



The Daily Dish

Biden's Trade Challenge

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Eakinomics: Biden's Trade Challenge

The Trump Administration's bevy of tariffs, disdain for international institutions, and trade war with China yielded little or no concrete benefits for the U.S. worker. But it did leave the United States isolated and with diminished influence on the future direction of the global economy. This fact was driven home by the [signing](#) Sunday of the Regional Comprehensive Economic Partnership (RCEP) by 15 Asian countries, led by the [Association of Southeast Asian Nations](#) bloc and joined by China, Japan, and others. The RCEP covers about one-third of the world's population and roughly a third of economic output.

The RCEP comes on the heels of the Trans-Pacific Partnership (TPP) signed by Australia, Japan, and nine other countries in 2018; President Trump famously withdrew the United States from the TPP immediately after being inaugurated. So, there are now two trade agreements in the most rapidly growing region of the global economy, with China and others providing the leadership to set the rules, and the United States is...watching.

This is not sustainable, so the challenge for President-elect Biden is how to re-engage in multilateral trade efforts. While the U.S. populace broadly supports trade agreements and understands that they have – on average – been a net benefit to the economy, Biden's progressive wing and key union supporters will stand in opposition. The good news is that there is a vehicle for the debate. [Trade Promotion Authority](#) (TPA) expires July 1, 2021. There should, and will, be an effort to re-authorize TPA for the president – every president should have TPA – and this will be natural ground on which to lay out a new strategy toward China, in particular, and Europe and Asia, in general.

The cost of the Trump trade strategy is far greater than the tariff dollars, the farm bailouts, the trade diverted, and other monetary measures. Its greatest cost was to default on U.S. leadership opportunities and obligations. It is now the Biden Administration's job to recover.