



## America cannot afford a timeout on trade

James Bacchus

November 24, 2020

The conclusion last week by China and 14 other Asian and Pacific countries of a massive new trade deal they call their “Regional Comprehensive Economic Partnership” is just the latest evidence that the rest of the world will not wait patiently for the United States to decide if and when it will be ready to negotiate anew on freer trade. Other countries are going to go ahead and free more trade without us. And we Americans will be left on the sidelines at a competitive disadvantage in the world economy.

Already China, Japan and South Korea are talking about speeding up their negotiations on a three-country deal that will go beyond the new RCEP in liberalizing their trade. Elsewhere, 55 African countries are freeing trade while assembling a single market. A long-awaited trade deal between the European Union and the MERCOSUR countries – Argentina, Brazil, Paraguay and Uruguay – will soon take effect.

The European Union is engaged in additional trade negotiations on several continents. Looking beyond BREXIT, the United Kingdom is preparing to redo its dozens of free trade agreements. And China is bruited more new trade deals with countries in Africa and Latin America while solidifying its trade and other economic ties with dozens of countries through its Belt and Road Initiative. The United States has free trade agreements with 20 countries. Our neighbors in Mexico have them with 50 countries.

Perhaps most telling of all for the current chaotic futility of U.S. trade policy is the progress of the Trans-Pacific Partnership since Donald Trump pulled out of the TPP on his first day as president in 2017. The only other Pacific Rim countries that are parties to the regional deal renamed it the “Comprehensive and Progressive Trans-Pacific Partnership” and went ahead without the United States. Now they are reaping the economic benefits of the deal while the U.S. is suffering the pains of self-imposed trade discrimination.

Yet President-elect Joe Biden is telling us that he will not engage in new international trade negotiations until he has gotten the COVID-19 pandemic under control and has improved the competitiveness of American workers and businesses through new infrastructure investments and other domestic initiatives aimed at a broad economic recovery from the pandemic. In other words, he plans a timeout on trade.

Given all else he must confront immediately, the reluctance of the president-elect to delve into the details of launching new international trade negotiations on “day one” of his new administration is understandable. The tacit assumption underlying this proposed pause in negotiating new trade arrangements is that we Americans can control the pandemic and recover economically without delving into trade. This, though, is a mistaken assumption.

The United States will control COVID-19 sooner if we take the lead in negotiating a free trade agreement on medical goods in the World Trade Organization. As it is, tariffs as high as 65 percent on some essential medical products, a worldwide wave of new export restrictions and other barriers to medical trade are impeding our fight against the pandemic. Freeing trade must be one of our weapons in that fight.

And American workers and businesses will become more competitive only with the spur of more fair competition from foreign producers. As the countries that, unlike the United States, are busy making new trade deals seem to realize, competitiveness cannot be increased without competition. Waiting to seize more opportunities from more trade will allow those prospective opportunities for Americans to slip offshore.

In response to the announcement of the RCEP deal, Biden emphasized the value of having the United States play a leading role in writing the “rules of the road” for trade. On this, he is correct. In the past, the United States has always been at the rule-writing table in trade, and often it has been holding the pen. Yet now we are not even in the room.

We Americans need to be at the table so that we can work with others to ensure that the rules that are written enable freer trade, forbid trade discrimination, support fair competition, promote more prosperity, advance sustainable development and further the rule of law. When we are not at the table, those from other countries who share these goals with us find it harder to achieve them.

Instead of taking a timeout on trade, the incoming Biden administration should begin by making trade a part of its overall strategy for national recovery and progress. Early on, our new president should announce that, upon further reflection, he has decided that, rather than waiting on trade, he will begin negotiating on trade on two fronts.

He should start by negotiating a return by the United States to the Pacific Rim trade agreement formerly called the TPP. The RCEP is a shallow agreement that is mostly about tariff cutting. The TPP – now the CPTPP – is a much deeper trade agreement that addresses many of the labor, environmental, competition, intellectual property and other dimensions of trade that concern the president-elect and millions of other Americans.

At the same time, he should reclaim the traditional role of the United States as a cooperative and affirmative leader in the multilateral endeavors of the WTO. In addition to freeing trade in medical goods, the WTO is poised to move ahead with new agreements ending tariffs on environmental goods, reducing harmful fisheries subsidies, facilitating foreign direct investment and establishing the first specific global rules on digital trade. None of this is likely to happen any time soon if America takes a timeout on trade.

*James Bacchus is an adjunct scholar at the Cato Institute and the Distinguished University Professor of Global Affairs at the University of Central Florida. He is a former chairman of the appellate body of the World Trade Organization and a former member of Congress from Florida.*