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Week 7

WTO Withdrawal and Buy American Reform

"You want access to American consumers? Make something in America."

1. The Problem

The WTO dispute system takes 3-7 years per ruling. China has been found in violation of WTO rules hundreds of times and continues the same practices because the penalties are smaller than the benefit of the violation. American manufacturers cannot wait 5 years for a ruling while their industry is destroyed by subsidized foreign competition. The WTO is not a free trade institution. It is a managed trade institution that has been managed against American workers for 30 years. And the technology transfer story — how American companies were forced to hand over decades of competitive advantage as the price of accessing Chinese consumers — is the clearest proof of that failure.

2. The Governing Principle

Access to American consumers — the largest consumer market in the world — is a privilege, not a right. Countries and companies that want to sell in America must meet American standards, employ American workers in the production process, or pay a tariff that levels the playing field. America builds the replacement bilateral by bilateral.

3. The Specific Policy

The China Technology Transfer Story — What 28 Years of Joint Ventures Actually Cost

From 1994 to 2022 China required foreign companies to form 50/50 joint ventures with Chinese partners as the mandatory price of accessing Chinese consumers. Volkswagen, GM, Ford, BMW, and dozens of others complied — because the Chinese market was too large to ignore. They trained Chinese engineers, transferred manufacturing processes, shared proprietary technology, and built Chinese domestic industry capability that their Chinese partners were legally entitled to use.

- China formally eliminated the mandatory joint venture requirement for passenger car manufacturing on January 1, 2022 — after 28 years. The requirement accomplished exactly what it was designed to accomplish: China acquired the technology and manufacturing knowledge it needed to build a globally competitive domestic auto industry. BYD, Geely, SAIC, and NIO now compete against the same American and European companies that trained them.
- The WTO did not stop this. WTO rules prohibit forced technology transfer as a condition of market access. China violated those rules for 28 years. The WTO dispute system is too slow and its penalties too small to change the calculus when the benefit of the violation — an entire domestic

auto industry — outweighs every penalty ever imposed.

- What American companies face today: in 2026 foreign investment into China has slowed significantly. Geopolitical tensions, tariffs, and expanding sanctions are driving American companies to exit or reduce their China exposure — while competing in global markets against Chinese companies that were built with transferred American technology. The damage was done before the door was opened.
- The governing lesson: a trade system that cannot enforce its own rules against its most powerful violator is not a rules-based system. It is a managed trade system — and it has been managed against American workers and American companies for 30 years. The answer is not to reform the system from within. China will not vote to constrain China. The answer is to leave and build bilateral agreements with enforceable standards.

WTO Withdrawal

- **Formal WTO withdrawal notification filed on Day 1:** the U.S. provides the required six-month notice of withdrawal from the WTO under Article XV of the Marrakesh Agreement. During the six-month notice period the administration negotiates bilateral trade agreements with the 15 largest U.S. trading partners. Every bilateral agreement must include enforceable labor standards, currency manipulation prohibitions, and domestic content requirements.
- **The counterargument answered directly:** walking away from the WTO is not isolationism. It is refusing to participate in a system that has been rigged against American workers for 30 years. The WTO cannot be reformed from within — it requires consensus of all members and China will not vote to constrain China. A system that cannot enforce its own rules against its most powerful violator is not a rules-based system.

Buy American Reform

- **Domestic content requirements for all federal procurement:** all products purchased by the federal government must contain a minimum of 75% domestic content by value by Year 2, rising to 90% by Year 4. No waivers for cost — if a domestic product costs more the federal government pays the difference as an investment in domestic production capacity.
- **Manufacturing return incentives:** companies that repatriate manufacturing to the United States receive a 5-year accelerated depreciation schedule for new domestic plant and equipment. Companies that offshore jobs after inauguration day face a 25% border adjustment on products manufactured by the offshored workforce and sold in the U.S.
- **Country of Origin enforcement — close the transshipment loophole:** products assembled in a third country from Chinese components and labeled as that country's origin are subject to the same tariff treatment as Chinese-origin goods. The physical transformation test is applied strictly — screwdriver assembly in Mexico does not make a Chinese product Mexican.
- **Retaliatory tariff response framework:** trading partners that impose retaliatory tariffs receive a graduated response — matching tariffs on their highest-volume exports to the U.S. within 30 days, with escalation on a published schedule if retaliatory tariffs are not removed within 90 days. The response is automatic, published, and predictable.

Consumer Price Transition

- **The honest consumer price acknowledgment:** retaliatory tariffs and domestic production ramp-up will cause some consumer prices to rise during the transition period. The platform does not pretend

otherwise. The hidden price Americans have already paid — closed factories, eliminated wages, devastated communities, and a supply chain dependent on potential adversaries — is real and has been paid for decades. The visible price increase from domestic production transition is temporary. The invisible price already being paid is permanent.

- **Transition assistance for affected industries:** industries that face genuine disruption receive targeted adjustment assistance — worker retraining through Week 12, community development investment through Week 22, and supply chain transition grants to domestic manufacturers scaling up to replace imported inputs.

4. Estimated Cost

Federal procurement domestic content requirement generates approximately \$50-80 billion per year in additional domestic manufacturing demand by Year 4. Border adjustment on offshored production generates an estimated \$30-60 billion per year in additional federal revenue. Net consumer price impact during transition: estimated 2-5% increase on affected imported goods over a 3-year adjustment period. Independent economic modeling commissioned within 90 days of inauguration.

5. Year 1 Implementation and Measurable Result

Year 1 measurable result: WTO withdrawal notification filed on Day 1; bilateral trade framework agreements initiated with the 5 largest U.S. trading partners within 180 days; federal procurement domestic content requirement at 50% effective within 180 days; at least 10 domestic manufacturing facility announcements directly attributable to border adjustment and procurement preference by end of Year 1.