



BY JOHN MAGNUS — 08 DEC 2025

A New Central Organizing Principle for U.S. Trade

In the US Trade Regime class I teach with Matt Nicely, our unit on the regime's import side has traditionally begun with a review of how the United States classifies trading partners ... the "ordinary," "preferred" and "rogue" categories associated with columns 1a, 1b and 2 (respectively) of the *Harmonized Tariff Schedule of the United States*. The big picture. We would marvel at how few countries the United States was actually trading with on a plain vanilla MFN basis, and note that the countries whose goods would otherwise attract Smoot Hawley / Column 2 rates (North Korea, Cuba) were generally countries with whom sanctions prevented trading altogether.

The categories themselves were based on agreements, developmental status and institutional memberships. WTO Member? Then you are at least eligible for column 1a. Preference beneficiary or Free trade agreement (FTA) partner? Then your treatment, via column 1b, is even better than most-favored. Both of these categories had a wide mix of developed and developing countries, from every settled region of the earth. There were important nuances – for example, not all preference beneficiaries and FTA partners were getting identical treatment – but the overall structure and the underlying organizing principle were quite clear.

And they had nothing to do with a trading partner's proximity to China.

Now comes USTR Greer with the clearest articulation, to date, of U.S. trade's new organizing principle. In a newly published "Politico Conversation," he said:

If you look at the tariff setup in the world that's come out of the president's program, the highest tariffs are on China. Again, not because we bear China any ill

*will, but because we have a giant trade deficit with them and they have a lot of unfair trading practices. The next set of highest tariffs is Southeast Asia, India, these other areas that use a lot of Chinese content, Southeast Asia in particular, and we have giant trade deficits with them, Vietnam, for example. And then the next highest tariff rates, and these are usually about 15 percent, folks who are allies but with whom we have big trade issues: Korea, Japan, Europe, etc. And then the lowest tariff rates are really in the Western Hemisphere, where we want our supply chains to be, where it's very secure. **So you can really see almost like concentric rings going out from China, what the tariff rates are like**. We have a couple outliers right now. India has a higher tariff for some geopolitical reasons. They buy Russian oil. Brazil has some higher tariffs. (Emphasis supplied)*

Most readers will have attended conferences, over the years, in which China-U.S. trade relations were covered as a “hot topic.” USTR Greer’s interview marks China’s ascent from hot topic to lodestar ... the new central organizing principle of the U.S. trade architecture.

I’m curious how citizens of our third-largest trading partner feel about their country’s newly-elevated role. I’m likewise curious how readers feel about it. For my part, I wonder whether current concerns about economic competition with China, while quite serious, might be prompting a slight over-reaction.

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