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US' hardliner stance on trade will shift post-election ^①

Trade has long been a factor in US presidential campaigns. During the first US presidential debate on Monday, candidates Hillary Clinton and Donald Trump discussed various issues including prosperity, America's direction and security. Both candidates addressed trade agreements in the beginning of the debate. Trump has said that the 1994 North American Free Trade Agreement (NAFTA) has taken US manufacturing jobs, and that the future Trans-Pacific Partnership (TPP) would cause a similar disaster, and advocated a renegotiation of the US' trade deals. During the debate Clinton stated she held all trade deals that came before her "to the same test" in terms of Americans' interests and voted against the multinational Central America Free Trade Agreement (CAFTA).

In a US presidential election, employment serves as a core issue regarding voters' interests. In the ongoing process of globalization, the opening-up of a country's trade is increasingly tied to a country's domestic employment. In this regard, the US focuses on how trade agreements may bring economic losses to the working class. During a campaign, opposition to trade deals can be exaggerated as the candidates contend with one another. However, once a new president is elected, and as policies advocated during the campaign are not strictly binding, the discussion of trade deals will likely return to the dual goals of securing the country and achieving economic prosperity, and arguments against free trade agreements (FTAs), including the TPP, may be weakened.

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Regarding NAFTA, many economists believe it has enhanced trade in North America. But there are also some who reckon there have been negative influences caused by the trilateral trade deal, including business outsourcing and wage cuts.

Trump's political claims have emphasized the short-term impact on low-technology manufacturing by FTAs, but have ignored the positive effects trade deals play in enhancing consumer welfare and promoting high-end manufacturing and services sector businesses. In comparison, Clinton's viewpoints come from a long-term perspective, one that sees trade agreements as leading to industrial development through innovation and technological revolution, and creating new job opportunities. Her policies are not limited to merely bringing back jobs in traditional industries.

Another issue is that Trump sees the TPP as equivalent to NAFTA, and ignores various non-traditional benefits brought by the new developments of FTAs. Over the past 20 years, regional trade deals have undergone deep developments, the content covered goes far beyond market entry and the US has taken a leading role in the policymaking of regional trade agreements.

NAFTA established the first generation of high-standard US trade agreements, which included provisions of competition, industrial standards, intellectual property and environment protection. The TPP, on the other hand, sets a second generation model, which includes chapters on State-owned enterprises and designated monopolies, and regulatory coherence, which reinforce the US' interests. In addition, considering nowadays trade policies increasingly go hand in hand with foreign policies, trade deals, including the TPP, are an important tool for the US to run the game of geopolitics in the world.

In recent months, debate on the TPP during the US presidential campaign, the UK's vote to leave the EU and Europe's stand against the TTIP have raised the question: Will regionalism subside?



During presidential campaigns, the candidates are more inclined to balance the varying interests of domestic groups. While after a new president takes office, issue of national security, policymaking of international trade rules and geopolitical security can be comprehensively considered. The TPP, being a crucial pillar for the US' trade strategy in the Asia-Pacific region, may not be easily shelved.

The TPP originally appeared to give a push to TTIP negotiations, which could potentially stall if the TPP is shelved. Presently, when looking at the progress of WTO negotiations, policy coordination on trade and investment in the Group of 20 (G20), there has been an increasingly unstable balance among various sides in terms of interests. Competition between China and US on regional trade agreements is still intense - negotiations over the Regional Comprehensive Economic Partnership (RCEP), in which China participates, are speeding up, and plans to establish a number of FTAs along with the Belt and Road initiative are gradually unfolding.

If the US puts aside the TPP, there wouldn't be any better source for the country to influence and lead regional integration, and the US is unlikely to abandon the initiative it has gained in the policymaking of new global trade rules. Arguments about TPP, TTIP and Brexit will have certain impact on the progress of regional integration across the globe, but that doesn't mean the subsiding of regional integration. These changes suggest that, under the new development of regional integration, new ideas and models of governance are needed in regional cooperation.

A year ago, the US-led TPP trade deal with 11 other Pacific nations came as a surprise for China. But now that both US presidential candidates are against the TPP it seems to be a relief. However, we shouldn't be overly optimistic about the competition of regional integration. China needs to remain cool under pressure and stably move forward in opening-up, no matter how the global landscape evolves.



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