

What happens after midterm election



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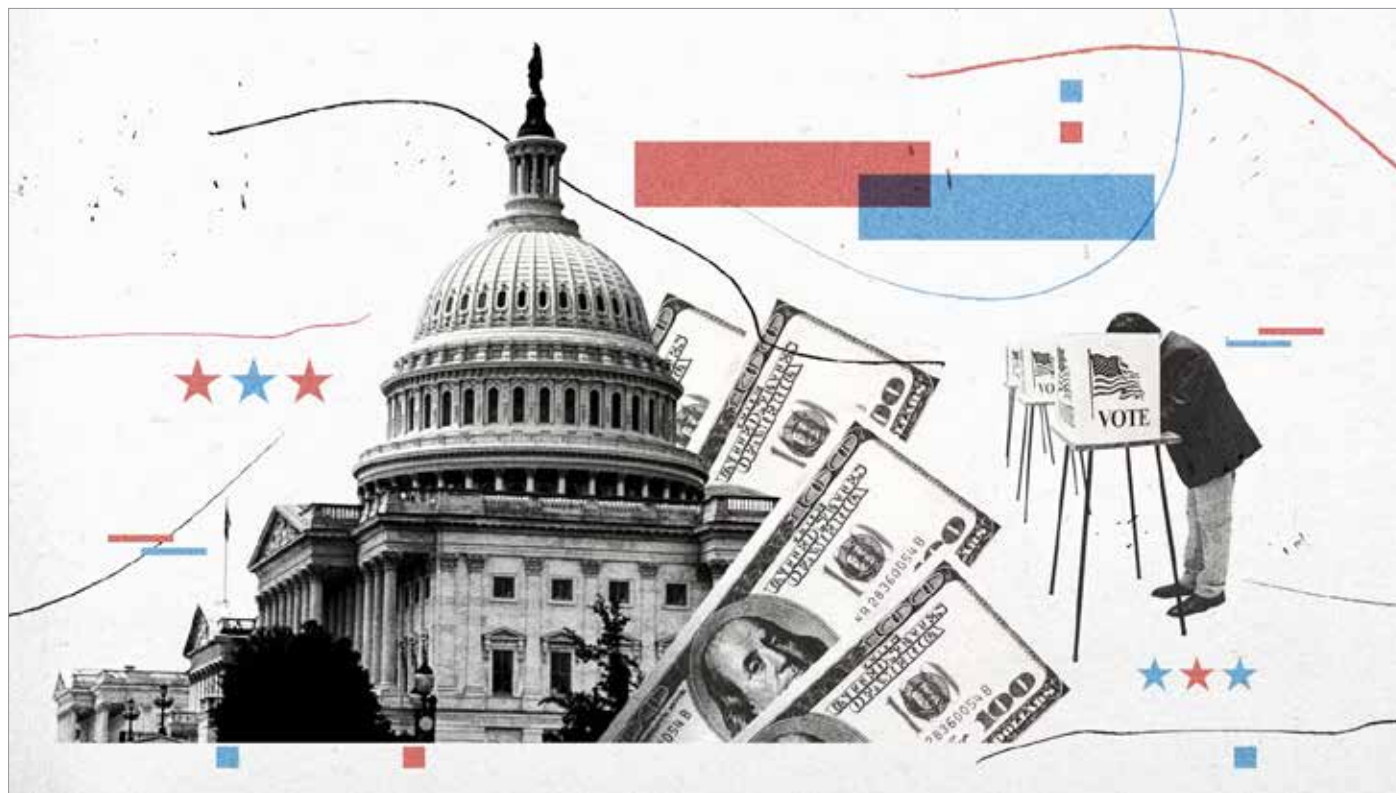
OPINION

It would be a mistake for an amateur like me to predict the election results, but I can, with some degree of confidence, predict what the outcome will bring in terms of trade actions. I will focus on scenarios where one or both houses of Congress are taken over by the Democrats. If that doesn't happen, the country should expect more of the same, and I can stop writing now. If the country does end up with a Democratic House or Senate, or both, we can expect a more active agenda on trade, as well as in other areas.

That level of activity, however, comes with a large caveat: No proposed legislation is likely to get across the finish line simply because the Democrats will not have a veto-proof majority in both houses. There will be proposals, hearings, committee markups, and possibly floor action, but nothing that passes is likely to get a presidential signature. That does not mean, however, that the efforts will be futile. Congress can pass legislation, appropriate money or decline to appropriate it, issue subpoenas and conduct investigations, confirm executive branch nominations (in the Senate), and influence public opinion by deciding what issues will be debated.

The most important of those is the power of the purse, which Democrats will use to direct funding to favored programs and deny it to those they oppose. That is not particularly relevant to trade, and neither are confirmations, unless US Trade Representative Jamieson Greer loses his job. Investigations and subpoenas could become important if investigators discover "pay-to-play" schemes in the tangled web of tariff exemptions.

The ability to reframe the trade debate is an important opportunity that will provide a means of criticizing Trump's trade policy and laying out a Democratic alternative in preparation for the 2028 presidential election. Of course, that depends on Democrats' ability to agree on an alternative, which will not be easy. In a recent column, I noted that Democrats have long been divided between trade skeptics, who sound remarkably like Trump except for who they blame for the trading system's failures, and centrists, who still think classical economist David Ricardo had



ALBERTO MIER/CNN

a point. Thus far, they have coalesced on two points: (1) while some tariffs are good, Trump's, for the most part, are bad, and (2) in imposing his tariffs, Trump did not follow legally mandated procedures and bypassed Congress. Those are good points, but they are not a policy, although they do suggest an agenda. So, while the debate over what a US trade policy should look like will continue for the next two years, just as it has for the past 35, there is a list of things we can expect Democrats to move forward, even though they know they will not succeed. Most of them are responses to the two criticisms just mentioned.

● Remove "bad" tariffs. The most obvious target here will be tariffs

on Canada.

● Repeal laws that Democrats believe have been misused. Section 122 of the Trade Act of 1974 and Section 338 of the Tariff Act of 1930 are prime targets. The now-expired Section 122 tariffs have already been invalidated by a lower court, and litigation over Section 338 is looming.

● Amend other sections of law, particularly Section 232 of the Trade Expansion Act of 1962 and Section 301 of the Trade Act of 1974. The former has been criticized for giving the president too much latitude, as when he determined that imports of kitchen cabinets constitute a national security threat. Trump's use of the latter to impose the forced labor tariffs has been criticized

as a distortion of the statute's intent and a pretext to restore the tariffs the Supreme Court invalidated last February.

● Look closely at the tariff refund issue and explore ways the refunds can find their way back to the consumers who actually paid the tariffs in the form of higher prices.

● Investigate tariff exemptions Trump granted to see if they were linked to campaign contributions or other quid pro quos. Other initiatives will likely focus on reasserting congressional authority over trade policy, which has eroded over Trump's terms:

● Build on the provisions of the United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act

of 2023 by requiring submission of trade agreements to Congress for approval whether or not they contain provisions that would require changes in US law. Variations of these ideas have already been proposed by Senators Ron Wyden (D-OR), Maria Cantwell (D-WA), and Chuck Grassley (R-IA). (CSIS has done extensive unpublished research on the question of when a trade agreement should require congressional approval. It turns out to be exceptionally complicated. If it appears these proposals get any traction, future columns will discuss the question in depth.)

● Require congressional approval for entering into future trade negotiations.

● Require congressional approval for any new tariffs.

As noted above, these legislative proposals, even if passed, will not survive a presidential veto. The investigations' traction will depend on any facts that are uncovered. Collectively, they will put the administration on the defensive and force it to spend considerable time providing information and defending itself. (I speak from experience, having served in an administration where the other party controlled Congress most of the time.) That will leave less bandwidth for new initiatives. But these measures are all reactive; they do not constitute a Democratic trade policy. Arguing that the current administration has failed may be a successful tactic in the upcoming election, but winning a presidential contest will require more than that.

The article was first published by the Center for Strategic and International Studies.



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Former US president John F. Kennedy (seated) announces the signing of the Trade Expansion Act of 1962. Section 232 of the act permits the president to impose tariffs if "an article is being imported into the United States in such quantities or under such circumstances as to threaten or impair the national security".
● [jfklibrary.org](https://www.jfklibrary.org)

No real rebalancing in EU's trade deal with China



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OPINION

European Union Commissioner for Trade Maroš Šefčovič returned from the October 8-9

EU-China Trade and Investment Consultations in Beijing with three 'shared understandings' and a declaration: "This is far from the end."

The EU's headline gain is a 'shared understanding' with China on reducing Chinese exports of hybrid and plug-in hybrid-electric vehicles. However, Europe's bilateral trade deficit

with China is €360 billion, and Chinese automotive exports to the EU are worth around €15 billion. Much of the imbalance derives from increasingly large EU imports of machinery, chemicals, metals, solar panels, batteries and ICT products. A marginal reduction in automotive exports will hardly make a difference. The second 'shared understand-

ing' reached is even less impactful: China will lower tariffs on some European products, including car parts, olive oil and footwear, saving some €225 million in duties — again, marginal compared to the overall trade deficit.

The third 'shared understanding' is the creation of a 'green channel' to facilitate licences for

rare earths and permanent magnets. Leaving such an agreement to China's discretion does not guarantee the provision of rare earths when needed, as Washington and Brussels discovered in October 2025.

Beijing's own readout of the meeting spells out the lack of Chinese concessions more clearly than the joint state-

ment published by the EU. In particular, the Chinese readout makes it clear that the softening of export controls must be reciprocal. Even the EU-issued joint statement mentions potentially softening European export controls on dual-use sectors, which could refer to Dutch export controls on ASML's exports of advanced