

SPC&B Update

November 15, 2016

New President May Bring a New Trade Era



How Will Trade be Affected by the Trump Presidency and a Republican Congress?

Based upon comments made by President-elect Trump, trade policy may be in for a "bumpy ride" under the new administration. The next four years may bring increased protectionism and potential for withdrawal from existing international agreements. Certainly the prospects for implementation of the Trans-Pacific Partnership (TPP) in the U.S. are in doubt, at least in its current form, given the fact that the Obama Administration, in the face of opposition in Congress, stated that it will not pursue the agreement during the lame-duck session, and Mr. Trump's expressed dislike for the agreement on the campaign trail.

USTR officials are only saying that it is difficult to make any predictions on TPP's prospects at this time and that we will have to wait until the trade policy agenda is set by the new administration. Possible scenarios include a complete withdrawal from TPP or a renegotiation of the agreement. In the meantime, given the President-Elect's distaste for large multilateral trade deals, it is more likely that during his tenure, the U.S. will negotiate smaller bilateral agreements, possibly with countries like Vietnam, which currently is a party to the TPP.

Another area of concern relates to Mr. Trump's intimations that he is considering withdrawing from the World Trade Organization, so as to be able to impose punitive duties on products from China in retaliation for the Chinese government's currency manipulations. He also has indicated that he is considering pulling the U.S. out of NAFTA or substantially renegotiating its provisions.

Although it is unclear whether these positions will be pursued, now is the time for companies to explore ways to mitigate the damage such policies could cause. Strategies include but are not limited to effective use of tariff engineering, "first sale," strategic use of special trade programs, foreign trade zones, and drawback. In the coming weeks we will discuss these opportunities in more detail.

Sharretts Paley also will be closely monitoring [trade developments] and will be advising our clients through SPC&B Updates as changes occur.

As always, we stand ready to advise our clients on these strategies. If you would like to discuss the potential implications of the new administration on your business, please contact us.

If you would like to discuss the implications of the new political situation and how it might impact your business, please contact Gail T. Cumins at gcumins@spcblaw.com, Alli Baron at abaron@spcblaw.com, Donna Shira at dshira@spcblaw.com, or Ken Paley at kpaley@spcblaw.com, or call us at 212-425-0055.

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