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Trump adviser: Tough SOB needed as U.S. trade representative

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If Donald Trump is elected president in November, one thing is clear: The next U.S. trade representative will have one of the hardest jobs in Washington.

The first day to-do list includes canceling the Trans-Pacific Partnership, informing Canada and Mexico that the United States seeks renegotiation of NAFTA and picking a fight with China and potentially the entire WTO, based on the Republican nominee's campaign promises.

"Using the greatest business people in the world, which our country has, I am going to turn our bad trade agreements into great trade agreements," Trump said in last month's acceptance at the Republican National convention.

But which business leader will get the job of turning the tables and reining in the massive goods and services trade deficit, which totaled \$500 billion last year?

Without speculating on a specific pick, "I can assure you it will be the toughest, smartest SOB on trade that Mr. Trump can find. That's the job description," said Trump trade adviser Peter Navarro, a professor of economics and public policy at the University of California, Irvine.

That could mean former Nucor CEO Dan DiMicco, who also advises Trump. But the retired steel company chief says he has not had any conversations with the billionaire businessman about taking the job.

Still, DiMicco says he does hope Trump will pick someone who has been on the front line of import competition from China.

"I think one of the things missing from many administrations is having somebody in that position that has experienced the negatives of global trade and can bring some balance, some realistic trading experience," DiMicco said.

Both Navarro and DiMicco view the deal to allow China in the WTO as one of the biggest mistakes in trade history. Struck in 1999 by the administration of President Bill Clinton, it required China to cut tariffs and make a number of other market-opening reforms.

In exchange, the United States granted China “permanent normal trade relations,” guaranteeing Beijing that Chinese exports could enter the United States at the same low duty rates enjoyed by almost every country, except those few that do not have “most-favored nation” status.

That was essentially a continuation of the status quo, except that previously the United States had provided normal trade relations on an annual basis, although sometimes after a spirited debate in Congress, particularly in the years following the Chinese government’s bloody crackdown on pro-democracy protesters in Tiananmen Square in 1989.

“When it comes to market opening, the agreement we negotiated with China is a one-way deal,” Gene Sperling, head of Bill Clinton’s National Economic Council, said in 2000. “We agree merely to support China’s candidacy for WTO membership and to make permanent the Normal Trade Relations for China that we have passed each year for the past 20 years. So, I repeat, if we pass PNTR, we do not open our market or lower our tariffs one bit.”

But Trump’s advisers argue the United States gave up valuable leverage by granting PNTR, giving China the unrestricted ability to flood the U.S. market with low-priced goods. Navarro has made his case in books and in the 2012 documentary film “Death by China,” which features animated sequences of China bombing the United States with its “weapons of job destruction” — which include currency manipulation, subsidies, weak pollution controls and massive support for state-run enterprises.

A website for the film prominently displays a Trump quote. “‘Death by China’ is right on. This important documentary depicts our problem with China with facts, figures and insight,” the real estate mogul says, while another reviewer raves that “Peter Navarro’s ‘Death by China’ grabs you by the throat and never lets go.”

In a remarkable display of how closely Trump’s trade rhetoric matches what union groups and many Democrats have been saying for years, the film includes appearances by AFL-CIO President Richard Trumka and deputy chief of staff Thea Lee, as well as Carolyn Bartholomew, a former aide to House Minority Leader Nancy Pelosi who is now on the U.S.-China Economic and Security Review Commission, a watchdog panel created by Congress in 2000. It is narrated by the actor Martin Sheen, an outspoken supporter of workers’ rights, environmental protection and other liberal causes.

Trumka’s team is now struggling to persuade union members in key swing states like Pennsylvania, Michigan and Ohio not to buy into Trump’s tough trade talk, calling the billionaire a phony and an outsourcer of jobs.

Still, not everyone believes the United States is locked in mortal trade combat with China. Supporters of the trade relationship point out that although the U.S. goods trade deficit with China has soared from \$102 billion in 2001 to \$483 billion last year, U.S. exports to the Asian

powerhouse also have grown, making China the United States' third-largest export market, ahead of Japan, Germany and South Korea.

Dan Ikenson, director of Cato Institute's Center for Trade Policy Studies, said Navarro's comment about Trump hiring "the smartest, toughest SOB on trade" is a perfect example of how the California professor views the world.

"For him, trade is not in any way a cooperative endeavor," said Ikenson, whose center believes free trade is good for consumers. "It's a competition. He's very nationalistic on trade. Of all the people I've debated on TV on trade, he's the most strident, the most unyielding."

Ikenson said he still has a hard time believing that Trump will actually follow through with many of his dire trade threats, such as slapping a 45-percent duty on imports from China. But if he's serious about picking a CEO, he might consider Andrew Liveris, CEO of the Dow Chemical Co., who laid out his manufacturing vision in his 2011 book "Make It in America: The Case for Re-Inventing The Economy," he said.

Other possibilities include a trade litigator, such as Robert Lighthizer, a former deputy U.S. trade representative during the administration of Ronald Reagan, who is now at the law firm Skadden, Arps, Slate, Meagher and From, which has represented U.S. Steel Corp. in a number of anti-dumping cases against China. Lighthizer said in an email that he is a Trump supporter, but had not had any discussions about with the billionaire businessman about trade policy.

POLITICO also reached out to a number of major American companies — such as Wal-Mart, Apple and ExxonMobil — to ask whether their CEOs would be interested in serving in a Trump administration, but did not hear back.

Since Trump doesn't seem to be an ideologue, he could decide to pick an anti-corporate "laborite" to run his trade policy instead of an economic nationalist, Ikenson mused. That could include supporters of Sen. Bernie Sanders, who are also highly skeptical of trade.

In DiMicco's view, the last president who had any backbone on trade was Reagan, who got major trading partners to agree in 1985 to take coordinated action to depreciate the U.S. dollar against the Japanese yen and the German mark. That was the result of a pressure campaign from U.S. manufacturers to increase the cost of imports and make their exports more competitive.

A similarly tough approach is needed now because China is not honoring the rules that it agreed to follow when it joined the WTO in 2001, while NAFTA has benefited Canada and Mexico more than the United States, DiMicco said.

"Just as Reagan did with Japan and the Germans, it's going to happen with NAFTA, it's going to happen with China and it's going to happen with TPP," DiMicco said, arguing against the idea that Trump had put together an almost impossible list of tasks for his trade team to accomplish.

"Whoever gets that opportunity, it's not going to be a tough job to do because they're in the right and the discussions will go in a way that benefits both sides. ... It should be in everybody's best

interest to level that playing field according to the rules that we all agreed to do business by,” DiMicco said.