

**SPOTLIGHT REPORT**

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## Trump's All-In on Tariffs

**What's Happening:** Former President Trump is doubling down on his plans to increase tariffs if re-elected to the White House.

**Why It Matters:** Trump has proposed extreme tariff plans, including a 10 to 20 percent duty on all imports and a 60 percent tariff on goods from China. In addition, Trump floated the idea of imposing tariffs on countries that avoid using the dollar in international transactions. While these sweeping plans make for easy campaign pitches, there was a recent hint from Robert Lighthizer, who served as US trade representative during Trump's first term and would be likely to return in a prominent role in a second Trump administration, that a Trump presidency may embrace "smart tariffs," which distinguish between goods and tariff rates. Lighthizer did not clarify whether these adjusted rates would add to the sweeping baseline proposals or replace the earlier plans. Trump has seized on this idea of smart tariffs in his recent speech on economic policy and touted the concept as helping to ensure that tariffs reduce inflation and the federal deficit. **While this smart tariff concept may feel like a more realistic outcome, it is important not to dismiss Trump's more drastic proposals out of hand. These plans should at least be taken seriously, if not literally, as economic advisers to the former president, including Trump himself, believe there are existing presidential authorities that can be used to establish the new tariffs without action from Congress.** The use of these powers would be unprecedented in recent memory, but they are not entirely far-fetched.

**What's Next:** The most interesting thing to watch will be any elaboration on what Trump and Lighthizer consider to be smart tariffs and whether that is supplemental or a replacement for the sweeping proposals discussed previously in the campaign. There is also a chance that Trump will discuss the possibility of other tariff targets. Still, these new ideas are likely lower priorities, and the most significant plans to focus on remain the universal baseline tariffs and new duties on goods from China. The likely reason that Trump would float more tariff plans is that he views them as a tool that can solve a range of problems and, in that way, serve almost as a crutch, particularly when trying to resolve foreign policy challenges.

## Trump's Trade Agenda: Tariffs for All

Former President Trump's speech on economic policy last week at The Economic Club of New York underlined one thing: tariffs will be a [primary feature](#) of a second Trump administration. Given the importance that Trump put on tariffs in this first term, this is no surprise. **However, what would be a critical difference between the two Trump administrations would be the internal discussion around the tariffs. The debate would not be over whether to impose tariffs but how high they should go and what should be targeted.** Similar to other policies, Trump, at least on the campaign trail, is leaning into sweeping proposals rather than targeting specific sectors, which would affect allies, rivals, and potentially US companies. Trump has implied that businesses, potentially including American entities, would face duties on imported goods, which are all part of his plan to increase domestic manufacturing. Trump's plan included increased domestic manufacturing tax incentives intended to offset the increased cost of business in the US, but [the details](#) of the potential tax break are uncertain.

Trump contends that his administration's "smart tariffs will not create inflation" but "will combat inflation." In his view, the tariffs would lead to "foreign nations [paying] us hundreds of billions of dollars, reducing the deficit and driving inflation down." Economists have disputed Trump's claims about the economics of tariffs, with [several prominent economic](#) think tanks estimating the adverse effects of continued or increased tariff policies. **Trump did not elaborate on what he considered to be smart tariffs, but Robert Lighthizer, who served as US trade representative during Trump's first term and would be likely to return in a prominent role in a second Trump administration, has said they would be higher duties on select products.** "There are things you want to tariff more than others," Lighthizer said. This is the first indication from the Trump world that there could be more specific tariffs levels rather than just all-encompassing standards. However, neither Lighthizer nor Trump has clarified if these would be in addition to or instead of those sweeping plans.

**The most notable tariff proposals that Trump has floated so far on the campaign trail are a universal baseline tariff of 10 to 20 percent, a 60 percent duty on all imports from China, and, most recently, a 100 percent tariff on goods from any country that look to move away from using the dollar as the global reserve currency.** Trump announced the last proposal in a speech over the weekend after lengthy discussions between Trump and his economic advisers about ways to secure the dollar's leading position, which they feel has been under attack in recent years. Options under consideration included "export controls, currency manipulation charges, and tariffs," according to [Bloomberg](#). The fact that Trump landed on tariffs as his chosen solution underscores the value he places on the policy tool compared to other alternatives. This latest proposal, similar to the other plans from the former president, should be taken seriously, but taking them literally during the campaign may be too far. Still, it indicates the kinds of issues that Trump would try to prioritize on his trade agenda, even if these exact solutions are not implemented.

Although the European Union has not been as much of a target as China in the Trump

campaign's trade policies, there are still ideas to specifically target the bloc in addition to sweeping measures, such as the universal baseline tariff that would already hit goods from Europe. Some of the options that are being discussed [include](#) "countermeasures against European digital services taxes that implicitly go after US technology champions, using Section 301" and, in a [recent interview](#) with the Financial Times, vice presidential candidate Senator JD Vance (R-OH) floated the idea of tariffs on NATO allies that do not spend enough on defense. Neither of these ideas has been as fleshed out as some of the other potential Trump trade policies, nor has Trump devoted as much attention to them. **The lack of attention, though, should not be taken as a sign that there would not be any European-specific duties; they simply may not be as high of a priority, and they aren't as strong of a campaign talking point.**

The other looming trade issue largely absent from these discussions is talk from Trump about the [growing deficits](#) between the US and Canada and Mexico since he signed the US-Mexico-Canada Agreement (USMCA) in his first term. The deal is scheduled for a review in 2026, and the Trump administration would likely seek to reform the pact, but the question will be how extensive the changes sought will be. A minimum starting point is likely the agreement's rules of origin, particularly concerning China. Other, more targeted measures, such as a tariff on Chinese electric vehicles from Mexico, are also possible, particularly if Trump sees them as necessary to decrease the bilateral trade deficit, an economic measure in which Trump sees significant value. These narrow duties would, similar to the European experience, be in addition to any sweeping tariffs, like the universal baseline tariff Trump has floated.

## **Achieving Trump's Trade Agenda**

As bold as Trump's proposals are on the campaign trail, it is important to understand that, at this point, they are primarily tools intended to attract voters to back him in the election. Still, **the plans are at least directionally indicative of the kinds of policies he would look to implement and should be taken seriously, if not literally.** There are likely fewer obstacles to Trump's attempts to achieve his agenda, and there are signs that the former president may think it is better to ask for forgiveness than permission. The result could be litigation challenging Trump's agenda and uncertainty for the business community. However, it would avoid one of Trump's frustrations from his first term, when he felt that some of his staff were too cautious to act.

**To establish these policies, advisors around Trump are already looking at [a range of potential existing executive authorities that would allow the president to implement the new tariffs without new legislation from Congress.](#)** To create the universal baseline tariff, Lighthizer [has argued](#) that Trump could use the International Emergency Economic Powers Act (IEEPA) or Section 338 of the Tariff Act of 1930. Using either authority in this manner would be unprecedented in recent memory. The most comparable example is President Nixon's use of IEEPA's predecessor to establish a universal tariff through an executive order that lasted only a few months. Trump also threatened Mexico with tariffs in 2019 under IEEPA, but the duties were never enacted. Section 338 has not seen much use

since 1949 and would require an investigation to determine if US companies are being discriminated against. This latter option is likely the longer of the two, likely taking months to implement, while using IEEPA to create the tariffs could be done by Trump with an executive order as soon as he came into power.

The universal tariff proposal may require the most creative use of presidential authority. However, neither Trump nor his advisors have elaborated on what powers they may draw upon to create tariffs targeting those that move away from using the dollar in global transactions. Other proposals, such as the potential duties against China or the EU, are more likely to follow a well-established pattern of relying on Section 301, the same authority that Trump used during his first term to impose tariffs on China. This path will necessitate an investigation first and likely means it will be several months before any new duties are implemented. Trump could look to other authorities to establish these tariffs, but relying on Section 301 should put the Trump administration's plan on relatively safe legal ground.

**A new challenge that Trump will face in response to his trade agenda, particularly the tariffs, will be the increased retaliation that the US will likely face.** Other countries are [already preparing](#) for a second Trump administration and are more likely to pursue aggressive responses, knowing that negotiating with Trump often does not yield the desired outcome. The question for these countries is what retaliation will get Trump's attention. For China, there is little that will likely move the needle for Trump as his ultimate goal no longer appears to be a trade deal like it was during his first term but a decoupling of the US and Chinese economies, so increased trade barriers will be a step toward achieving that goal. The EU has the usual potential suspects like the agriculture, energy, and aerospace industries. **In addition, tech companies could also face increased pressure from the EU if more countries choose to move forward with their Digital Services Taxes.** While Trump does not have the best relationship with Big Tech, these taxes, which he views as discriminatory, will likely get his attention. Still, the result may be an escalation of the trade dispute rather than a ceasefire, with both sides looking for an off-ramp.

## What's Harris' Alternative?

**Despite Vice President Harris' attacks on Trump's tariffs plans, she is unlikely to eschew tariffs entirely.** However, she is more likely to follow a more tempered approach that resembles the stance that the Biden administration has displayed. The addition of several Biden administration officials to Harris' economic team, such as [Mike Pyle](#), [Brian Deese](#), and [Gene Sperling](#), who were involved in both crafting Biden's tariffs and industrial policy, is part of the likely continuity. This will mean primarily using targeted tariffs, rather than sweeping measures. The Biden administration's revised Section 301 tariffs will begin being phased in in the coming months. At the same time, Harris could revise these measures further, but it will not be guaranteed. Lifting tariffs, as the Biden administration has found, is politically difficult, and while Harris has criticized Trump's proposed tariffs as "a Trump tax," lowering the already existing duties is unlikely.

Harris [does not have](#) a significant history of trade policy, nor has she devoted considerable time to it on the campaign trail. Still, her time in the Senate offers some insight into her vote against the USMCA and opposition to the Trans-Pacific Partnership. Her opposition against the USMCA was partly due to, in her view, insufficient environmental and labor protections, both points which she would likely seek to strengthen in the 2026 review if she is in the White House. **Seen through this lens, Harris could look to use trade policy as a tool to support her other priorities, such as climate change and human rights.** For example, Harris could lean into using tariffs and trade barriers to more stringently punish abusive regimes, like companies connected to China's oppression of the [Uyghur minority](#) in Xinjiang. She also could look to advance the US and EU's talks on creating a [green steel club](#) that imposes penalties on steel imports with higher levels of carbon emissions, a boost to her climate agenda.



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