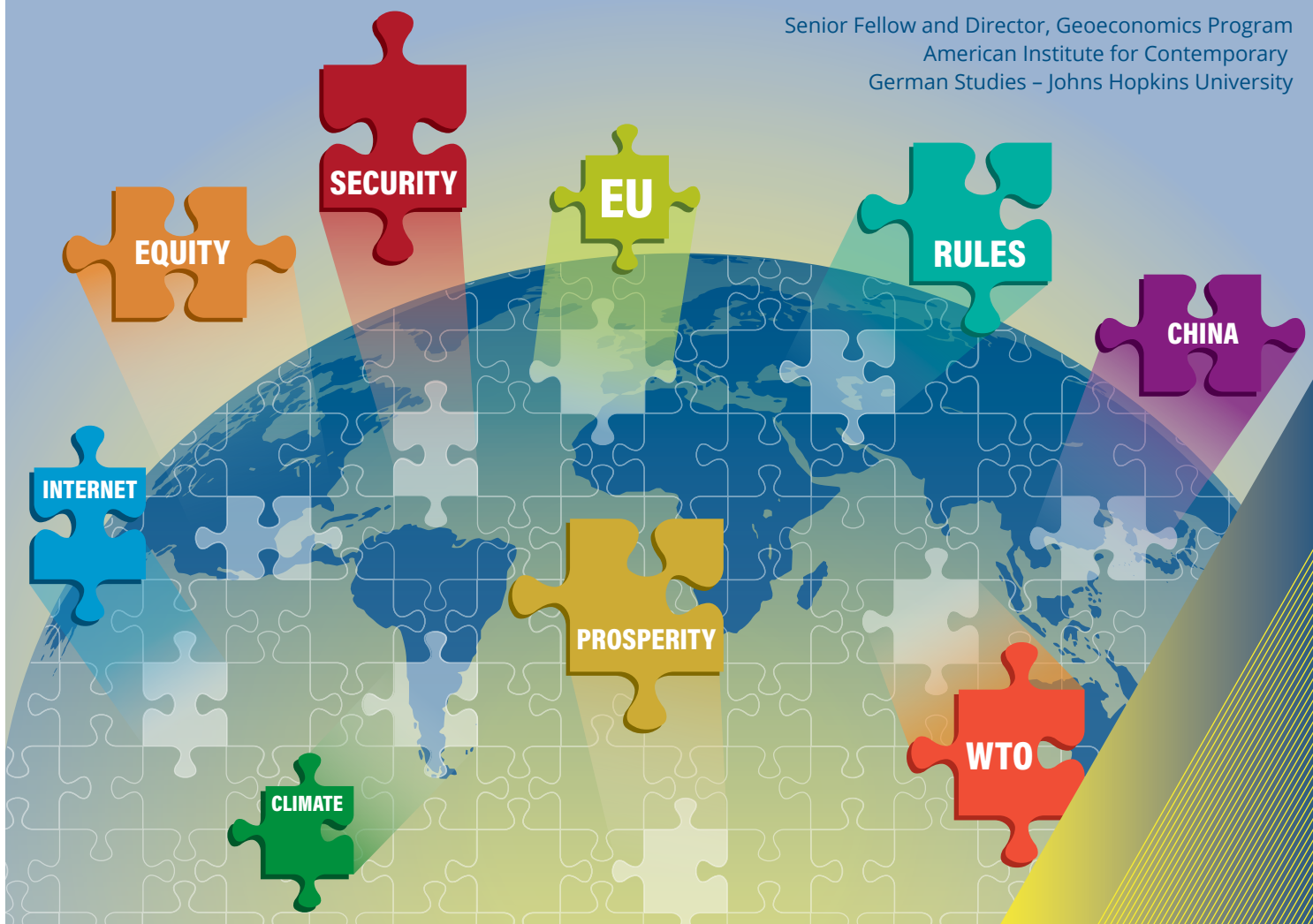


The Trade Agenda for the 46th U.S. President –

Advancing Global Economic Order?

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Executive Summary

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As Joe Biden takes office as the 46th President of the United States the country is at a turning point in its trade policy, one where rules are likely to move to the forefront. A key question is whether in response to the weakening of the nearly 75-year old multilateral trading system the United States will lead a concerted effort with like-minded economies to create high-standard rules that will help prevent the deconstruction of the trading system into competing blocs of laws, standards, and norms.

Since the end of the Cold War, U.S. trade policy has been characterized by periods of considerable activism whose record includes enacting NAFTA and establishing the World Trade Organization under Presidents George H.W. Bush and Bill Clinton, securing multiple bilateral trade agreements under George W. Bush, and the simultaneous pursuit of mega-regional agreements focused on Asia and Europe under Barack Obama. But during this period trade policy also became increasingly contentious in Congress, with concerns about its impact on workers and the environment at home and abroad. Yet over the last decade trade has also become more popular among Americans as a way to improve economic growth, especially among Democratic voters.

The Trump administration's nationalist, go-it-alone trade policies – which departed radically from previous practice – did not only weaken the rules-based trading system. They were also ineffective in convincing China to change its economic behavior and at the same time alienated traditional allies. Yet the Trump administration's approach to trade policy is more likely a symptom of increasingly anarchic conditions in the global economy than a harbinger of a new era of U.S. protectionism.

President Biden can be expected to face seven key trade policy questions upon taking office:

- > What will the confrontation with China over its unfair trade policies and practices look like?
- > Will the U.S.-Mexico-Canada Agreement be seen as a benchmark for future trade agreements?
- > What are the implications of the U.S.-Japan trade agreements for U.S.-EU trade relations?
- > What are U.S. ambitions to reform the WTO?
- > What is the future of the digital services tax and what challenge could it present to the world trade order?
- > Will the 117th U.S. Congress take action to curtail executive power over Section 232 on national security of the 1962 trade act?
- > How likely is the next U.S. administration to pursue new trade agreements and who are the most likely candidates – the EU, the UK, Kenya?

Several of these challenges can be the springboard for the new administration to reposition trade relations with like-minded countries after the Trump administration's neglect or undermining of them. And many provide the Biden administration with avenues for economic diplomacy with allies to forge new trade rules and to reform the multilateral trading system.

As a result of the ongoing and extraordinary public health and economic challenges the country faces, the Biden administration's priority focus will be the domestic front. But because an enabling international economic environment will be important for the success of domestic measures, trade policy will almost certainly play a role as well. At least initially this trade agenda may not primarily be a liberalizing one but rather be focused on working with like-minded countries to forge new high-standard rules that reflect their values and promote their interests. If so, roughly 60 percent of the global economy will have the opportunity to advance global economic order and move away from the unprecedented policies of the Trump years.

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Because of the public health crisis the home front will be the Biden administration's top priority, but an enabling international economic environment will be important for the success of domestic policies