

Biden Has Early Chances to Show Allies His Global Trade Agenda

Removing Trump's tariffs, calling Group of 20 meeting among possible moves by new president

By Yuka Hayashi

WASHINGTON—During his campaign, President-elect Joe Biden highlighted his intention to work closely with America's allies to ease trade tensions and pressure China to abide by international rules.

He will have several early chances to do that after being sworn in Jan. 20.

The new president will have an opportunity to try to resolve a leadership dispute at the World Trade Organization pitting the U.S. against most other members.

He could remove Trump administration tariffs on imported steel and aluminum that have riled trading partners.

Moreover, he could command the world economic stage by calling an emergency meeting of the Group of 20 nations early next year, as some former economic officials have suggested, a potential setting for an unofficial summit with Chinese President Xi Jinping.

Europe, Asia and Latin America: How Biden's Foreign Policy

Europe, Asia and Latin America: How Biden's Foreign Policy Could Impact U.S. Allies

When it comes to president-elect Joe Biden's foreign policy in Asia, Europe and Latin America, he is likely to focus on issues like transatlantic cooperation, U.S.-China relations

and immigration. WSJ journalists examine the impact a Biden administration could have on U.S. allies around the world.

Mr. Biden this week **showed his intent to reverse President Trump's pivot away from some international agreements** by appointing former Secretary of State John Kerry as **a special envoy for climate change**, a new position that will be focused on global policy.

Here's a look at these and other areas where the president-elect could make an early mark on global trade and economic issues.

WTO Leadership

One of the first steps Mr. Biden can take is to end the deadlock over the selection of the **WTO's new leader**. The Trump administration has opposed the candidate backed by most member countries, Ngozi Okonjo-Iweala, a former Nigerian finance minister and former World Bank executive.

The Trump administration maintains that Ms. Okonjo-Iweala **doesn't have enough experience** in world trade, and is instead backing South Korean Trade Minister Yoo Myung-hee.

Most member nations of the World Trade Organization want Nigeria's former finance minister, Ngozi Okonjo-Iweala, to be the group's new leader.

Either candidate would be the first woman to lead the organization, and Ms. Okonjo-Iweala would be the first WTO leader from an African nation.

Traditionally, the choice of WTO leader has been by unanimous vote, so a Biden administration could end the deadlock by agreeing to the Nigerian candidate.

China's influence on the WTO is another possible wrinkle. If Ms. Yoo were to be selected, China could lose its deputy director general seat at the WTO, analysts say, since those seats are rotated among global regions for balance, and Asia would have its representation through Ms. Yoo.

The White House didn't respond to a request for comment about whether that was a factor in its support for Ms. Yoo.

The Trump administration isn't the first to have a beef with the WTO. The Obama administration blocked appointments of WTO appellate judges, complaining that they overstepped their legal mandates or delivered rulings that Washington felt unfairly favored rivals, including China.

Mr. Biden has promised to work more with the global community, but he also promised to be tough on China. The Biden campaign didn't respond to questions on the WTO leadership and other trade-related issues.

Brian Pomper, executive director of Alliance for Trade Enforcement, a group of trade associations that advocates for foreign governments to end unfair trade practices, believes that Mr. Biden is likely to go with the consensus choice.

"It would make sense as a way to show that he is **more multilateral, and willing to take account of these multilateral institutions,**" Mr. Pomper said.

He and others say Mr. Biden should also start taking steps **to allow the WTO to resume its role as the arbitrator of trade disputes. Mr. Trump has said the WTO is unfair, and his administration has blocked the appointment of new judges to the group's appellate body, effectively disabling its dispute-settlement function.**

"On WTO reform, we have to start with confidence-building measures," said John Neuffer, president of the Semiconductor Industry Association. "It's important to get the dispute-settlement system of the WTO fully operational again. Our industry and many others have benefited from that system."

Steel Tariffs

Among the most significant of the tariffs imposed by Mr. Trump are those on imported steel and aluminum. The levies of 25% on steel and 10% on aluminum were imposed on national

security grounds, with Mr. Trump saying they were needed to protect an industry vital to national defense.

The tariffs have provided mixed benefits for U.S. steel companies, however, and hurt U.S. manufacturers that either faced retaliatory tariffs or higher costs for imported steel.

Washington has exempted several friendly countries such as Australia, Mexico and South Korea from the tariffs, but kept others on the list, including the European Union and Japan.

Experts say lifting those tariffs on allies during the early months will go a long way toward smoothing ties with partners, particularly Europe, before the new administration starts to tackle rising bilateral trade challenges.

A long-running dispute over Boeing Co. and Airbus SE jets escalated this month with a European threat to impose \$4 billion in retaliatory tariffs on U.S. goods. Meantime, tensions are growing over European digital-services taxes that affect U.S. technology companies.

“The strongest signal President-elect Biden can send is to simply repeal [the tariffs]. That’s absolutely within his authority,” said Michael Smart, managing director at Rock Creek Global Advisors and a former Democratic congressional and White House aide.

To fend off opposition from domestic companies, unions and lawmakers, Mr. Smart said the new administration could introduce generous import-monitoring steps on allies similar to those offered to Mexico and Canada through the United States-Mexico-Canada Agreement.

Trade Promotion Authority

The new administration must decide what to do with trade promotion authority: special legislation that allows trade officials to submit any trade agreements to Congress for expedited approval.

The current authority is set to expire July 1, and the renewal process will be contentious because of partisan differences over worker and environmental protection in future trade agreements, particularly if the Republicans maintain Senate control.

TPA's expiration will also influence the Biden administration's stance on the continuing negotiations for a bilateral trade agreement with the U.K. started by the Trump administration based on the authority. The negotiations are believed to be in their late stages.

Emergency G-20 Summit?

Several former officials from Democratic administrations, including former Treasury Secretary Larry Summers, have called on Mr. Biden to push for an emergency summit meeting of G-20 nations early next year to set **a global agenda for recovery from the coronavirus pandemic.**

The leaders could rally behind sustained fiscal stimulus to ensure growth and pledge assistance to developing nations. Reinvigorating the WTO could be a topic as well, the former officials say.

Such a meeting could also provide Mr. Biden an opportunity to meet top officials from China, a G-20 member. "It somewhat deflects the problem of how to engage with China bilaterally," said Matthew Goodman, senior vice president at Center for Strategic & International Studies and one of the meeting's proponents.

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