# Trump's Sector-Specific Tariff Strategy

- 🏛️ Trade Policy Direction
  - Aggressive sector-specific tariffs
    - Shift from "reciprocal" tariffs
    - Based on Section 232 of the Trade Expansion Act (1962)
      - Used for national security concerns
      - Investigations must be completed within 270 days
- 🔍 Investigated & Targeted Sectors
  - Copper
    - 50% imported
    - Key to electrification, AI, blockchain
    - Long timeline for mining permits (~18 years)
    - Dependence on imports (e.g., Canada, Chile, Peru)
  - Lumber
    - 30% imported (softwood lumber)
    - Used in housing, furniture, paper
    - Linked to housing affordability crisis
    - Forest logging policy → environmental concerns
  - Pharmaceuticals
    - Goal: Lower drug prices vs. promote US manufacturing
    - Tariffs increase drug costs
      - Generic drug: 0.94 per pill
      - Cancer drugs: 10,000 increase (24-week course)
    - Supply chain risk, shortages
    - Preferred solution: tax incentives, not tariffs
  - Semiconductors
    - Found in: phones, cars, electronics
    - Called "crude oil of the 21st century"
    - CHIPS Act aims to boost domestic chipmaking
    - Lack of assembly infrastructure
      - Chips must still be sent abroad for final assembly → tariffs apply
  - Critical Minerals
    - Future target for investigation
    - Details yet unclear
- 📉 Economic Impacts (Gregory Daco, EY-Parthenon)
  - Higher import costs → inflation
  - Depressed consumer/business confidence
  - Investment hesitation
  - Market volatility → lower wealth and earnings
  - Recession risk ("recession watch")
- ⚠️ Challenges & Criticisms
  - Unpredictable policy environment
  - Hurts US consumers & businesses
  - Complex supply chain dependencies
  - Not enough domestic capacity for self-sufficiency
  - Long lead times to build facilities and develop skilled workforce
- 🧠 Expert Opinions
  - Gregory Daco (EY-Parthenon): Exemptions help avoid worst effects
  - Dan Ikenson (Ikenomics): Long-term trade cooperation is better
  - Diederik Stadig (ING): Conflicting goals in pharma policy
  - Joaquin Duato (J&J): Tariffs hurt supply chain; use tax incentives instead
  - John Dallesasse (UIUC): Assembly gap undermines chip production push
- 🚫 Exemptions
  - USMCA-compliant goods
  - Items under Section 232 probes
  - Temporary exclusions:
    - Smartphones
    - Computer monitors
    - Other electronics (to be added to semiconductor tariffs later)

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