

US Trade Policy 'A Guess' Under Trump, Ex-Trade Reps Say

By Michael Macagnone

Law360, Washington (November 14, 2016, 4:26 PM EST) -- A pair of former U.S. Trade Representatives said Monday that the country's foreign trade policy would be up in the air in the administration of President-elect Donald Trump, speculating that a protectionist United States could empower China to write international trade rules.

Former trade representatives for Presidents Bill Clinton and George W. Bush told a crowd at the Cato Institute in Washington that discussion over the economic impacts of trade agreements like the Trans-Pacific Partnership has overshadowed foreign policy aspects that help such pacts bind nations together. Mickey Kantor, the USTR who oversaw the execution of the North American Free Trade Agreement, warned that America's scrapping the TPP could ensure China's dominance in Asia and allow the country to take the lead in setting the new worldwide status quo.

"Our relations to China are important to stability and peace in Asia and in the world," Kantor said. "We need to think about what signals we are sending as we look as though we are going to walk away from TPP."

Throughout the U.S. presidential campaign, Trump took a hard, protectionist line when it came to international trade issues. Most notably, he vowed to pull the plug on the Trans-Pacific Partnership, a 12-nation trade deal that would wrap together 40 percent of the global economy under one set of trade rules.

Trump also vowed to renegotiate NAFTA if elected, or to pull out of the trade bloc altogether, calling the agreement the "worst trade deal in history."

Kantor said those positions, along with Congress' willingness to abandon the deal, throw the future of America's role in writing trade policy into doubt. Kantor said that the fate of agreements like the TPP under Trump is "a guess, we're all guessing at this point."

"We all are afraid of the unknown and this is unknown to me and I think everyone in this room," he said.

Both Kantor and Susan Schwab, who served as U.S. Trade Representative during the latter half of the Bush administration, said that the discussion over the economic impacts of trade agreements has not been entirely accurate. Schwab said that many of the manufacturing

jobs lost across America have disappeared entirely, rather than moving abroad.

"We make things in the U.S.; lots and lots of things. Manufacturing output in the United States continues to go up, manufacturing employment in the U.S. continues to go down and that is not a trade agreement, unfair practice phenomenon, that is a structural change phenomenon," she said.

Schwab, who is now a public policy professor and adviser at Mayer Brown LLP, said the economic benefits of America's trade relations with other countries have been felt across the country, but its negative effects can be concentrated on a few.

"Open trade is good for America, no question," she said. "But it does not happen to be good for every single solitary American."

She said that disproportionate effects like that, along with outside effects that organized labor and interested groups bring to the negotiating table, can sidetrack otherwise good trade deals.

"The most frustrating thing that you get when you go up to the Hill and you are trying to get a trade agreement, you get 'I know you're right but politically I can't do this,'" she said.

Schwab said that American trade policy is "heading into a period of uncertainty," and that trade negotiators would likely face headwinds at upcoming negotiations in Peru. Schwab said that there are some aspects of trade agreements, including limits on currency manipulation and state-owned companies, Trump has spoken of favorably, even as he has trashed the TPP.

At a press briefing on Capitol Hill last week, Senate Majority Leader Mitch McConnell, R-Ky., once again firmly shut down any talk of a lame-duck TPP vote and said it will be up to Trump if he wants to submit any new trade deals under the Trade Promotion Authority legislation that remains in effect until at least 2018.

During that period, Schwab said the administration may also take a look at NAFTA, which Canadian Prime Minister Justin Trudeau has signalled a willingness to revisit.