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Democrats' House victory complicates Trump's trade agenda

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Tuesday's Democratic re-taking of the House could complicate, but not necessarily undermine, President Trump's trade agenda by giving the opposition party more leverage to pick apart the U.S.-Mexico-Canada Agreement and other deals.

Losing a GOP House majority spells significant trouble Trump's agenda on several other fronts, but the president's broader trade policy goals are largely favored by the Democrats. It's unlikely they would oppose him on those issues in the same way they would on an issue like immigration.

The first big test will come when the USMCA deal comes up for a vote in Congress next year. Republicans have said they don't have the time to get a vote in before Congress adjourns this year. The main issue most Democrat lawmakers initially raised was Canada's exclusion from the deal, which has since been resolved. Otherwise, they have been tight-lipped on the issue.

The Democrats would be limited in what they could do to reshape USMCA, however, since Trade Promotion Authority, the law that governs submitting trade deals to Congress, only allows up or down votes. Similarly, the Trump administration is also contemplating additional tariffs against China, and ones for auto and auto parts imports as well, but neither of those would require congressional approval.

That doesn't mean Democrats won't use the prospect of holding up something unrelated in Congress to try to extract concessions on trade, noted Bryan Riley, trade policy analyst with the National Taxpayers Union.

"I don't think they will support USMCA ... without negotiating to get something else in return for supporting it," Riley said. "Even though the administration tried to negotiate an agreement that Democrats could support, they have an incentive to ask for even more."

Attacks on Trump's trade policies were rare on the campaign trail. One of the few Democrats who did take the president's policies on, Sen. Heidi Heitkamp, D-N.D., who blamed Trump for the woes of the state's soybeans farmers due to retaliatory tariffs from China, was unable to retain her seat Tuesday, losing to Republican challenger Kevin Cramer.

AFL-CIO President Richard Trumka last week downplayed the importance of the issue. "The (administration's) willingness to do something is a good thing, but the product is as yet unseen ... so we cannot pass judgment on it, so it is probably not having the overall effect on the election that of would otherwise have," he told the *Washington Examiner*.

On paper, there's no reason why Democrats wouldn't be able to work with Trump on trade, notes Simon Lester, a senior fellow with the libertarian Cato Institute. "He's giving them more than President Obama did, than anyone else has ever given them, on issues like labor rights, autos, wages. So why not just take it?" Lester asked. "On the other hand, this is Trump."

The USMCA's main provision requires that 75 percent of the parts of a car need to be made in North America for it to be duty-free, up from the 62.5 percent level set by NAFTA. It also requires that at least 40 percent of all auto content be made by workers making at least \$16 an hour or equivalent. Democrats have long called for such measures to protect domestic jobs, so they would not be inclined to automatically oppose the deal.

But some Democratic allies have raised other issues with the deal. In a letter to the U.S. Trade Representative late last month, Leo Gerard, president of the United Steelworkers and chairman of the U.S. Trade Representative's Office's official Labor Advisory Committee, expressed concerns that the deal's provisions to require Mexican factories to pay \$16 an hour had loopholes and were not enforceable in their current form. Green groups like Sierra Club have complained that deal adds no new environmental protections.

Riley adds that will be interesting to see what the reaction is if President Trump goes ahead with new tariffs on China as planned, along with tariffs on autos and parts. "There is a real opportunity for Democrats to embrace trade if they want to provide a positive alternative to the president's policies, but that doesn't seem likely anytime soon," he said.