

**THE PRESIDENT'S
2026 TRADE POLICY AGENDA**

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The America First Trade Policy

A Trade Policy That Puts America First

The world has never seen an economic juggernaut like the United States. The Constitution is our most important trade agreement, fostering growth and social mobility for American citizens joined together by this social contract. Trade policy has played an important role in this success, promoting U.S. production and jobs when properly developed and implemented, or limiting economic opportunities when misused. President Trump has focused his trade policy on ensuring that workers are rewarded for what they produce, and that the long-term economic success of American families and communities is the most important consideration.

The United States should produce more of what it consumes. Production—in manufacturing, agriculture, and their attendant services—makes for an economy that has higher wages, more innovation, and greater national security.¹ In other words, creating wealth through production opens the door for consumption that grows the economy in a healthy and stable way. Financing our consumption of foreign imports with increasing debt does the opposite.

For the last thirty years, U.S. trade policy has focused on debt-driven consumption divorced from domestic production. The United States currently runs the largest trade deficit in human history, after offshoring 5 million manufacturing jobs and losing more than 70,000 factories during a period of hyper-globalization.² The conditions reflected in our massive trade deficit—an atrophied industrial base, downward pressure on American wages, and risks to our economic and national security—make that clear. These conditions have persisted for far too long and worsened in recent years: the U.S. trade deficit in goods and services exploded by 40 percent from 2020 to the end of the Biden Administration. And, in a dangerous and uncertain world, these conditions have given rise to a *national emergency*.

The United States started running a small trade deficit in goods in 1976.³ “That’s probably fine,” many U.S. policymakers would have said at the time, “thanks to our comparative advantages we still have trade surpluses in advanced technology products and agriculture.”

But in 2002, the United States started running trade deficits in advanced technology products.⁴ Concerning to be sure, but ultimately acceptable in the minds of policymakers since America still had its agricultural advantage. Not anymore. The United States ran significant trade deficits in agriculture in 2023 and 2024.⁵ These deficits have become structural in nature. Something is afoot in the global economy.

¹ [Ambassador Jamieson Greer, U.S. Trade Representative, Remarks at the Reindustrialize Summit in Detroit, Michigan \(July 16, 2025\)](#).

² [U.S. Census Bureau, Business Dynamics Statistics \(BDS\)](#), (showing an approximately 74,000 decline in manufacturing establishments in the U.S. between 1995 and 2022); [U.S. Bureau of Labor Statistics, All Employees, Manufacturing \[MANEMP\]](#), [Federal Reserve Bank of St. Louis, FRED](#).

³ [U.S. Census Bureau, U.S. Trade in Goods and Services – Balance of Payments \(BOP\) Basis, 1960 Through 2024](#).

⁴ [U.S. Census Bureau, Trade in Goods with Advanced Technology Products](#) (last visited Feb. 16, 2026).

⁵ [U.S. Dept. of Agriculture, Economic Research Service, Foreign Agricultural Trade of the United States \(FATUS\): U.S. Agricultural Trade Data Update](#) (last visited Feb. 16, 2026).

What is happening to the United States with respect to international trade is not about comparative advantage at all. The United States has the best workers, the smartest inventors, the most fertile land, nearly endless natural resources, bountiful capital, and still many, many factories—and yet, despite these advantages, it has to bring from abroad so much of what it needs to thrive, to survive. How can this be? Some things, like cocoa and bananas, obviously cannot be produced in the United States in quantities to meet demand. But what about cars, cookies, clothes, and computer chips? Tools, titanium, and tanks? There is no inherent reason why U.S. production cannot satisfy more of U.S. consumption of goods like these.

The reasons are myriad and implicate many of the domestic policies—like tax, workforce, technology, regulatory, and permitting policy—that President Trump is fixing. But for trade policy, the reason is starkly apparent: a lack of effective reciprocity in our global trading system. After decades of advocating for aggressive market liberalization, the U.S. market is far more open to foreign goods and services than the markets of foreign trading partners are to U.S. exports. This is best evidenced by the fact that the United States maintains among the lowest average bound Most-Favored-Nation (MFN) tariff rates, while other countries maintain average bound rates that are much higher.⁶ Furthermore, while the United States has few non-tariff barriers to foreign trade and investment, other countries deploy extensive legal, regulatory, and standards-based policies that serve as non-tariff barriers against U.S. commerce.

When coupled with other unfair policies and practices by other countries—including wage suppression, subsidies, lax regulatory standards, and currency misalignment and manipulation—the global trading system becomes stacked against the United States. Instead of a rules-based order that promotes economic welfare by allowing countries to maximize their actual comparative advantage, the system has become structured in a way that artificially boosts the competitiveness of foreign imports and harms the competitiveness of U.S. exports. This is part of why, despite all of our wonderful attributes as a nation, we produce so little of what we consume. It is a key driver of our unprecedented trade deficit.

Through a combination of tariffs and trade agreements, the United States is bringing back the domestic production it needs to regain its economic competitiveness and strengthen its national security. Through a focus on key sectors including metals, semiconductors, energy, and pharmaceuticals, the United States is rebuilding its strength in the most critical national security sectors. This is the America First Trade Policy.

The First Year of the America First Trade Policy

Evidence from the past year demonstrates the America First Trade Policy is working. Since the President began implementing his policy in April 2025, the trade deficit in goods decreased, on a year-over-year basis, every month through December 2025.⁷ Further, the largest driver of our overall trade deficit in goods—our trade deficit with China—was down 32 percent, year-over-year, in 2025.⁸ For the first time since 2000, China is no longer the trading partner with which the United States has its largest trade deficit.⁹ In other words, in one short year, the United States has substantially diversified its import sources and reduced its import dependency on China.

⁶ [World Trade Organization, *World Tariff Profiles 2025*](#), (detailing how the U.S. simple average MFN bound rate of 3.4 percent is lower than the respective bound rates of all major trade partners including the European Union, at 5 percent, China, at 10 percent, Vietnam, at 11.7 percent, Brazil, at 31.4 percent, and India, at 50.8 percent).

⁷ [U.S. Census Bureau, *Trade in Goods with World, Not Seasonally Adjusted*](#) (last visited Feb. 19, 2026); [U.S. Bureau of Economic Analysis, *U.S. International Trade in Goods and Services, December 2025*](#) (Jan. 29, 2026).

⁸ [U.S. Census Bureau, *Trade in Goods with China*](#) (last visited Feb. 19, 2026).

⁹ In 2025, the U.S. goods trade deficit with China (\$202.1B) fell below the U.S. goods trade deficit with the EU (\$218.8B). In Q4, 2025, the U.S. goods trade deficit with China was lower than the U.S. goods trade deficit with Taiwan, Mexico, and Vietnam. [See U.S. Bureau of Economic Analysis, *U.S. International Trade in Goods and Services, December 2025*](#) (Feb. 19, 2026).

In addition to changing the United States' import profile, trade policy is supporting an increase in U.S. exports and the expansion of domestic production. Since the launch of the Agreement on Reciprocal Trade (ART) program to expand market access for U.S. workers and firms, goods and services exports have increased \$199.8 billion (6.2 percent) to a record \$3.4 trillion.¹⁰ In 2025, U.S. exports of capital goods—including civilian aircraft, computers, semiconductors, and telecommunications equipment—rose \$63.9 billion (9.9 percent).¹¹

In tandem, domestic production has started to scale. In January 2026, a leading indicator based on surveys of U.S. manufacturers signaled that factory activity expanded for the first time in over two years.¹² Manufacturing productivity improved steadily in 2025, reversing a troubling steady decline—in absolute terms—in recent years.¹³ Shipments of core capital goods—a leading indicator of new industrial capacity—reached a record high in July and again in each month from September through December, peaking at approximately \$78.7 billion.¹⁴ In 2025, the United States surpassed Japan in crude steel production for the first time since 1999, becoming the world's third-largest steel producer behind China and India.¹⁵

The result is that wages are up for American workers and the economy is growing at a faster rate than it did during the Biden years. Real personal disposable income, as adjusted for inflation, grew at 1.6 percent in 2025, and average earnings in the private sector are estimated to have increased by over \$2,700 in President Trump's first 12 months in office.¹⁶ In the second half of President Trump's first year—when tariffs were fully in place—the real economy grew at an annualized rate of 2.3 percent,¹⁷ despite the government shutdown forced by Congressional Democrats.

It's not just rhetoric; the data tell the story. America is back.

The America First Trade Policy in 2026

The Trump Administration is going to double down on the America First Trade Policy in 2026 to capitalize on the wins from 2025 and keep momentum going for domestic producers and the U.S. economy. The Administration—working closely with Congress and American workers, farmers, ranchers, producers, and service-providers—will focus on six core areas in furtherance of the America First Trade Policy:

- Continue the Agreement on Reciprocal Trade (ART) Program;
- Pursue Robust Enforcement of ARTs, Other Trade Agreements, and United States Trade Laws;
- Secure Supply Chains for Critical Minerals and Sectors;
- Conduct the Review of the U.S.–Mexico–Canada Agreement (USMCA);
- Manage Trade with China for Reciprocity and Balance; and
- Promote American Interests in International Fora.

¹⁰ [U.S. Census Bureau & Bureau of Economic Analysis, *U.S. International Trade in Goods and Services, December 2025*](#) (Feb. 19, 2026);

¹¹ [U.S. Census Bureau & Bureau of Economic Analysis, *U.S. International Trade in Goods and Services, November 2025, Exhibit 6*](#) (Jan 29, 2026).

¹² [Institute for Supply Management, *Manufacturing PMI Report: January 2026*](#) (February 2, 2026).

¹³ [U.S. Bureau of Labor Statistics, *Manufacturing Sector: Labor Productivity \(Output per Hour\) for All Workers \[OPHMFG\]*](#), Federal Reserve Bank of St. Louis, FRED, (last visited Feb. 19, 2026).

¹⁴ [U.S. Census Bureau, *Manufacturers' Value of Shipments: Nondefense Capital Goods Excluding Aircraft \[ANXAVS\]*](#), Fed. Reserve Bank of St. Louis, FRED (Updated Jan 29, 2026).

¹⁵ [World Steel Ass'n, *Monthly Crude Steel and Iron Production Statistics*](#) (2025).

¹⁶ [U.S. Bureau of Economic Analysis, *Real Disposable Personal Income*](#), Fed. Reserve Bank of St. Louis, FRED (updated Dec. 23, 2025); Bureau of Labor Statistics, *Real Earnings — December 2025* (Jan. 13, 2026).

¹⁷ [U.S. Bureau of Economic Analysis, *Table 1.1.6. Real Gross Domestic Product, Chained Dollars*](#) (Feb. 20, 2026).

Continue the Agreement on Reciprocal Trade Program

For the last 40 years, the United States has chronicled the multitude of foreign trade barriers which contribute to our trade deficit. And for the last 40 years, other administrations have done little, if anything, to rectify them—instead pursuing negotiations with a limited set of partners, which took many years, if ever, to conclude.

When announcing the reciprocal tariff program on April 2, 2025, President Trump spoke to this policy failure. He held up the National Trade Estimate, the annual report which compiles these barriers and practices, and directed his Administration to confront these imbalances at the heart of the global trading system. In response, dozens of trading partners stepped forward to signal their willingness to negotiate reciprocal trade agreements to address U.S. concerns. And so, the ART program was born.

In the 10 months since, USTR has signed ARTs with Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, Indonesia, Malaysia, and Taiwan and announced framework deals with Ecuador, the European Union, India, Japan, North Macedonia, South Korea, Switzerland and Liechtenstein, Thailand, and Vietnam. USTR is actively negotiating to upgrade each framework deal into an ART or equivalent. Legally-binding and fully enforceable, each ART requires (1) a trading partner to significantly lower its tariffs and non-tariff barriers to U.S. exports and (2) the United States to maintain a modified tariff on the trading partner (*i.e.*, a supplemental tariff higher than the statutory MFN rate). This will help achieve balance by increasing exports of U.S. agricultural and industrial goods while reducing import dependencies.

The commitments secured in the ARTs are historically meaningful. Tariff and non-tariff barriers that have harmed American exporters and workers for decades are finally being resolved *en masse*. The ART program has produced new broad-ranging commitments on market access, labor and environmental standards, and national and economic security, all while retaining the tariffs needed for our reindustrialization.

For example, trading partners are eliminating nearly all tariffs on U.S. products, including Indonesia (99 percent), Malaysia (97 percent), Cambodia (100 percent), India (99 percent for industrial goods), and the European Union (100 percent for industrial goods). The European Union will also provide preferential market access for a wide range of U.S. seafood and agricultural products, including tree nuts, dairy products, fresh and processed fruits and vegetables, processed goods, planting seeds, soybean oil, and pork and bison meat. The United Kingdom has committed to opening its market to \$700 million in U.S. ethanol exports and duty-free treatment for \$250 million in additional U.S. agricultural exports, including beef.

Trading partners are also removing significant non-tariff barriers. Several countries (including Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, Guatemala, Malaysia, and Taiwan) will provide fair access to U.S. exports of meats and cheeses with common names. Trading partners (including Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, Guatemala, Indonesia, Malaysia, and Taiwan) will enact import bans on products made with forced labor, the most progress made on this pernicious human rights and economic arbitrage issue ever.

In many cases, commitments secured in the ARTs, or achieved thanks to Reciprocal Tariffs and the ART program, address problems that have bedeviled the United States for many years. This includes Australia ending its ban on U.S. beef (22 years), Indonesia committing to support the permanent moratorium on customs duties on electronic transmissions (28 years), and Israel providing the United States with comprehensive and permanent agricultural market access (41 years). The United States also secured commitments for countries to address long-standing intellectual property (IP) issues identified in previous Special 301 Reports, including from Argentina to repeal restrictive patentability criteria, which has been a major barrier for U.S. innovators, and from Guatemala to resolve IP enforcement issues with trademark

counterfeiting and copyright piracy, which has harmed U.S. brand owners and creators. In addition, the United States has secured commitments from thirteen countries to accept vehicles built to U.S. safety and emissions standards—removing what had often been long-standing regulatory barriers to U.S. auto exports into those markets.

One of the most significant results of the ART program is the end of the false choice, long endemic to U.S. trade policy, between increased market access for agriculture and services and protection for manufacturing. Under the traditional trade paradigm, the United States historically slashed its tariffs on industrial goods, sacrificing our industrial base to gain limited foreign market access commitments for U.S. agriculture or services. But under the ARTs, farms and factories are no longer in competition for the benefits of U.S. trade policy—all sectors stand to win from the ART program. Instead of pitting workers and sectors against each other in a race to the bottom, the America First Trade Policy is a trade policy for all sectors and workers.

In 2026, the United States will continue to seek to lower foreign tariffs and non-tariff barriers with trading partners in the context of the ART program. Although the tools for implementing and maintaining tariffs in connection with the ARTs are subject to judicial review, and may change when appropriate, we expect to continue to work with our partners to implement these deals.

Pursue Robust Enforcement of Agreements on Reciprocal Trade, Other Trade Agreements, and United States Trade Laws

In addition to striking new deals with our trading partners, USTR will pursue robust enforcement of all of our trade agreements and trade laws. In 2026, USTR will closely monitor implementation of existing ART commitments and those embodied in forthcoming ARTs, as well as other existing trade agreements, and enforce when necessary. USTR also will pursue broader measures to support customs enforcement and prevent duty evasion.

Additionally, USTR will continue robust efforts to combat unreasonable and discriminatory measures that burden or restrict U.S. commerce through existing Section 301 actions. USTR will also evaluate whether it is appropriate to initiate new Section 301 investigations, or use other enforcement mechanisms, to address additional structural and cross-cutting distortions to the global trading system. The United States has substantial concerns regarding global overcapacity, abuses related to seafood and fishing, unfair domestic and export-driven agricultural policies, pharmaceutical pricing, digital services taxes and digital discrimination, and many other policies and practices. USTR will also continue its work pursuant to ongoing Section 301 actions, including the investigation into China's compliance with the Phase One Agreement, and responsive actions with respect to Nicaragua's labor practices, China's shipbuilding practices, and China's semiconductor practices. In May, USTR will commence the statutorily required Four Year Review of the Section 301 responsive action on forced technology transfer. In July, USTR will also consider whether to take action in the Section 301 investigation involving the enforcement of U.S. rights in the World Trade Organization (WTO) disputes involving large civil aircraft.

Secure Supply Chains for Critical Minerals and Sectors

While the ART program responds to the national emergency posed by the conditions of the large and persistent trade deficit overall, some sectors are so critical for national security that they require a specialized response. Many of these sectors have been identified by the Department of Commerce pursuant

to Section 232 of the Trade Expansion Act of 1962.¹⁸ The United States will continue to pursue resilience of its critical supply chains by reshoring industry and diversifying trade in these sectors.

Economic security is national security. And domestic production is intrinsic to economic security. Other administrations slept and let critical industries be shipped overseas, squandering our nation’s post-Cold War advantages as the world moved into an era of great power competition. As the National Defense Strategy emphasized, President Trump’s historic effort to reshore strategic industries and supercharge our defense industrial base will restore deterrence and bolster our nation’s security. Under the America First Trade Policy, the United States will ensure peace through strength by orienting, in the words of Secretary of War Pete Hegseth, “our industrial base to a wartime footing.”¹⁹

The United States will continue to pursue resilience of its critical supply chains by reshoring industry and diversifying trade across the entire value chain of multiple sectors. These efforts will include—but will not be limited to—pharmaceuticals and medical equipment, metals and their downstream products, energy inputs and technologies, semiconductors and semiconductor equipment, automotive parts and finished vehicles, and critical mineral production and refining.

Critical Minerals are a good example of where the Administration is taking strong action through a whole-of-government approach to secure critical supply chains. On the basis of the Secretary of Commerce’s finding that the United States is dangerously reliant on imports of critical minerals, the President directed, pursuant to Section 232 of the Trade Expansion Act of 1962, USTR and Commerce to negotiate an agreement to reduce that import dependence. In response, USTR will negotiate a plurilateral agreement—the Agreement on Trade in Critical Minerals (ATCM)—with like-minded partners to establish common border-adjusted price mechanisms for specific minerals and downstream products. These mechanisms—as well as other provisions on fundamental labor rights and environmental standards, export controls, stockpiling, and competitiveness—will help re-shore critical minerals mining and processing by establishing a preferential trade zone free from non-market distortions, and will create a reliable supply for critical minerals that we cannot extract domestically.

The Administration’s trade actions will also seek to attract constructive foreign investment while ensuring that foreign investment will not imperil national security. The United States can benefit from an open investment climate, especially when foreign investment supports greenfield projects that enhance economic opportunities for Americans and grow our industrial base. For example, the Department of Commerce has negotiated historic agreements with Japan, Korea, and Taiwan to promote the greenfield investment necessary for U.S. reindustrialization. However, some foreign investment can also harm the United States and its national security. The United States will continue to actively use the Committee on Foreign Investment in the United States (CFIUS) to guard against national security threats, and will implement the provisions of the American First Investment Policy to promote productive, market-based investment in the United States.

¹⁸ Sectors for which an investigation was initiated in 2025, or for which tariff modifications were made on pre-existing investigations include the following: steel and steel derivatives; aluminum and aluminum derivatives; automobiles, light trucks, and auto parts; copper and copper derivatives; timber, lumber, and wood products; pharmaceuticals and pharmaceutical ingredients; semiconductors and semiconductor manufacturing equipment; medium / heavy duty trucks, truck parts, and derivatives; processed critical minerals and derivatives; commercial aircraft, jet engines, and parts; polysilicon and components; robotics and industrial machinery; personal protective equipment, medical consumables, and medical equipment. See [Bureau of Industry & Security, U.S. Dep’t of Commerce, Section 232 Investigations](#) (last visited Feb. 16, 2026).

¹⁹ [Pete Hegseth, Sec’y of War, Remarks on the Arsenal of Freedom \(Nov. 7, 2025\) \(as delivered\)](#).

Conduct the Review of the United States–Mexico–Canada Agreement

In his first term, President Trump recognized the harm caused to U.S. workers and U.S. competitiveness by the North American Free Trade Agreement (NAFTA) and took historic action to fix it. NAFTA cost the United States an estimated 700,000 jobs and increased our trade deficit by approximately \$160 billion²⁰—replacing it with the United States–Mexico–Canada Agreement (USMCA) was critical and long overdue.

The USMCA was an important step in rebalancing our economic relationships with Mexico and Canada, but many problems require resolution. For example:

- The United States not only continues to run large trade deficits with both Mexico and Canada, but those deficits have also increased since the entry into force of USMCA²¹;
- Mexico has adopted a series of preferential measures to benefit national champions in its energy and mining sectors, particularly concerning oil, gas, and electricity, to the detriment of U.S. investors;
- Mexico has undermined its overall investment climate;
- Mexico’s inadequate labor laws and lax protection of such laws continue to undermine U.S. workers;
- Canada continues to maintain policies that violate its USMCA dairy market access commitments; and
- Canada maintains discriminatory and restrictive digital measures, including its Online Streaming Act.

Moreover, the USMCA must address certain urgent challenges, including a surge in investment from companies domiciled in non-market economies in the region and the effects of industrial overcapacity on the three economies. The USMCA will also need to strengthen rules of origin across key sectors and include effective measures against transshipment and offshoring. These issues are critical per the National Security Strategy and the National Defense Strategy. The Western Hemisphere is of unique importance to the economic and national security of the United States, and that begins with Mexico and Canada.

Importantly, President Trump included an innovative mechanism in the USMCA to allow for a joint review and revision. In 2026, USTR will lead discussions with Mexico and Canada during that Joint Review. This process will include bilateral engagement with each country, as well as trilateral engagement where appropriate, to address challenges in our relationships. USTR will negotiate firmly to resolve issues identified through the Joint Review, and will recommend renewal only if such resolution can be achieved.

Manage Trade with China for Reciprocity and Balance

There is now no doubt about the costs of more than two decades of unfettered free trade with China. The United States lost millions of jobs as the result of unfair competition after China acceded to the WTO in 2001. China has been the largest driver of the United States’ trade deficit for over 20 years, and many critical supply chains have been weakened as a result of China’s non-market policies and practices.

²⁰ See [Robert E. Scott, Heading South: U.S.-Mexico Trade and Job Displacement after NAFTA, Economic Policy Institute Briefing Paper No. 308 \(May 3, 2011\)](#); Robert E. Scott, *The Effects of NAFTA on US Trade, Jobs, Investment, 1993-2013*, 2 *Review of Keynesian Economics* 429 (2014).

²¹ In 2020, the goods trade deficit with Canada was approximately \$14 billion—in 2025 it was \$46 billion. Likewise, the goods trade deficit with Mexico increased from approximately \$111 billion in 2020 to approximately \$197 billion in 2025. Notably, the U.S. agricultural trade deficit with Canada grew from \$3.1 billion in 2020 to \$11.1 billion in 2025, while the agricultural trade deficit with Mexico grew from \$14.7 billion in 2020 to \$13.4 billion in 2025. See [U.S. Census Bureau, Trade in Goods with Canada](#) (last visited Feb. 19, 2026); [U.S. Census Bureau, Trade in Goods with Mexico](#) (last visited Feb. 19, 2026).

President Trump’s trade policy has been focused across his two administrations to address this issue head-on.

The United States expects ongoing trade with China and will continue to engage to ensure that trade is based on reciprocity and balance. To achieve that end, the United States will seek to work with China so that both sides can better manage their bilateral trade with the aim of promoting economic benefits for producers and consumers in each country. By managing bilateral trade with arrangements negotiated among each country’s political leaders, the U.S.-China economic relationship can be improved for fairness, balance, and predictability. The deal reached between President Trump and President Xi at Busan, Korea in October 2025 represents the first step in that direction. The United States will continue to closely monitor China’s compliance with the deal.

Promote American Interests in International Fora

The United States will advance the foundations of a new trading system based on reciprocity and balance in various plurilateral and multilateral economic engagements.

The United States will continue to lead at the Group of Seven (G7), Group of Twenty (G20), and the Organization for Economic Cooperation and Development (OECD) to focus coordinated attention on crucial issues of the day, including industrial overcapacity, economic imbalances, the scourge of forced labor, and the weaponization of trade in food.

At the WTO, the United States will continue its day-to-day work to reduce barriers to U.S. trade and will pursue realistic and practical outcomes of benefit to all trading nations. At the upcoming 14th Ministerial Conference (MC14), the United States will be clear-eyed about the limited opportunities for outcomes and reform, but will continue to seek realistic outcomes including permanent extension of the moratorium on customs duties on electronic transmissions.

At MC14 and beyond, the United States will encourage a reorientation of the WTO’s atrophied negotiating function by favoring meaningful plurilateral agreements and urging reassessment of the MFN principle so that trading nations can differentiate among trading partners more effectively in their liberalization commitments. The United States is pleased and encouraged that other countries already have begun to share U.S. views on these issues and recognize the importance of balance and reciprocity.

Conclusion: A Trade Policy for American Workers and Communities

In 1971, when the U.S. trade deficit in goods was a mere \$2.3 billion, the situation was so alarming President Nixon imposed a universal baseline tariff.²² More than \$1 trillion later—including a 40 percent increase in the overall trade deficit during the Biden Administration—the United States is again threatened by large and systemic economic imbalances.²³ But this time, our country is behind the curve for the domestic production necessary for its broader economic and national security, especially in strategic sectors. The United States of 1971 was still a globally dominant producer of nearly everything from cars to steel to foodstuffs and even rare earth magnets. Therefore, the present response must be proportionate to the challenge—higher tariffs, more bilateral agreements, and specialized interventions to support critical sectors.

For the past thirty-odd years, many American policymakers and insiders successfully argued that our burgeoning trade deficit and loss of domestic production was nothing to worry about. Think tank warriors

²² U.S. Census Bureau, *U.S. Trade in Goods and Services – Balance of Payments (BOP) Basis, 1960 Through 2025*.

²³ U.S. Census Bureau, *U.S. Trade in Goods and Services – Balance of Payments (BOP) Basis, 1960 Through 2025*.

and news analysts told consumers that “you have a trade deficit with your barber,” dismissing concerns about the underlying fundamentals of losing the means of production to foreign countries. Such aphorisms obscure what was actually going on. It is not sustainable to have a trade deficit with the butcher, the barber, and the baker, if one *does not have a job* because it has been offshored to another country. Life cannot be financed on credit forever, whether it be a household or a nation. Driven by the trade deficit, the overall U.S. current account is in deficit. That deficit ranged between 3.4 and 4.1 percent of gross domestic product (GDP) over the past four years—something nearly all admit is unsustainable.²⁴

This could be fixed, in significant part, if the United States produced more of what it consumed.

For the past few decades, the return of domestic production was stymied by outdated thinking about the benefits of global economic integration without focusing on the desired outcomes for our society. This gave rise to a trade policy which hurt workers and their families and communities by rewarding a race to the bottom and offshoring. Accomplishing the goals of this year’s Trade Policy Agenda will correct those historic shortcomings. And while trade policy is but one piece of the puzzle, it can do and it has done much to restore our economic vitality and national security.

As the America First Trade Policy makes clear: our present international economic predicament requires changing policies and resisting an instinct to revert to the *status quo ante* that put our economy into extreme imbalance. Running the old playbook will not help us produce more of what we consume, nor will it restore our sovereignty and security. The America First Trade Policy recalls the recommendation of President Lincoln’s second annual message to Congress: “The dogmas of the quiet past, are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise—with the occasion. As our case is new, so we must think anew, and act anew.”²⁵

Executing the America First Trade Policy means rejecting the reactionary tendency among many in the international economic establishment. Extolling the purported benefits of the Trans-Pacific Partnership or negotiating comprehensive free trade agreements with select partners will not solve structural economic imbalances that have made us dangerously dependent on imports in key sectors. By implementing a fresh trade policy, with the future of American workers and communities as its lodestar, President Trump and his administration will continue to put America First.

²⁴ [World Bank, Current Account Balance \(% of GDP\) — United States, World Development Indicators](#) (last visited Feb. 16, 2026).

²⁵ Abraham Lincoln, Second Annual Message to Congress (Dec. 1, 1862), *reprinted in 5 The Collected Works of Abraham Lincoln* 518, 537 (Roy P. Basler ed., 1953).

