I. Welcome | Dan Tapia, Manager, International Strategy & Policy, Florida Chamber of Commerce

II. Guest Speakers:

- Christopher Wenk, Executive Director, International Policy, US Chamber of Commerce
- Nicole Bivens Collinson, President, International Trade & Government Relations, Sandler, Travis & Rosenberg, P.A.
- Alice Ancona, Director, International Strategy & Policy, Florida Chamber of Commerce

IV. Audience comments

V. Adjourn
Christopher Wenk
Executive Director, International Policy, US Chamber of Commerce
Trade Update and Outlook: A View from Washington

Florida Chamber of Commerce
June 6, 2017
The Opportunity of Trade

- JOBS: 41 million American jobs depend on international trade
- GROWTH: Exports rose by 50% in 2009-2014
  - Led by growth in exports to Mexico and Canada
- MANUFACTURING: 1/2 of the 12 million U.S. manufacturing jobs depend on exports
- AGRICULTURE: 1 in 3 acres on U.S. farms planted for export
Opportunity for Florida

- $53.9 billion in exports
- Canada, Brazil, Mexico are top markets
- Trade supports 2.5 million Florida jobs
- In 2015, 40% of all FL exports went to FTA partners
- Since 2005, exports from Florida to FTA partners have grown by 69%
- 58,404 small and midsized exporters
The Challenge of Trade

- U.S. market largely open to imports, but tariffs in developing countries much higher
- It’s like going into a basketball game down by a dozen points from the tip-off
- Discriminatory regulations and non-tariff barriers can make it even worse
The Solution? New, Market-Opening Trade Agreements
Trade Agreements Make BIG MARKETS Even Out of Small Economies

% of World Population

- 94%
- 6%

20 Trade Agreement Partners
Rest of the World Outside the U.S.

U.S. Merchandise Exports by Destination

- $765 billion
- $828 billion

Sources: Derived from U.S. Census Bureau, U.S. Bureau of Economic Analysis data

Billions of U.S. dollars
U.S. Merchandise Exports Boom

<table>
<thead>
<tr>
<th>Country</th>
<th>Year Before FTA</th>
<th>Five Years Later</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>340.7%</td>
<td>68.1%</td>
</tr>
<tr>
<td>Singapore</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Australia</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Morocco</td>
<td>280.0%</td>
<td>37.8%</td>
</tr>
<tr>
<td>CAFTA-DR</td>
<td>15</td>
<td>62.9%</td>
</tr>
<tr>
<td>Peru</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

Sources: Derived from U.S. Census Bureau, U.S. Bureau of Economic Analysis data

Billions of U.S. dollars
Breaking Down the U.S. Trade Balance

- Manufactured goods with 20 current FTA partners: $55.0 billion
- Agricultural goods: $35.6 billion
- Oil: $231.1 billion
- Manufactured goods with other countries: -$231.9 billion

Notes: Billions of U.S. dollars. 2014 data. Services exports and imports as reported in Table 1. U.S. International Trade in Goods and Services; manufactured goods include all products in NAICS categories 31-33; agricultural goods includes all products in NAICS categories 111-112; oil includes all products in NAICS categories 211.

Sources: Derived from U.S. Census Bureau, U.S. Bureau of Economic Analysis data
America Left Behind?

- U.S. exports rose substantially in 2000-2014
- But the U.S. share of global exports fell from 18% in 2000 to 8.5% in 2014
- 423 FTAs in force, but U.S. has FTAs with just 20 countries
Others Moving Ahead

No. of FTA Partner Countries

Chile: 60
European Union: 58
Mexico: 50
United States: 20
Trump’s 7-Part Trade Plan

1) Withdraw from the *Trans-Pacific Partnership*
2) Appoint tough, smart trade negotiators
3) Crack down on violations of trade agreements
4) Renegotiate *NAFTA* or withdraw from it
5) Label *China* a currency manipulator
6) Challenge China subsidies, trade secret theft
7) Impose tariffs on imports if needed
Executive Actions

- President Trump Executive Action on January 23, 2017:
  
  *I hereby direct you to withdraw the United States as a signatory to the Trans-Pacific Partnership (TPP), to permanently withdraw the United States from TPP negotiations, and to begin pursuing, wherever possible, bilateral trade negotiations to promote American industry, protect American workers and raise American wages.*

- Additional Executive Orders
  - FTA Review, OTMP, “Buy American, Hire American,” Steel/Aluminum imports, trade deficits, anti-dumping enforcement
“Renegotiate/Withdraw from NAFTA”

- “[NAFTA is] a disaster...We will either renegotiate it, or we will break it. Because, you know, every agreement has an end”
- Threat to impose a 35% tariff on imports from Mexico
- Trump on April 27: “If I'm unable to make a fair deal for the United States, meaning a fair deal for our workers and our companies, I will terminate NAFTA. But we're going to give renegotiation a good, strong shot.”
The Facts on NAFTA

- **JOBS:** 14 million American jobs depend on trade with Canada and Mexico
  - 807,126 in FL
- **EXPORTS:** $3.5 billion every single day and $1.2 trillion a year
- **MANUFACTURING:** For manufactured goods, the U.S. ran a cumulative trade surplus with Canada and Mexico of more than $70 billion over the past eight years (2008-2015).
- **AGRICULTURE:** Increase by 350%
NAFTA Recommendations

1. First, Do No Harm
2. Move quickly
3. Keep it Trilateral
4. Use the Amendment Process
5. Consult with Congress (TPA)

Notification letter sent to Congress on May 18
Multilateral vs. Bilateral

- Trump Administration skepticism of multilateral approaches to trade
- Future of negotiations at the WTO:
  - Old Issues: DDA, EGA, TiSA
  - New Issues: Digital Trade/E-commerce
    - December Ministerial
- Bilaterals the way forward?
  - Japan, Vietnam, Malaysia, U.K.
  - Warming up to TTIP?
  - Dynamic of TPP 11
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Trade Works for US

- 41 million American jobs depend on trade
- 98% of Americans favor trade
- 6 million more U.S. jobs tied to exports
- 3 in 5 Americans say government supports trade

Voters Want Government to Negotiate More Trade Deals

Strong majorities say government should negotiate more trade deals to open new markets for American-made goods and services.

- 62% of voters
- 64% of Democrats
- 61% of Republicans
- 62% of independents

Bipartisan Consensus: Free Trade Agreements Create Jobs and Grow the Economy

Across party lines, voters say U.S. trade with other countries is likely to:

- Create new jobs
- Boost American jobs
- Improve the U.S. trade deficit

Beneficial to Consumers and Producers

Voters overwhelmingly say free trade agreements are good for:

- Protecting and expanding jobs
- Increasing wages
- Making products cheaper

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Final Thoughts

- A new dealmaker in chief
- “Where you stand is where you sit”
- Role of Congress on Trade (TPA)
- All eyes on NAFTA
- Need to be vocal/Faces of Trade
- Q+A
Nicole Bivens Collinson
President, International Trade & Government Relations, Sandler, Travis & Rosenberg, P.A.
TRADE in 2017:
Administration and Congress Taking Action

June 6, 2017
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Can He Do What He Says?

Short answer: Yes
Trump: Impose Tariffs

President May Impose New Tariffs Under:

- **Trading with the Enemy Act of 1917, Sec 5(b)(1)(B)**
  - “Time of War”
  - Virtually all trade powers vested to President

- **Tariff Act of 1930, Sec 338**
  - “Country discriminates against US Commerce”
  - Additional duties up to 50% of the product’s value

- **Trade Expansion Act of 1962, Sec 232(b)**
  - “Adverse impact on national security”
  - Tariffs or Quotas as needed
Trump: Impose Tariffs

- **Trade Act of 1974, Sec 122**
  - “Balance of payments deficit”
  - Increase tariffs to 15%, or quantitative restrictions, or both, for 150 days

- **Trade Act of 1974, Sec 301**
  - “Foreign country carries out discriminatory practices against US”
  - Potential Tariff and Quotas

  - “National emergency”
  - Virtually all trade powers vested to President

"Only two cookies? What is this — a quota system?"
Trump: Executive Orders

• **Report on Countries with which we have significant trade Deficit**
  - China, Taiwan, European Union, India, Indonesia, Malaysia, Canada, Mexico, Thailand, South Korea, Japan, Switzerland and Vietnam
  - Commerce Department; Written Comments May 10; Hearing May 18
  - Foundation for FTA renegotiations
  - Due within 90 days of March 31, 2017

• **Enhanced Collection/Enforcement of AD/CVD Violations**
  - CBP and Homeland Security
  - Potential increase in posting bonds
  - Due within 90 days of March 31, 2017

• **Addressing Trade Agreement Violations and Abuses**
  - Commerce Department
  - Review all FTAs with the US (20) and the WTO
  - Due within 180 days of April 29, 2017
Existing FTAs:

- Israel*
- NAFTA*
- Chile
- Singapore
- Australia
- Morocco
- Central America-DR
- Bahrain
- Oman

Peru
South Korea*
Colombia*

Countries with U.S. FTAs

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Trump: Presidential Memoranda

• **Requesting Section 232 Report on Steel Imports into the US**
  • Issued April 20, 2017; Comments due May 31, Hearing held May 24
  • To determine the national security impact of steel imports
  • Under 1962 Trade Expansion Act – tariffs or quotas
  • Due within 270 days

• **Requesting Section 232 Report on Aluminum Imports into the US**
  • Issued April 27, 2017; Comments due June 20; written submissions due June 23; hearing June 22
  • To determine the national security impact of aluminum imports
  • Under 1962 Trade Expansion Act – tariffs or quotas
  • Due within 270 days
TRUMP: Budget

• Submitted May 23 (due February 6)

• Trade Impact:
  • USTR increase – staff for NAFTA etc.
  • Commerce: ↑ AD/CVD enforcement ↓ ITA (Global Markets team)
  • CBP: ↑ 21% S. Border focus; 500 new border patrol; $29 M TFTEA enforcement – labor issues; $45 M for ACE
  • USDA: restructure leadership; more prominence to trade
  • ExIm: continued authorization
  • OPIC & TDA: end funding
Congressional Trade Agenda
Border Adjustment Measures - A Better Way?

• A blueprint for tax reform

• Short on Details

• Greatest impact could be “border adjustment measure(tax)”

• The BAM “appears” to assess corporate taxes (reduced from 35% to 20%) on company revenues. If the goods sold are IMPORTED, the company CANNOT reduce its taxable revenue by cost of goods produced. If the goods are US made and exported, the company CAN reduce the taxable revenue by the cost of goods produced.

• Expected to have greater impact on companies than tariff at border.
**SIMPLIFIED Example**

Today:

Total Sales Revenue: 1,000,000
Cost of goods sold*: -300,000
Taxable Income: 700,000
Corp Tax 35% 245,000
**Total due:** 945,000

*imported or domestic/exported

Tomorrow:

Total Sales Revenue: 1,000,000
Cost of goods sold: 0
Taxable Income: 1,000,000
Corp Tax 20% 200,000
**Total due:** 1,200,000
Other Trade Issues

• GSP
  • Expires December 31, 2017
  • Reform

• Budget

• MTB
  • July 2017

• PNTR for Kazakhstan
Other Actions

• Section 201 Case accepted by USITC on certain solar panels
  • Filed by single company going through bankruptcy
  • AD/CVD rates already in effect for many manufacturing countries
  • Not supported by end users

• AD/CVD methodology changed –
  • Particular Market Situation
  • reversal of DOC steel tubes intentions after memo from Peter Navarro
Questions?

Nicole Bivens Collinson
President,
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Sandler, Travis & Rosenberg, P.A.

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Q&A
International Policy Committee Overview

Alice E. Ancona
Director, International Strategy & Policy
International Trade and Investment Office
Florida Chamber of Commerce meeting with Secretary of Foreign Relations of Mexico, Luis Videgaray
• 5/30/2017

Joint Florida Chamber of Commerce Board and Florida Chamber Foundation Trustees D.C. Fly-in
• June 27-29, 2017

International Policy Committee
• Chair: Lee Sandler – Sandler, Travis & Rosenberg, P.A.
• Submissions due August 2017
SAVE THE DATE

Global Florida Trade Topics and Trends Webinars
Upcoming webinar will be on August 1\textsuperscript{st}

Florida Trade and Investment Conference | August 9\textsuperscript{th}, 2017
Hyatt Regency Orlando Airport
9300 Jeff Fuqua Blvd, Orlando, FL

In an increasingly uncertain and complex global environment, the need to develop strategies supporting key sectors and diversifying our trade partners requires more attention and discussion than ever. The 2017 Florida International Trade and Investment Conference (FITIC) will draw trade and influential business leaders to provide insight and direction for our state and your business. You will hear directly from industry leaders and connect with trade experts, economists, industry professionals to get breaking news on international market intelligence as well as on opportunities in foreign direct investment.

[www.flchamber.com/international](http://www.flchamber.com/international)
Certificates of Free Sale

http://www.flchamber.com/certificate-of-free-sale

Some foreign governments require a “Certificate of Free Sale.” These are sometimes also referred to as a “Certificate for Export” or “Certificate to Foreign Governments.” The Florida Chamber of Commerce can issue you a Certificate of Free Sale, evidence that a product was manufactured in, packaged, or distributed from the state of Florida freely without restriction, and approved by the regulatory authorities in the country of origin (United States). Products include:

- General Manufactured Goods
- Machinery and Equipment
- Commercially Prepared Food (ready to eat)
- Cosmetics and Medical Devices

The Florida Chamber does not offer Certificates of Free sale for raw agricultural commodities, dairy products, poultry or meat products, a dietary supplements, human or animal drugs or biologics. Please contact the FDA for more information. (See below)

For More Information, Please Contact the Florida Chamber Miami International Trade Office.

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Join the Discussion, Be A Part of The Solution

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