

Biden, and Global Trade Architecture



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Following the 2020 United States presidential election, economists have high hopes for the president-elect, Mr. Joseph Biden, and for the next US administration. The hopes are especially for the potential changes in the global trade architecture. Over the past four years the Trump administration dismayed and created confusion in the world economic order and multilateral trading system (MTS).

Mr. Biden's policies are bundled under the slogan, "Build Back Better." Over 7.3 trillion dollars are to be spent on initiatives such as green infrastructure including the creation of clean-energy jobs, and in the area of housing, education and health care. The first order of these initiatives is centered on the US domestic economy such as recovery from the COVID-19 pandemic and an economic recovery plan for working families. At the same time, however, Mr. Biden has emphasized working with allies to create a rules-based system and rebuild US leadership on the global stage. As Biden has declared, "America is back and ready to lead the world."

There are quite a few outstanding issues in the global agenda. Other than the COVID-19 pandemic and its consequences on the world economy, global issues that call for urgent attention are climate change and the multilateral trading system. Mr. Biden vows to rejoin the Paris Agreement on his first day of office in the White House. During the election, Biden promised that the next US administration is committed to fighting climate change, reducing carbon footprint, and pursuing clean energy revolution. It has not been crystal clear, however, how he will tackle many outstanding issues concerning the MTS.

The multilateral trading system operated mainly by the World Trade Organization (WTO) is in crisis. Most outstanding issues currently facing the WTO include failure in trade negotiations and malfunction of the dispute settlement system, among others. The Doha Development Agenda (DDA) is the WTO's first and ambitious trade negotiation round, which began in 2001. Despite several efforts to conclude the Doha round, negotiations were put to an end without reaching an agreement, that is, a de facto failure of the DDA. Meanwhile, the Appellate Body (AB) of the dispute settlement system is defunct without a judge in the appeals body. Starting from the Obama administration's veto to reappointment of a South Korean AB member, the Trump administration has blocked further appointments of new judges. One of the reasons for the United States opposing the appointment of AB members is the "judicial overreach" issue. As a result, the AB has lacked a quorum to deliver decisions since December 2019, and now all seven seats are vacant with the last judge's exit on November 30, 2020. What is worse, the post of WTO Director-General, who is supposed to play a crucial role for the most needed reform and reinvigoration of the WTO, has stood vacant since August 31, 2020, after Roberto Azevêdo resigned from the position.

Obviously Biden is not going to be panacea to all the global issues outstanding. Even if America returns to the global stage with Biden's new policy initiatives, it would be hard to imagine the world going back to the pre-Trump era. One of the most notable conflicts is trade disputes between the United States and China and strategic competition in technology and security. The problem is aggravated by the reality that it is not just a problem of the Trump administration. For example, the US Congress recently unveiled legislation of the 2021 National Defense Authorization Act (NDAA) and the Holding Foreign Companies Accountable Act. Evidently, they represent growing bipartisan pressure on China. According to the Pew Research Center, negative evaluations of China have increasingly climbed within the US, in particular 20 percentage points up during the past four years of the Trump administration.

Mr. Biden apparently thinks that the US administration alone cannot achieve the goal of restoring the international economic order and the MTS, as well as dealing with conflicts with China. There should be enormous efforts made by major stakeholders across the globe. For this reason, he has emphasized international cooperation, particularly with allies who share the values of democracy and the market economy system. In order to tackle global outstanding issues, the Biden administration is expected to adopt an institutional and multilateral approach with more predictable policies that are rules-based. Most of all, a trust-rebuilding process must be the first step for WTO reform. Establishing a transparency-enhancing mechanism is also needed. The signing of the RCEP Agreement among 15 Asian countries including China, together with President Xi's recent statement that China is considering joining the CPTPP, might precipitate the Biden administration to prepare for a "return" to the Asia Pacific region earlier than anticipated. It is still unknown, however, in what form the US will come back to the region. No matter what form it takes, high hopes for the new US administration are linked to the statement, "Build Back Better" for more systematic and stable global trade architecture and constructive cooperation in the Biden, and Global Trade Architecture region. [KIEP](#)