



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

USTR Froman Warns Against Trump's Trade Priorities

On June 28th, likely Republican Presidential candidate, Donald Trump, outlined his trade priorities, saying that he would renegotiate the North American Free Trade Agreement (NAFTA). However, if Canada and Mexico refuse to negotiate, he would simply withdraw the U.S. from the deal by invoking Article 2205 of the Agreement¹.

As president, Trump would also block the Trans-Pacific Partnership (TPP) agreement and would withdraw from the deal, a move he said his opponent, Hillary Clinton won't do. He also said he would challenge China trade practices by bringing additional trade cases to the World Trade Organization (WTO).

On June 30th, U.S. Trade Representative, Michael Froman, who is trying to sell the TPP to U.S. Congressmen, said he understands there is a "great deal of anxiety among the American people."

"There is concern that other countries don't follow the same rules we do, but instead act unfairly; that the benefits of growth have not been broadly shared; that the system is rigged in favor of the few," however, globalization he said is a force, that "you can't just wish it away," he told the Cato Institute Forum.

"But we cannot and should not take that system for granted, because that system is under attack as more statist and mercantilist alternatives are being

promoted abroad while there are calls for isolationism and protectionism here at home," Froman said referring to the U.S. presidential candidates' comments about the TPP during the election primaries over the past few months.

If the U.S. were to turn inward, the results would be economically devastating, as the protectionism would not increase employment, but rather reduce it overall. History has proven beyond a doubt that protectionism doesn't work, Froman added, referring to the 1930 Smoot-Hawley Tariff Act, which drove the U.S. economy into recession.

"Raising tariffs on our trading partners would only lead those countries to respond in kind and block our exports. That is a trade war, and we know that no one wins in a trade war," Froman said in response to Trump's willingness to use his presidential power to remedy trade disputes by including the application of tariffs.

"Not only did the high tariffs worsen the Great Depression, but they contributed to the decline of the global economy, which led in turn to the rise of nationalism in Europe and Asia."

The TPP, meanwhile, can level the playing field by removing barriers and raise standards, particularly in the Asian markets, the USTR argued. "The economic stakes of isolationism are clear, and so are the strategic stakes. Rejecting TPP would undermine U.S. leadership, not only in the Asia Pacific region, but

¹ *NAFTA Chapter Twenty-Two: Final Provisions
Article 2205: Withdrawal*

A Party may withdraw from this Agreement six months after it provides written notice of withdrawal to the other Parties. If a Party withdraws, the Agreement shall remain in force for the remaining Parties.

around the world,” he declared.

“In fact, now more than ever, it’s important we move ahead with the approval of TPP (...) The costs of delay are high,” Froman warned.

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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