

New York Times (August 13, 2018)

Trump's National Security Claim for Tariffs Sets Off Crisis at W.T.O.



The World Trade Organization's headquarters in Geneva. The group has been thrust into an uncomfortable position by President Trump's sweeping steel and aluminum tariffs.

By Ana Swanson and Jack Ewing

WASHINGTON — President Trump's embrace of sweeping tariffs has frustrated allies, lawmakers and businesses across the globe. But its **most lasting impact could be to hobble the World Trade Organization.**

The global trade group has been thrust into an uncomfortable — and potentially damaging — role as chief judge in an intense fight among its most powerful members.

At the **center of the battle is whether the United States' claim that its sweeping steel and aluminum tariffs are necessary to protect national security or whether they are simply a ruse to protect American metal manufacturers from global competition.** Allies like Canada, Mexico and the European Union have challenged Mr. Trump's tariffs at

the World Trade Organization, saying their metals pose no threat to America's national security. They have fired back with their own retaliatory tariffs, prompting the Trump administration to bring its own World Trade Organization complaints against those countries.

Now, the global trade group is in the difficult position of having to make a ruling that could cause problems whatever it does.

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"It's putting tremendous stress on the system," said Jennifer Hillman, a professor at Georgetown Law Center. "There are those who would go so far to say that the U.S. has almost effectively withdrawn from the W.T.O. by engaging in all the unilateral tariffs we've seen."

Any decision could prove to be the undoing of the World Trade Organization, which the United States helped establish in 1995 as a forum to settle trade disputes and to set rules that keep commerce flowing freely around the globe. A ruling against the Trump administration could prompt the United States to leave the W.T.O. entirely. But siding with the United States' claim of national security could also significantly diminish the organization's authority and prompt other countries to begin citing their own national security interests to ignore inconvenient rules on topics like intellectual property, environmental standards or farm subsidies.

"If the United States has rewritten the rules of the W.T.O. system to say you can do anything you want if it's in your national security interests, be prepared for every country in the world to come up with a new definition of what is its critical national security interest," said Rufus Yerxa, the president of the National Foreign Trade Council and a former deputy director general of the World Trade Organization.

On Friday, the administration once again claimed national security when Mr. Trump decided to double the rate of tariffs on steel and aluminum imports from Turkey. In a statement, Wilbur Ross, the secretary of commerce, said that metal exports to the United States had not declined "to levels sufficient to remove the threat to national security" and that raising tariffs on Turkey would reduce that threat.

Roberto Azevêdo, the World Trade Organization's current director general, said that while his group would rule impartially on challenges to the Trump administration's metal tariffs, any decision on such a sensitive political issue could create damaging tensions in the group.

"Whatever the outcome — regardless of how objective, balanced and unbiased it is — somebody is going to be very unhappy," he said last month.

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The United States has also objected to the appointment of new members for a W.T.O. appeals body, a move that threatens to paralyze the group's ability to settle disputes. The Trump administration claims that the body is guilty of overreaching its mandate, especially in its opposition to levies the United States uses to combat unfair trade competition from abroad.

By September, the appellate body, which typically has seven members, may dwindle to just three, the minimum needed to issue rulings. If the United States continues to withhold its approval of new appointments as members' terms expire, by the end of next year there may be only one panel member left.

"The W.T.O. is obviously an important institution," Robert E. Lighthizer, the United States trade representative, said in December. "But, in our opinion, serious challenges exist." Meanwhile, the Trump administration continues to use the World Trade Organization to help fight its battles.

The administration has participated in dozens of cases and filed complaints about the trade practices of China, the European Union, Mexico and others. American officials have also said they would like to improve the organization, though they have given few specifics. And the United States, the European Union and Japan are working on draft texts that would toughen rules on subsidies and state-owned enterprises — measures aimed at China, which, economists contend, uses a variety of methods to prop up its industries.

Some trade experts have labeled this **mixed stance pragmatic; others, hypocritical**. But there's no doubt that America's ambivalent attitude toward the group has left a system in confusion, with the World Trade Organization on the brink of an existential crisis and the United States offering few clues about where its leadership — or lack thereof — might lead.

"When we ask what's their plan, their answer is they don't know," said Pascal Lamy, president emeritus of the research organization the Jacques Delors Institute and director general of the World Trade Organization from 2005 to 2013. Mr. Lamy said that Mr. Trump's intention was to "shake the system, and then we'll see." That, he said, was "the only explanation they gave."

Mr. Trump and some of his advisers argue that the United States has surrendered some of its advantage as the world's largest economy by taking part in a rules-based system. They see more advantage in negotiating with other countries one-on-one.

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That approach has alarmed American allies, who worry that without an organization capable of aiding trade deals and arbitrating disputes, the world would return to a survival-of-the-fittest system where only the biggest and most powerful would set the rules.

“In such a world, where power has replaced rules as the basis for trade relations, it will be the smallest and poorest that will be hurt the most,” Marc Vanheukelen, the European Union ambassador to the W.T.O., told a gathering of the organization’s 164 members at the W.T.O.’s lakeside headquarters in Geneva in late July.

Mr. Vanheukelen was among dozens of members who stood to complain that the organization was on the **verge of becoming dysfunctional**. Many blame the Trump administration for encouraging other countries to flout long-established rules of the game and introducing a confrontational tone to an organization that has traditionally functioned by consensus and good will.

The Trump administration has already supported other countries in using the same national security exemption it is citing for steel and aluminum tariffs. In late July, it revealed that it was siding with **Russia in a case against Ukraine** over Russian transit restrictions that cut Ukrainian exporters off from foreign markets. Like the United States, Russia claims that the World Trade Organization does not have the right to weigh in on what it considers a national security matter.

Economists also question the Trump administration’s claim that it has been treated unfairly by the W.T.O. The United States has **brought more disputes** to the World Trade Organization than any other member over the last 22 years. And according to a **report released by the Trump administration** in February, the United States has won a greater proportion of the cases it has initiated than the global average.

The Trump administration is not the first American government to be critical of the World Trade Organization. And there is general agreement among W.T.O. members that it is badly in need of an overhaul. Most concede that the **dispute arbitration system, though essential, is guilty of overreach and inefficiency.**

“One may not approve of what Donald Trump says, but it wouldn’t be wise to ignore what he says,” Mr. Azevedo said. “The U.S. is not the only one seeking to further modernize or reform the W.T.O.”