



## **Trump's protectionism isolates US on global stage, emboldens China**

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January 20, 2017

Chinese President Xi Jinping's address at the World Economic Forum in Davos, Switzerland Tuesday may have sent the strongest signal yet that China is more willing than the United States to champion free trade and globalization, thanks to President Donald Trump's protectionist and anti-trade leanings.

At the commencement of the WEF's annual summit, Xi — the first Chinese head of state to participate in Davos — spoke of the importance of globalization for global economic growth, whereas President Trump's representative at Davos, Anthony Scaramucci, spoke of America's centrality as indispensable for globalization.

Specifically, China's president outlined a push for greater international cooperation in the name of economic globalization, telling his Davos audience: "We should pursue a well-coordinated and interconnected approach to develop a model of open and win-win cooperation."

In contrast, Scaramucci insisted, "The path to globalism for the world is through the American worker and the American middle class."

Scaramucci's words indicated a strict adherence to Trump's "America First" policy.

However, the folly of Scaramucci's perspective is evident if we look back to the recent gathering of heads of state at the APEC summit in Peru.

In a very telling indication, world leaders plainly stated their eagerness to go ahead with the Trans-Pacific Partnership (TPP) trade deal, even without the participation of the United States, or to strongly consider joining the Regional Comprehensive Economic Partnership (RCEP) trade bloc instead.

This willingness to carry on with global trade deals, regardless of the involvement, or lack thereof, of the United States, contradicts Scaramucci's assertion that all paths to globalization are paved through the United States.

Countries will go ahead with trade deals in any case, eager to connect with opportunities abroad. Trade protectionism would only isolate the United States.

After all, trade is not only about commerce; it is an invaluable tool of international diplomacy. The political repercussions from a potential trade war are inseparable from the economic effects of one.

Yet, Trump has already gotten off on the wrong foot, even before assuming office. He claims he wants to “re-negotiate” more symmetric trade terms with China.

All Trump has accomplished, however, with provocative tweets and bellicose statements on matters of core concern to China — such as the “One China” policy — is to rile up a party less willing to favorably negotiate with Trump’s team when the time comes.

Trade agreements are, as a matter of fact, a two-way street. For his part, President Xi seemed to chart a new course for China’s economy within his Davos speech.

He stated his intention to “expand market access for foreign investors, build high-standard pilot free trade zones, strengthen protection of property rights, and level the playing field to make China’s market more transparent and better regulated.”

If Beijing indeed incorporates such free market-leaning rhetoric into its economic reform agenda and meets it with action, it would bode well for China’s long-term relations with other countries, including the United States.

In fact, President Xi’s Harvard-educated top economic advisor, Liu He, is a strong advocate for economic liberalization.

Brookings Institution Senior Fellow Eswar Prasad describes him as “committed to reform”, and he is widely expected to become the Director of the National Development and Reform Commission, an influential position boosted by its proximity to President Xi.

Unfortunately, the incoming administration seems undeterred about the possibility of a trade war with China in the name of economic nationalism. Such a scenario would only make China’s task of undertaking necessary economic reforms more challenging, if not unlikely.

In essence, maintaining Trump’s current trajectory of adversarial relations toward China would only undermine the very issues his administration seems to want addressed.

Xi’s remark during his Davos keynote speech that “there would be no winners in a trade war” serves as a timely reminder as Trump takes office today. Diplomacy and cooperation would serve both countries’ long-term interests better than a trade war would.

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