US President Donald Trump unveiled his ‘American First’ approach by signing an executive order to formally withdraw from the Trans-Pacific Partnership (‘TPP’) on his first day in the Oval Office. Such decision by President Trump surely came as no surprise as he constantly hailed during his election campaign to disentangle the US from the largest regional trade deal in history, which covers about 40 percent of the global GDP and one-third of world trade. Since the TPP was never ratified by Congress, it may not have an immediate effect on trade. However, Trump’s abandonment of the TPP deal indicates a firm intention to act on his election promises of protectionism, which is in line with a clear departure from a free-trade strategy by his taking a tougher stance on trade relations with the foreign competitors.

The TPP was negotiated under the Obama administration for almost eight years, bringing the US along with 11 other Pacific Rim countries in a free-trade zone. As a strong advocate for the TPP, Obama once speculated that the TPP would be an effective counterweigh to China’s growing influence on the Asian economy. Although the TPP seems to be crumbled without the US involvement, the geopolitical benefits may still remain valid as such value was agreed among partner countries during the TPP negotiations. It may be an indispensable option for the new Trump administration to come up with an alternative arrangement, which creates the kind of the US influence over the Asian-Pacific region that the TPP would have generated in order to gain its geopolitical benefits. Meanwhile, China has been actively initiating an alternative regional trade pact known as the Regional Comprehensive Economic Partnership (‘RCEP’), which aims to unite

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10 ASEAN countries along with Japan, South Korea, Australia, New Zealand, and India. While the Chinese influence would likely to be more limited in Asia-Pacific region than the corresponding US influence negotiated in the TPP, it should not be overlooked that the RCEP would still encompass over three billion people, accounting for about 40 percent of global trade.

President Trump’s current perspective on economic nationalism and dichotomous approach on trade policy will undeniably redefine America’s role on global community. The question remains as to whether his administration can create trade momentum to lead forward, and not backward to the risky nationalism the world witnessed in the first half of the twentieth century. Trade policy requires a keen sense of balance because trade is not simply about economic prosperity. Geopolitical aspect of trade must be equally emphasized.

References

