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## Simon Lester on Trump's trade policy: new deals or no deals?

Simon Lester

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President Trump sees himself as a masterful negotiator. He is very critical of past U.S. trade negotiators, and has suggested that his tough-minded business colleagues like Carl Icahn could do a better job.

Trump and his team promised that they would get right to work on negotiating a slew of new deals immediately after he took office. In January, a Trump adviser said, “You will be shocked by the speed at which bilateral agreements begin to materialize.” Trump himself added, “Believe me, we’re going to have a lot of trade deals.”

So how’s it going so far? Not well.

No new deals have been signed, and the one big deal that was mostly done before Trump took office — the Trans Pacific Partnership — will no longer happen, after Trump withdrew. With no new deals even in negotiation, under Trump the number of U.S. trade deals is stagnating. This is a shame, because there are plenty of opportunities out there, and the rest of the world is moving forward. By doing so little, the Trump administration puts U.S. businesses at a disadvantage.

**Instead of pressing** for any new trade deals, the Trump administration is focused on renegotiating existing agreements, in particular NAFTA and the Korea-U.S. Free Trade Agreement.

The administration’s reasoning may be that these deals are flawed, and it wants to fix them. But that isn’t really much of an excuse for delaying elsewhere. Presumably, at this point the administration has a vision for what should be in a trade agreement. If that’s the case, it should get out there and start using this vision to negotiate — on as wide a basis as possible. Trump’s trade negotiators should start with Japan, in order to open long closed Japanese agricultural markets, such as beef, pork and dairy. President Obama’s trade team already negotiated these issues with Japan through the TPP, and the terms agreed to there could serve as the basis for a U.S.-Japan FTA. This would help open up a big new foreign market to U.S. producers.

Trump’s trade team should also negotiate with China, to get some better rules on state-owned enterprises, on intellectual property protection, and on technology transfer, three areas where China has been come under fire for practices that harm foreign companies.

The TPP had the most advanced state-owned enterprise rules of any trade agreement. The United States should feel China out about agreeing to these rules as part of a broader trade agreement. And they should negotiate with the European Union, to address problems caused by regulatory differences. The Transatlantic Trade and Investment Partnership may have been overly ambitious in this regard, but certain issues here are not that controversial. For example, automobile crash tests carried out in the United States should be sufficient for a vehicle to be considered safe for sale in the European Union, and vice versa.

Beyond these countries, there are many other possible trade negotiating partners out there: Brazil, the United Kingdom (after it leaves the EU), and Taiwan, among others. But so far Trump's trade team has only had the most general discussions about deals with these nations, with no negotiations imminent.

We are now nine months into the Trump administration, and it's reasonable to ask: where are all the new trade deals that were promised?

**The reality may be** that these deals are never coming. It is not clear that the Trump administration has a vision of trade agreements that works. NAFTA and the Korea-U.S. FTA will be a test.

The Trump administration is reportedly making NAFTA demands considered so excessive that they might be rejected by everyone: our trading partners, the U.S. business community, and Congress.

If the Trump administration's negotiations all follow that pattern, and trade progress stalls, U.S. businesses will find themselves in a worsening position in global markets.

The rest of the world is going ahead with trade liberalization. Canada and the EU have begun to apply their deal on a provisional basis; the EU and Japan are getting close to one; Mexico and the EU are updating their older deal; and the TPP is being revived without U.S. participation. By contrast, the United States may be on the sidelines until some future administration is willing to engage constructively in trade negotiations. Unless Trump begins to follow through on his early promises, the U.S. economy will suffer as others move forward and we stay in the same place. So come on, Mr. President: Let's make some deals!

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