

New York Times (Feb. 25, 2017)

# Trump Is Off to a Slow Start on Trade Promises

By BINYAMIN APPELBAUM



*President Trump in the Oval Office on Friday. He has yet to pursue several of his campaign promises on trade.*

WASHINGTON — President Trump keeps firing verbal broadsides at Mexico and China, but so far his new administration has not acted to keep specific campaign promises about trade policy.

Mr. Trump did not declare China a “currency manipulator” on his first day in office, as he had vowed, nor has he after his first month. Steven Mnuchin, the Treasury secretary, said on Thursday that his department was conducting a standard biannual review of the currency practices of China and other trading partners.

Mr. Trump also has not initiated the renegotiation of the North American Free Trade Agreement with Mexico and Canada, something he promised to “immediately pursue.”

“There’s definitely a huge gap between rhetoric and reality,” said Chad P. Bown, a senior fellow and specialist on trade policy at the Peterson Institute for International Economics.

Mr. Trump made trade one of his signature issues during the campaign, excoriating what he described as failed policies that have allowed foreign countries, notably China and Mexico, to profit at Americans’ expense. And he has not changed his tune since he moved into the White House.

“Take a look at Nafta, one of the worst deals ever made by any country having to do with economic development,” Mr. Trump told the cheering crowd on Friday at the Conservative Political Action Conference, held just outside Washington. “It’s economic undevelopment, as far as our country is concerned.”

Mr. Trump has fulfilled one campaign promise on trade, signing an order **to withdraw the United States from the Trans-Pacific Partnership**, a unsigned deal that the Obama administration negotiated with Pacific Rim nations but had not submitted to Congress for approval.

But the absence of clear action on China and Mexico is striking, both because Mr. Trump’s language remains so bellicose and because the administration has moved quickly to keep many of the other campaign promises that it made.

The **“Contract with the American Voter”** that Mr. Trump announced in October has proved in most respects an accurate guide to the first month of his presidency.

Mr. Trump has nominated a conservative judge to the Supreme Court and announced a freeze on federal hiring. He has reversed some Obama-era regulations and sharply shifted the government’s policies on immigration. The White House is pressing Congress to approve a new health care plan and overhaul the tax code.

**Trade policy has emerged as perhaps the most notable exception.**

Mr. Trump’s views on trade **diverge widely from the mainstream of the Republican Party**, more so than on any other issue of economic policy. And some Republicans were quick to warn Mr. Trump against **protectionist** measures, fearing they could damage American economic growth.

“The main point I wanted to convey is that regardless of what action the incoming president takes on trade, he and his advisers should consider the **effects on agriculture**,” Senator Charles E. Grassley, Republican of Iowa, declared last month after meeting with Robert E. Lighthizer, Mr. Trump’s choice to be chief trade negotiator. “I expect the new administration to work hard to maintain existing markets for Iowa and other farm states’ exports and open new markets as well.”

Another farm state Republican, Senator Ben Sasse of Nebraska, this week celebrated the 200th anniversary of the publication of David Ricardo’s economic theory of comparative advantage, which shows that trade between two nations benefits both. “It’s still brilliant & beautiful,” **Mr. Sasse wrote on Twitter**. He suggested in a second post that parents should read Ricardo to their children.

**Mr. Trump said during the presidential campaign that he would declare China a currency manipulator on “Day 1” of his administration.** He reiterated that commitment in his “Contract with the American Voter,” which said, “I will direct the secretary of the Treasury to label China a currency manipulator.”

And on Thursday, Mr. Trump reiterated his longstanding view of China in an interview with Reuters. “I think they’re the grand champions at manipulation of currency,” Mr. Trump said, adding, “We’ll see what happens.”

But Mr. Mnuchin had already made clear hours earlier that the administration did not intend for anything to happen, at least immediately.

In a televised interview with CNBC, Mr. Mnuchin said that China’s currency practices would be evaluated on the same schedule as those of other American trading partners. The Treasury publishes biannual reports on April 15 and October 15.

“We have a process within Treasury where we go through and look at currency manipulation across the board,” he said. “We’ll go through that process. We’ll do that as we have in the past. We’re not making any judgments until we continue that process.”

**Specialists in currency policy say that they see no evidence that China is suppressing the value of its currency to increase exports, as it did in previous decades.**

The White House and the Treasury Department did not respond to requests for comment.

If the United States determines that China is manipulating its currency, a step the Treasury last took in 1994, the government would seek to reach an agreement with China, but could eventually impose tariffs on Chinese imports.

The administration is also moving slowly on its pledge to renegotiate the North American Free Trade Agreement. **The White House must notify Congress 90 days before it begins renegotiation of a trade agreement.** The Trump administration not provided such notification.

The Mexican government triggered its own 90-day clock at the beginning of February, but officials are happy to watch and wait.

“We are not in a hurry to change anything,” the Mexican economy minister, Idefonso Guajardo Villarreal, told reporters on Thursday, noting that his counterparts in the United States have yet to “define their objectives.”

One reason for the stuttering start may be the paucity of administration officials. Mr. Trump has said that Wilbur Ross, his nominee for commerce secretary, will lead the renegotiation of Nafta and play a major role on trade policy. But Mr. Ross is awaiting Senate confirmation. A vote is scheduled for Monday.

**The Senate Finance Committee has yet to schedule a hearing on the nomination of Mr. Lighthizer, a Washington lawyer, as chief trade negotiator.**