

## Mr. Trump goes to trade

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Distanced from campaign rhetoric, some pronouncements that sounded whacked out before seem well thought through now. The same can be said for Donald Trump's possible trade policy.

Now this column's stand regarding the benefits of international trade is vigorously and persistently held. The point emphasized here is Mr. Trump's declared adherence to trade theory basics that his more fanatical supporters missed out on.

Because the read by many was of a protectionist US, inward-looking, isolationist. Recent pronouncements by Trump, within the cooler temp of victory, reveal a more considered approach to trade policy.

Admittedly, most people worry about Trump's avowed withdrawal from the Trans-Pacific Partnership, viewed by most commentators as damaging not only US interests but also for that of poorer countries.

"Indeed, the geostrategic rationale for TPP is much less about achieving overt economic and security objectives than it is about preserving -- and strengthening -- US soft power. As the economic center of gravity shifts from West to East across the Pacific, those successful trade rules and institutions could yield to lesser, opaque, and discriminatory rules, which could become the norm in Asia without the TPP. And those rules could very well subvert the existing order, advance parochial objectives, and disadvantage US commercial interests." (Daniel Ikenson; "TPP, RIP?"; Nov. 22, 2016)

While that may be true, cosmopolitans however keep ignoring the very flaws that make the TPP unpalatable: the inter-State dispute settlement system, the provisions on investment, the environment, and technology transfers.

Granted, there is this, "The agreement, known as TPP, was intended to play a strategic role in American diplomacy. It was the economic linchpin of Mr. Obama's effort to reaffirm the nation's role as a Pacific power and counter the rising influence of China, which was not part of the negotiations. Washington's abandonment of the pact is widely seen in the region as a blow to American prestige and an opening for China." (*New York Times*, "A Retreat From TPP Would Empower China," Nov. 21, 2016)

But in the end, the problem was President Barack Obama: whose incurious, effete detached attitude to trade cost the multilateral trading system that much-needed leadership when it needed it the most. It was only when he became the inevitable domestic issue lame duck that Obama

half-heartedly proceeded making motherhood, tick off the boxes pronouncements regarding trade.

In the end, this lack of commitment by Obama was manifested in the bizarre stance taken by his own Democratic party stalwarts vis-à-vis the TPP. As the *New York Times* noted, even his own former Secretary of State Hillary Clinton (who negotiated the TPP) and Senator Bernie Sanders (who will oppose anything approaching good economic sense) both denounced the trade deal during the election campaign.

A further result, at least while Mr. Obama is in the White House, is that “without TPP, Mr. Obama’s rebalance toward Asia is significantly diminished, and, if it continues at all, will be more dependent on expanded military cooperation.” A development that should cause chagrin for the Philippines.

The BBC’s Carrie Gracie is indeed right to point out that “America is an Asian power when it wants to be, Beijing will suggest, while China is the power that never leaves.” (“US leaving TPP: A great news day for China,” Nov. 22, 2016)

Nevertheless, there are two points that need to be considered that should put nuance to our view as to how a President Trump would act on trade policy moving forward.

The first is the subconscious belief that China will now finally take the lead as far as trade is concerned. The truth is: China has long been an enthusiastic player of globalization.

China “benefitted the most from globalization in the past three decades. Blamed by Trump for “stealing jobs,” which were willingly brought over by US business leaders, China is now exporting jobs and goods all over the globe, from the US to Kenya, and building what has been described as the most extensive commercial and military empire in history.” (Ilaria Maria Sala, “China is emerging as the world’s strongest proponent of globalization,” Nov. 21, 2016)

The foregoing must be placed within the context of this significant piece of detail: “Chinese manufacturers once bought high-tech materials from overseas firms. Rising expertise means they now shop locally, while also controlling a bigger portion of the world’s supply chains, causing a shift in global trade. ‘All these raw materials, now somebody in China makes it,’” (*Wall Street Journal*, “China to World: We Don’t Need Your Factories Anymore,” Oct. 18, 2016)

With the US suffering massive job losses, the nature of protectionism is not what it used to be. Mr. Trump’s call, therefore, to rethink trade policy and its underlying philosophy, including the use of tariffs and effective revival of trade remedy measures, is actually prudent.

Mr. Trump’s antics also gratifyingly moved international trade front and center relative to overall policy consideration.

Which definitely is something that the Philippines itself must be doing.