



TRADE UNDER PRESSURE: THE FUTURE OF USMCA AMID TARIFF UNCERTAINTY

-- SPEAKING NOTES --

**Washington Council on International Trade
2025 Trade Summit**

Seattle, WA

**John R. Magnus
TRADEWINS LLC
March 17, 2025**

March 17, 2025

TRADE UNDER PRESSURE: THE FUTURE OF USMCA AMID TARIFF UNCERTAINTY

-- *SPEAKING NOTES* --

Good afternoon and thanks to WCIT for including me today. Look who I'm up here with. This one really is a big honor.

In regard to our panel's title, I intend to focus more on the "tariff uncertainty" and less on the "future of the USMCA." The reason is simple: at present, one of the USMCA governments is behaving as if the free trade agreement did not exist. The scheduled USMCA review could play out over 10 years starting in 2026. I'm going to stick to the present and the near future, and I'll be touching on four main points:

1. We should all get used to the idea of significant and lasting new tariffs on imports from Canada & Mexico, of the type that will yield large amounts of actual incremental tariff collections.
2. The tariff measures are not likely to remain IEEPA-based and will probably revert to traditional trade tools with Section 232 and Section 301 carrying most of the load.
3. These tariff measures are unlikely to feature exclusion mechanisms, putting a premium on getting their product coverage right on the front end.
4. North American economic integration will take a hit, possibly a colossal hit. Whatever sort of partnership survives will not closely resemble what we have all gotten used to since NAFTA entered into force in 1993.

The oddity of using IEEPA as a basis for managing trade inside North America

- No real emergency exists, especially in the case of Canada
- Tariffs premised on an emergency that no one can feel are unlikely to be durable if, as seems likely, there is pushback from important industries and from financial markets

- IEEPA-based tariffs are also blunderbuss; emerged from the WH itself with no involvement of the government's trade professionals; cannot be fine-tuned on the back end (see below) and are not fine-tuned on the front end
- So whether or not purely a leverage play, this IEEPA-based approach is unlikely to persist

Some significant and lasting new tariffs on imports from Canada & Mexico are nonetheless likely.

- DJT has put himself in a position where he has to record some pretty-significant incremental tariff collections, which means hitting needed items that will definitely be shipped over the tariff. Getting a lot of collections means aiming tariffs where there is a lot of complementary trade.
- Some U.S. retrenchment now will also have tactical value, in the upcoming USMCA review.
- Finally, tariffing Canada/Mexico goods has a demonstration effect – showing others (Euros especially) that this admin is deadly serious about embracing tariffs and willing to weather adverse market reactions etc.

So what might come next, if the IEEPA approach cannot last?

- Reversion to more traditional trade tools – possibly with some new “reciprocity” branding – to keep some tens of billions of (annual) dollars worth of North American trade under the boot of high Trump II tariffs.
- For Canada, the DST case alone could cover much of this ... and unlike on fentanyl, on DST the Canadian position enjoys exactly zero support within the United States. There are bilat issues with Mexico that, similar to DST, would justify affirmative 301 findings.
- Coverage doesn't need to be all that expansive, since the metals tariffs (232 on steel & aluminum) already will be yielding significant revenue collection.
- The remainder of the load may be carried by other 232 cases, such as the new ones on forest products and on copper.

What should you not expect?

- Exclusions – because last time those provided an on-ramp for judicial intervention
- Problem-solving in other areas of the trade agenda – because everyone will be too mad at us to cooperate

- Rescue from Trump I tariffs by newly-awakened Republicans, by re-elected Dems, or by judges – for the same reasons that everyone expecting such a rescue from the Trump I tariffs wound up thoroughly disappointed

WCIT
2025 Trade Summit

2025 WCIT Trade Summit
March 17, 2025

Program

- 10:00 AM** Doors Open
- 10:25 AM** Event Kickoff and Welcome
Lori Otto Punke, WCIT President
- 10:27 AM** Welcome by Ari Giovenco, Amazon
- 10:30 AM** DC Debrief: Navigating the Changing Trade Landscape
Panelist: Brian Pomper, Akin
Panelist: Clete Willems, Akin
- 10:45 AM** A Conversation with Senator Maria Cantwell & Ambassador Demetrios Marantis, NFTC Foundation
- 11:15 AM** A Conversation with Congressman Adam Smith
Introduction by Carol Anderson, Microsoft
- 11:45 AM – 12:15 PM** Lunch Buffet
- 12:18 PM** Port Update, Alex Stroger, Port of Vancouver USA
- 12:20 PM** Pacific Perspectives: The Next Chapter for Asia-U.S. Trade
Congressman Rick Larsen and Ambassador Demetrios Marantis, NFTC Foundation
- 1:00 PM** Governor Bob Ferguson video remarks
- 1:02 PM – 1:12 PM** Break
- 1:13 PM** Opening Doors in Vietnam: Amy Nguyen, Dragonberry Produce
- 1:15 PM** A Conversation with Congressman Dan Newhouse
Introduction by Riley Bushue, Northwest Horticultural Council
- 1:45 PM** A Conversation with Congresswoman Emily Randall
Introduction by Commissioner Kristin Ang, Port of Tacoma
- 2:15 PM** Field to Market: Expanding the Northwest's Role in Feeding the World
Panelist: Matt Harris, Washington State Potato Commission
Panelist: Michelle Hennings, Washington Association of Wheat Growers
Panelist: Kristina Kelley, Washington State Wine Commission
Moderator: Joe Glauber, International Food Policy Research Institute
- 3:05 PM** A Conversation with Congresswoman Suzan DelBene
Introduction by Susan Champlain, Boeing
- 3:35 PM – 3:45 PM** Break
- 3:45 PM** A Conversation with Congresswoman Kim Schrier
Introduction by Commissioner Sam Cho, Port of Seattle
- 4:15 PM** Strengthening the Strong Relationship Between the U.K. and the U.S.
The Rt Hon Lord Peter Mandelson, UK Ambassador to the United States
- 4:45 PM** Trade Under Pressure: The Future of USMCA Amid Tariff Uncertainty
Panelist: Allison Gifford, Clear Strategy
Panelist: John Magnus, TradeWins LLC
Panelist: Josh Meltzer, Brookings Institute
Moderator: Ted Alden, *Foreign Policy* magazine, Western Washington University
- 5:30 PM** Closing Remarks
Lori Otto Punke, WCIT President

Thank you to Our Sponsors



THE NORTHWEST
SEAPORT ALLIANCE

