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An Agenda That Fails to Promote Trade

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In the opening chapter of the *2010 Trade Policy Agenda and 2009 Annual Report*, President Obama unveiled a trade agenda that aims to double U.S. exports within five years and create jobs.¹ Prominent on Obama's trade to-do list is the implementation of the National Export Initiative (NEI), which will be directed by a new export promotion cabinet. This cabinet will oversee an as-yet-undefined expansion of government programs, special financing, and subsidies for U.S. firms and farmers seeking overseas market opportunities and tougher enforcement of international trade laws. Also on the agenda is a promise to continue negotiations under the Doha Round; a commitment to discussions with various stakeholders about long-pending bilateral trade agreements with Colombia, Panama, and South Korea; and an intention to strengthen trade relations with the EU, Asia, and other key partners.

Beyond the promises to study, talk about, or engage in negotiations over the nation's most pressing trade issues, the President's agenda offers little hope for advancing the open-market policies that have historically served the U.S. so well but that this Administration has failed to champion. The Administration's professed need for a thorough trade policy review might have been enough to stave off domestic and global demands for a detailed action plan to implement U.S. international economic priorities last year, but it is no longer acceptable today. The time for catch-up is over. At stake are America's competitiveness, credibility, and leadership in global markets. Freer trade is the pathway to faster economic growth and rapid job creation—not just export promotion. While export promotion might be a politically acceptable item on the trade agenda,

it is not a substitute for comprehensive trade liberalization. In most cases, it is just the opposite, involving a tightening of rules, greater protectionism, and subsidies for non-competitive producers.

“Wait and See” Will Not Open Markets. The first policy priority outlined in the *2010 Agenda* is to support and strengthen a rules-based trading system—the World Trade Organization (WTO). Rather than offering any creative way to break the deadlock in multilateral trade negotiations, the section largely focuses on U.S. endeavors in the past and signals that America will wait and see if other nations offer deal-making concessions before moving to conclude a global trade deal. What leadership!

Enhanced trade enforcement—the focus of the second priority but a theme found throughout the *Agenda*—centers on combating trade-restricting regulations and inadequate intellectual property protection in foreign markets and ensuring that labor and environmental provisions in U.S. free-trade agreements are better monitored and enforced. While there is nothing wrong with enforcing the rules of trade, care must be taken to ensure that America also plays by these same rules, that U.S. regulations do not become burdensome to trade, and that “enforcement” is not used as simply another tool of protectionism.

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The third priority, job creation through export promotion, is also the rationale for the NEI and is the heart of the President's trade agenda. Promoting exports alone undermines the primary benefits to be gained from freeing *all* trade: more efficient resource use and lower prices for households and firms that occur when a nation lowers its own barriers to trade. Thus, seeking trade concessions from other countries in bilateral agreements or through the WTO only addresses one part of the problem with protectionism—America has its own trade barriers to dismantle.

Fourth in the list is a promise to continue the re-evaluation of pending trade agreements with Colombia, Panama, and South Korea—again, by waiting to see to what extent America's would-be trade partners are willing to meet demands that they change their labor, tax, and other policies to woo the Administration's support for stronger trade ties.

Thus, while the Administration trumpets its trade negotiations with Trans-Pacific Partnership nations as a beneficial trade deal for America, there is no reason to be confident that any agreement would ever be implemented given the Administration's insistence on adding extraneous and politically motivated issues to every trade negotiation.²

Protectionists: Take Heart! The Administration also says that it will continue to engage with all interested domestic stakeholders to ensure that U.S. trade policy is shaped in a way that makes everyone happy. This, as all trade advocates know, is an impossible feat that ensures that trade policy will languish in a limbo of endless debate. This outcome, however, certainly leaves protectionists content—and strengthens the argument that the Administration is a less-than-ardent supporter of open market policies.

It would be better for American workers, firms, and a world struggling to recover from a global economic crisis if the U.S. were to conclude a much-needed global trade deal. Unfortunately, rather than

moving toward compromise, the Administration is increasing its demands for concessions from other nations. Such intransigence is not without cost. While America talks about trade, the rest of the world moves forward with new trade pacts that leave U.S. firms on the sidelines.

Ultimately, if the Administration wants to enable America to better reap the gains from trade, it must accept that there is no amount of debate that will create a perfect government policy mechanism more effective than open markets. In this vein, the Administration's desire to gain new foreign market access for American goods and services will depend on a new U.S. willingness to dismantle domestic trade barriers of concern to America's trade partners; after all, the process of trade liberalization has long been one of reciprocal trade reform. Additionally, if the Administration really wants to use trade policy to boost prosperity, then it should make clear commitments and then take decisive action to eliminate the blemishes marring America's trade regime.

Taking Substantive Action on Trade. While the Administration staunchly promises that the U.S. will not abandon its legacy of supporting open and free commerce, it has done little to nothing to demonstrate that commitment in substantive terms, stop anti-trade legislation, or combat growing protectionism in the U.S.—and the *2010 Trade Agenda* promises only more of the same inaction. Talking about improving America's trade relations around the world, boosting exports, and even enforcing trade rules are empty gestures without tangible action that demonstrates to the rest of the world that America recognizes it too has a role to play in the common cause of advancing global trade liberalization.

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1. U.S. Trade Representative, *2010 Trade Policy Agenda and 2009 Annual Report*, at <http://www.ustr.gov/2010-trade-policy-agenda> (March 2, 2010).
2. Daniella Markheim, "America Should Follow Through with Trans-Pacific Partnership Trade Negotiations," Heritage Foundation *WebMemo* No. 2719, December 4, 2009, at <http://www.heritage.org/Research/TradeandForeignAid/wm2719.cfm>.