

Donald Trump's Trade Picks

Point to Confrontation

U.S. policy shift is at middle of global pushback against free movement of products and people across borders



But his choice of advisers makes it clear that strict enforcement of trade rules, including with import barriers, is on the table.

Robert Lighthizer, a trade lawyer who has argued for three decades for punitive tariffs on the overseas rivals of American companies, was chosen this month for U.S. trade representative. The choice complements the selection of other China critics and trade hawks, including **Wilbur Ross Jr. to lead the commerce department**, economist Peter Navarro at a new trade council at the White House and Jason Greenblatt for overseas negotiations in general.

“The appointments are quite consistent with the campaign rhetoric—he has four horsemen who are right on board,” said Gary Hufbauer, senior trade expert at the Peterson Institute for International Economics, which backs free trade.

Mr. Trump has said he would **pull the U.S. out of the Trans-Pacific Partnership**, or TPP, an unratified 12-nation framework that President Barack Obama viewed as a key part of his legacy and the economic centerpiece of his efforts to rebalance foreign policy toward fast-growing Asia.

As recently as November, the Obama administration was hoping a Hillary Clinton victory could allow for congressional approval of the pact, which would have lowered tariffs among the U.S., Japan, Mexico, Vietnam and eight other countries, as well as setting rules of the road designed to put pressure on China.



The North American Free Trade Agreement, or Nafta, is also in Mr. Trump’s crosshairs, and he has signaled he will renegotiate the pact or even abandon it altogether. Mexico responded this month by appointing Luis Videgaray—a former finance minister whom Mr. Trump has praised—as its foreign minister, with a priority on maintaining ties with the U.S.

Since the election, Mr. Trump has reined in talk about imposing big tariffs of 45% or so on Japan, Mexico and China. His aides have said those proposals were more of an opening salvo in negotiations with trading partners, rather than a policy position.

Instead, Mr. Trump lately has warned of taxes or duties on goods made by companies that boost production abroad, putting **pressure on Ford Motor Co., General Motors and air-conditioner giant Carrier Corp.** This month **he warned Toyota Motor Corp.** it would have to pay a “big border tax” on Corolla models produced in Mexico and sent to the U.S.

Still, the risks are high: Mr. Trump has linked his trade complaints about China to geopolitical flashpoints like North Korea and Taiwan. Beijing is already challenging the U.S. at the World Trade Organization over Washington’s refusal to grant the country market-economy status at the Geneva-based trade body on the 15th anniversary of its membership in December.

If Mr. Trump imposes tariffs on Chinese goods, China could balk at making deep concessions or retaliate. The Global Times, a state-run newspaper, said this month that Chinese trade officials have “fresh flowers” for the new administration but a “big stick hidden behind” as well.

Mr. Trump could also face opposition in Congress. As an alternative to tariffs, House Republicans have proposed a complicated border tax designed to make U.S. exports more competitive compared with imports, but the measure could face retaliation or challenges at the WTO.

Senate Republicans who back free trade have reacted cautiously to Mr. Trump’s trade rhetoric and picks for key posts.

While Congress has constitutional authority over tariffs and trade, a series of laws dating back decades gives the president wide powers for imposing tariffs. Analysts say Mr. Trump and his advisers are likely to defend industrial goods—steel and autos—produced in the Midwestern states that propelled him to the presidency.