. and retaliatory tariff actions?

Official sources of information regarding the U.S. tariff actions are publicly available by the government agencies responsible for investigating imports or enforcing tariff laws. **Table 14** compiles a selection of U.S. government websites and documents on the tariff actions, arranged by the relevant trade authority. The table includes embedded links to agency documents and websites. For a compilation of key documents, chronologically, see links in **Tables 1-8**.

Table 15 is a compilation of selected documents from foreign governments that, in response to U.S. tariff actions, have implemented retaliatory tariffs on U.S. exports.

Table 14. U.S. Tariff Actions: Selected U.S. Government Resources

Agency	Resource
Section 201	
President	Presidential proclamations on Section 201 (Donald J. Trump). (Presidential proclamations: 9693 (January 25, 2018); 9694 (January 25, 2018); 9979 (January 23, 2020); 10101 (October 10, 2020)).
ITC	<i>Crystalline Silicon Photovoltaic Cells (Whether or Not Partially or Fully Assembled into Other Products)</i> , ITC Investigation No. TA-201-075. ¹⁴⁹ <ul style="list-style-type: none"> • <i>Monitoring Developments in the Domestic Industry</i>, ITC Investigation No. TA-201-075 (Monitoring).¹⁵⁰ • <i>Advice on the Probable Economic Effect of Certain Modifications to the Safeguard Measure</i>, ITC Investigation No. TA-201-075 (Modification).¹⁵¹
ITC	<i>Large Residential Washers</i> , ITC Investigation No. TA-201-076. ¹⁵² <ul style="list-style-type: none"> • <i>Monitoring Developments in the Domestic Industry</i>, ITC Investigation No. TA-204-013.¹⁵³ • <i>Extension of Action</i>, ITC Investigation No. TA-201-076 (ongoing).¹⁵⁴
ITC	<i>Fresh, Chilled, or Frozen Blueberries</i> , ITC Investigation No. TA-201-077. ¹⁵⁵
USTR	USTR <i>Federal Register</i> notices on exclusions for the Section 201 action on solar panels.
Section 232	
President	Presidential proclamations on Section 232 (Donald J. Trump). (Presidential proclamations: 9704 (March 8, 2018); 9705 (March 8, 2018); 9710 (March 22, 2018); 9711 (March 22, 2018); 9739 (April 30, 2018); 9740 (April 30, 2018); 9758 (May 31, 2018); 9759 (May 31, 2018); 9772 (August 10, 2018); 9776 (August 29, 2018); 9777 (August 29, 2018); 9886 (May 16, 2019); 9888 (May 17, 2019); 9893 (May 19, 2019); 9894 (May 19, 2019); 9980 (January 24, 2020); 10060 (August 6, 2020); 10064 (August 28, 2020); 10106 (October 27, 2020)). The Trump Administration also issued memoranda on two Section 232 investigations on WhiteHouse.gov: <ul style="list-style-type: none"> • “Memorandum on the Effect of Uranium Imports on the National Security and Establishment of the United States Nuclear Fuel Working Group,” July 12, 2019. • “Memorandum on the Effect of Titanium Sponge Imports on the National Security,” February 27, 2020.
USTR	“USTR Statement on Successful Conclusion of Steel Negotiations with Mexico,” November 5, 2020. The agreement concerns the transshipment of grain-oriented electrical steel used to manufacture transformers. ¹⁵⁶
Commerce	Final Investigation Reports on Section 232 Investigations (1981-2019). ¹⁵⁷

¹⁴⁹https://www.usitc.gov/investigations/safeguard/2017/crystalline_silicon_photovoltaic_cells_whether_or/other.htm.

¹⁵⁰<https://www.usitc.gov/publications/other/pub5021.pdf>.

¹⁵¹<https://www.usitc.gov/publications/other/pub5032.pdf>.

¹⁵² https://www.usitc.gov/investigations/safeguard/2017/large_residential_washers/other.htm.

¹⁵³ https://www.usitc.gov/publications/701_731/pub4941.pdf.

¹⁵⁴ <https://www.federalregister.gov/documents/2020/08/12/2020-17615/large-residential-washers-extension-of-action>.

¹⁵⁵ <https://www.usitc.gov/blueberries>.

¹⁵⁶ <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/november/ustr-statement-successful-conclusion-steel-negotiations-mexico>.

¹⁵⁷ <https://www.bis.doc.gov/index.php/other-areas/office-of-technology-evaluation-ote/section-232-investigations>. The webpage also includes a program guide to Section 232 investigations.

Agency	Resource
Commerce	<i>Federal Register</i> notices on Section 232 investigations: Commerce has published notices announcing investigations, requesting public comment, and outlining product exclusion procedures.
Commerce	<p>Section 232 Exclusions Information: this website serves as a hub for information on the exclusion process for Section 232 tariffs on steel and aluminum. It includes links to 232 Exclusions Portal and to relevant forms for U.S. businesses submitting an exclusion or rebuttal.¹⁵⁸</p> <p>Commerce has solicited and published public comments and product exclusion requests through <i>Regulations.gov</i>. The following dockets compile comments and related documents:</p> <ul style="list-style-type: none"> • Aluminum (Docket: BIS-2018-0002) • Steel (Docket: BIS-2018-0006) • Autos and auto parts (Docket: DOC-2018-0002) • Uranium (Docket: BIS-2018-0011) • Transformers (Docket: BIS-2020-0015) • Mobile Cranes (Docket: BIS-2020-0009) • Vanadium (Docket: BIS-2020-0002).

Section 301

President	Presidential memorandums on Section 301 (Donald J. Trump), published in the <i>Federal Register</i> . ¹⁵⁹
USTR	<i>Federal Register</i> notices on Section 301 actions, hearings, and requests for comments. Below are select notices and other documents arranged by investigation.
USTR	<p>China Investigation: Reports, Websites, and Agreements</p> <ul style="list-style-type: none"> • <i>Findings of the Investigation into China's Acts, Policy, and Practices</i> (March 22, 2018).¹⁶⁰ • <i>Update to the March 2018 Section 301 Report on China</i> (November 20, 2018).¹⁶¹ • China Section 301 Investigation and Related Documents.¹⁶² • Hearings on Proposed Tariffs.¹⁶³ • Tariff Actions and Exclusion Process.¹⁶⁴ • How to Navigate the Section 301 Process (to request an exclusion).¹⁶⁵ • Exclusions.ustr.gov Public Docket: a collection of comments and exclusion requests concerning the China Section 301 tariff actions. • Phase one agreement: <i>Economic and Trade Agreement Between the Government of the United States and the Government of the People's Republic of China</i>, January 15, 2020.¹⁶⁶

¹⁵⁸ <https://www.commerce.gov/page/section-232-investigations>.

¹⁵⁹ Presidential Memo, March 22, 2018 (83 FR 13099); Presidential Memo, August 14, 2017 (82 FR 39007).

¹⁶⁰ <https://ustr.gov/sites/default/files/Section%20301%20FINAL.PDF>.

¹⁶¹ <https://ustr.gov/sites/default/files/enforcement/301Investigations/301%20Report%20Update.pdf>.

¹⁶² <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/investigation>.

¹⁶³ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/record-section-301-investigation/section-301>.

¹⁶⁴ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/tariff-actions>.

¹⁶⁵ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/search>.

¹⁶⁶ https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/Economic_And_Trade_Agreement_Between_The_United_States_And_China_Text.pdf.

Agency	Resource
USTR	<p>European Union Large Civil Aircraft Investigation: Websites</p> <ul style="list-style-type: none"> Investigation into Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute (initiated April 2019).¹⁶⁷ Public comments on EU Large Civil Aircraft investigation available on <i>Regulations.gov</i> (Docket: USTR-2019-0003) and <i>Comments.ustr.gov</i> (USTR-2020-0023).
USTR	<p>Digital Services Taxes (DST) Investigations: Reports and Websites</p> <p>France DST (2019):</p> <ul style="list-style-type: none"> Investigation into France’s Digital Services Tax (initiated July 2019).¹⁶⁸ <i>Final Report on France's Digital Services Tax</i>, December 2, 2019.¹⁶⁹ Public comments on France’s Digital Services investigation available on <i>Regulations.gov</i> (Docket: USTR-2019-0009). <p>DST (2020):</p> <ul style="list-style-type: none"> Investigation into Digital Services Taxes (initiated June 2020).¹⁷⁰ Public comments on the 2020 Digital Services investigation available on <i>Regulations.gov</i> (Docket: USTR-2020-0022).
USTR	<p>Vietnam Investigations: Websites</p> <ul style="list-style-type: none"> Investigations into Vietnam’s Currency Valuation, and Import and Use of Illegal Timber (initiated October 2020).¹⁷¹ Public comments on Vietnam’s Currency Valuation investigation available on <i>Regulations.gov</i> (Docket: USTR-2020-0036). Public comments on Vietnam’s Import and Use of Illegal Timber investigation available on <i>Regulations.gov</i> (Docket: USTR-2020-0037).
General Tariff Resources	
ITC	<p><i>The U.S. Harmonized Tariff Schedule (HTS): Chapter 99.</i> The HTS provides tariff rates for all merchandise imported into the United States. The tariff actions currently imposed under Section 201, Section 232, and Section 301 are noted within Chapter 99 of the HTS, which documents temporary modifications to the tariff schedule.</p>
CBP	<p>Customs and Border Protection (CBP) is the agency responsible for enforcing customs laws and collecting tariff revenue. The CBP website includes guidance on recent tariff actions for importers, and statistics on the amount of duties collected under recent tariff actions.</p> <ul style="list-style-type: none"> Trade Remedies: a CBP webpage that provides an overview of relevant resources on Sections 201, 232, and 301.¹⁷² CPB Trade Statistics estimates duties collected.¹⁷³ <i>Quota Bulletins</i> track certain imports that are subject to quotas or quantitative limits.¹⁷⁴

Source: Compiled by CRS.

Notes: ITC = U.S. International Trade Commission; USTR=Office of the U.S. Trade Representative; CBP=Customs and Border Protection.

¹⁶⁷ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-large-civil-aircraft>.

¹⁶⁸ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-frances-digital-services-tax>.

¹⁶⁹ https://ustr.gov/sites/default/files/Report_On_France%27s_Digital_Services_Tax.pdf.

¹⁷⁰ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-digital-services-taxes>.

¹⁷¹ <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-vietnam>.

¹⁷² <https://www.cbp.gov/trade/programs-administration/trade-remedies>.

¹⁷³ <https://www.cbp.gov/newsroom/stats/trade>.

¹⁷⁴ <https://www.cbp.gov/trade/quota/bulletins>.

Table 15. Foreign Retaliation to U.S. Tariff Actions: Selected Documents
2018-2020

Country	Official Retaliation Documents	U.S. Tariff Action
Canada	Canada: Department of Finance (Canada), "Countermeasures in Response to Unjustified Tariffs on Canadian steel and aluminum products," June 29, 2018 Joint Statement by the United States and Canada on Section 232 Duties on Steel and Aluminum, May 17, 2019.	Section 232 (Steel and Aluminum)
China	WTO notification G/L/1218, Apr. 3, 2018. China Ministry of Finance, Taxation Committee Announcements: [2018] No. 5, 6, 8,10; [2019] No. 1-6; [2020] No. 1-4.	Section 232 (Steel and Aluminum) Section 301 (China)
European Union	WTO notification G/L/1237, May 18, 2018. European Commission, <i>Official Journal of the European Union</i> , Commission Implementing Regulation (EU) 2018/886, L 158, June 21, 2018, p. 5–18. European Commission, <i>Official Journal of the European Union</i> , Commission Implementing Regulation (EU) 2020/1646, L 373, September 11, 2020, p. 1–8.	Section 232 (Steel and Aluminum) Section 301 (WTO Large Civil Aircraft Dispute)
India	WTO notification G/L/1239/Rev.1, June 14, 2018 (revision of May 18, 2018 notice). India's Ministry of Finance, <i>Gazette of India</i> Notification No.17/2019-Customs, June 15, 2019, amending No. 49/2018–Customs, June 20, 2018.	Section 232 (Steel and Aluminum)
Mexico	Mexico: Ministry of Finance (Mexico), <i>Diario Oficial de la Federacion</i> , June 5, 2018. Joint Statement by the United States and Mexico on Section 232 Duties on Steel and Aluminum, May 17, 2019.	Section 232 (Steel and Aluminum)
Russia	WTO notification G/L/1241, May 18, 2018. Russian Federation. "Approval of rates of import duties in respect to certain goods from the United States," Decision no. 788. July 6, 2018.	Section 232 (Steel and Aluminum)
Turkey	WTO notification G/L/1242 - May 21, 2018. WTO notification G/L/1242/Suppl.1, Aug. 15, 2018. WTO notification G/L/1242/Supplement 2, May 22, 2019. Turkish Decision no. 21, <i>Official Gazette of Turkey</i> , Aug. 14, 2018.	Section 232 (Steel and Aluminum)

Source: Compiled by CRS.

Notes: Table includes primary documents announcing or implementing retaliation to U.S. tariff actions, as notified to the World Trade Organization (WTO) or as published on official government websites. Where available, links to full text are embedded.

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