America is back

Opportunities and challenges for reviving international cooperation

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„America first“ policy

- Trump advocated for greater trade protectionism
  - Aggressive unilateralism to protect national security
  - Leverage to renegotiate trade deals
  - Departure from multilateral cooperation and organizations

- Key argument: large US trade deficit (2021: -1,179.8 bn USD) vis-à-vis important trading partners → promised Trump effect failed to materialize

US trade balance in billion USD

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>China</th>
<th>EU 27</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-735</td>
<td>-347</td>
<td>-146</td>
</tr>
<tr>
<td>2020</td>
<td>-905</td>
<td>-311</td>
<td>-183</td>
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</tbody>
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Source: IWF, DOTs.

New distortionary trade measures implemented per year

- Affected countries: China, Germany, Italy
- Imposing countries: USA, India, Germany

Types of distortionary trade measures implemented, 2009-2021

- Subsidies (excl. export subsidies): 42%
- Export-related measures (incl. export subsidies): 15%
- Contingent trade-protective measures: 14%
- Trade-related investment measures: 6%
- Other measures: 13%
- Tariff measures: 11%
- Non-contingent measures: 8%

Note: The cut-off date for the reported measures is December 31 in each case.
Source: Global Trade Alert Database.
„America is back“ policy

- Biden’s victory: four-year window to revive international alliances and to strengthen the relevance of a rule-based multilateral trade order
  - Trade tensions (transatlantic ties, Sino-American relations, multilateral cooperation)
    - EU-US steel-aluminum trade dispute suspended & Airbus-Boeing trade dispute resolved
  - Pressing global challenges (COVID-19 pandemic, climate change)
- Domestic affairs

- Common interests and values as part of a “Renewed Transatlantic Partnership”
  - Rebooting the transatlantic relationship → removing trade disputes; launch of the EU-US Trade and Technology Council (TTC)
  - Revitalizing the functioning of the WTO and updating the WTO rulebook
  - Climate change collaboration as springboard (Paris Climate Agreement, climate neutrality by 2050)
  - (Cooperation on COVID-19 pandemic: TRIPS waiver, COVAX initiative)
  - (Joint action against China: coalition against China)
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