



Report of Trump bill rejecting WTO seen by trade experts as hot air

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GENEVA (Reuters) - U.S. President Donald Trump has ordered the drafting of legislation that would mean abandoning key disciplines agreed at the World Trade Organization, Axios news website reported late on Sunday, to a skeptical response from trade experts.

Axios reported on Friday that Trump wanted to leave the WTO, a story dismissed by U.S. Treasury Secretary Steve Mnuchin as “wrong” and “an exaggeration”.

The website followed up on Sunday by publishing what it said was a draft bill, the “United States Fair and Reciprocal Tariff Act”, immediately drawing ridicule for legislation that would be known by its acronym, the FART Act.

The act would allow Trump to ignore the WTO’s “most favored nation” principle, which stops countries trading on different terms with different trading partners unless they have a formal trade agreement, Axios said.

It would also allow “reciprocal tariffs”, so Trump could impose U.S. tariffs on particular goods equal to the tariff charged on U.S. exports of those goods by another country.

The draft bill published by Axios did not mention the WTO, but its report said the law would allow the United States to disregard tariff limits agreed at the WTO since 1995.

Axios quoted a source familiar with the bill as saying the bill was “insane” and Congress would never consent to it. Trump was briefed on the draft in late May, Axios said, and most officials thought it was unrealistic or unworkable, apart from Trump’s trade adviser Peter Navarro.

White House spokeswoman Lindsay Walters told Axios that the administration was not preparing to roll out such legislation.

Trump has caused a crisis in the WTO by blocking the appointment of new trade judges, threatening to destroy the system of binding dispute settlement. But many diplomats say quitting

the WTO would not be in the U.S. interest, and the WTO has said it has never had any indication of Trump intending to leave.

U.S. officials in Geneva, home of the WTO, did not immediately respond to a request for comment on Monday.

Simon Lester, associate director of the Trade Policy Center at the Cato Institute, wrote on the International Economic Law and Policy Blog that “I’m not taking this too seriously”.

If the goal was to get lower tariffs for U.S. exports, Trump could do that by negotiating trade agreements, he said.