

## Watching and waiting for Donald Trump's protectionism

*America's trading partners would do well to pick their battles*

*(Lead Editorial)*

Over the weekend, the world's leading economies dropped a pledge to eschew protectionist policies they had first made back in 2008. On the face of it, this change, pushed through at the insistence of Donald Trump's administration, is very worrying. The US has provided leadership to the world trading system for decades: in its absence, things could fall apart.

In reality, though, the pledge itself appears to have played little role in ensuring that the period following the global financial crisis has avoided the tit-for-tat trade protectionism of the Great Depression. As for the US, it remains to be seen whether the current civil war over trade policy within the administration will result in anything more substantive than frothy rhetoric and symbolic actions. The protectionism pledge itself is hardly one of the most vital planks in the international policy architecture. Instituted at a rushed Group of 20 meeting in November 2008, as the global financial crisis was raging, it lasted all of 36 hours before Russia broke it by raising car tariffs. When protectionist pressures later arose — such as calls to implement “Buy America” that would have restricted US public procurement to domestic companies — it was the rules of the World Trade Organization and the North American Free Trade Agreement that kept them in check. More concerning is the possibility that the US is clearing the decks for a volley of protectionist policies, either by using the White House's considerable powers to put emergency blocks on trade, or simply by abrogating existing promises. Yet to what extent this will actually happen depends on the outcome of a battle for dominance within the administration.

The more protectionist America First grouping, including the trade adviser Peter Navarro and senior Trump adviser Steve Bannon, are pitted against a faction led by Gary Cohn, the former Goldman Sachs executive who heads the White House National Economic Council. Meanwhile, the new US trade representative, Robert Lighthizer, was deputy USTR under Ronald Reagan, an administration that negotiated voluntary restraints of Japanese car exports to the US: restrictive, but not mindlessly destructive. Several of the US's trading

partners, including China, have been circumspect about sharply criticising Mr Trump's administration over trade. That seems wise. What emerges from this **maelstrom of debate** in the White House may simply be little more than attempts to bully trading partners and their companies to invest more in the US. That would be misguided, given the complex nature of global supply chains, but not disastrous. For foreign governments to weigh in heavily on the domestic US debate risks arousing resentment. Given that, it was perhaps prudent for the rest of the G20 to accede to the US demand this weekend to remove the protectionism pledge from the communiqué. America's trading partners can react to each actual policy as and when it emerges rather than getting involved in general public fights over principle. The plan for a border adjustment tax on US imports, for example, which has alarmed foreign governments, is already snarled up amid disagreements within and between the White House and Congress without outside interference. Incidents like the **G20 communiqué change should keep other countries on high alert**. Yet they would do well to **pick their battles** and see exactly what emerges from the Trump administration before they engage in what may well be a long and fraught campaign to keep the world trading system open.