

## Turkish FM on way to Moscow for Syria talks as Russian envoy killed in Ankara

Hurriyet Daily News, 19.12.2016



Turkish Foreign Minister Mevlüt Çavuşoğlu was on his way to Moscow to meet with his Russian and Iranian counterparts to discuss Syria, as Russian Ambassador to Ankara Andrey Karlov was shot dead in Ankara on Dec. 19, Turkish Foreign Ministry spokesman Hüseyin Müftüoğlu confirmed.

Çavuşoğlu and Lavrov are expected to hold a joint press conference in Moscow on Dec. 20, over the killing of Karlov, Turkish diplomatic sources told the Hürriyet Daily News on Dec. 19. Karlov was shot by a gun while making a speech at a photography exhibition in the Turkish capital of Ankara on Dec. 19, Russian Foreign Ministry has confirmed.

Çavuşoğlu was on an airplane en route to Moscow to meet his Russian and Iranian counterparts, Sergei Lavrov and Javad Zarif, respectively, Müftüoğlu said. The tripartite talks were to focus on a solution, initially over Aleppo, but which could also be enlarged to include other parts of Syria, according to Reuters which cited a Turkish official as saying on Dec. 19.

Turkey and Russia have recently cooperated and reached a deal over a cease-fire on Syria's besieged part of eastern Aleppo and an evacuation of rebels and civilians from the city. The evacuation started on Dec. 15, and was ongoing on Dec. 19.

Karlov, who started his career as a diplomat in 1976, worked extensively in North Korea over three decades, before moving to Ankara in 2007, according to a biography on the Russian Embassy's website. He became ambassador in July 2013. Hürriyet Ankara representative Deniz Zeyrek said the attacker first shot into the air and later shot the envoy in the back.

He shot the envoy for the second time after the scene was evacuated. It has also been reported that the attacker entered the scene by showing a police identity and wearing a suit. The attacker reportedly shouted "Don't forget Aleppo! Don't forget Syria! As long as our brothers are not safe, you will not enjoy safety" according to a footage released on Dutch website nos.nl.

"Whoever has a share in this oppression will pay for it one-by-one," he added. "Only death will take me away from here." He also recited "God is great" before talking in Turkish. Interior Minister Süleyman Soylu later arrived at the scene. Meanwhile, Kremlin said that President Vladimir Putin was studying a report on the attack.

# Erdogan: Turkey, Russia agree killing of envoy is provocation

Hurriyet Daily News, 19.12.2016



Turkish President Recep Tayyip Erdoğan has extended his condolences over the assassination of Russian ambassador Andrey Karlov, adding that Ankara and Moscow agree that the killing was an attempt of provocation against mutual ties.

"We agree with (Vladimir) Putin that this is a provocation, there is no split of opinion about this", Turkish President Recep Tayyip Erdoğan said in a televised statement, while commenting on a phone call with the Russian leader. "In this phone call tonight, we agreed on empowering our solidarity," Erdoğan said adding that the two countries have the will not to let this provocation work.

The president also highlighted an increasing cooperation between the two countries, which resulted in the recent evacuation of civilians from the civil war-hit Aleppo in Syria. "This cooperation will continue in determination," he said.

The attack is not only against the Russian envoy, but the Turkish nation, he said. The president also said himself, the prime minister, the interior minister, the health minister and other related officials have been working on the issue.

Russia will send officials to join the Turkish investigation upon a demand by Moscow welcomed by Ankara, he said. Russia also requested increased security particularly for Russian diplomatic missions. A Russian jet will take the body of Karlov from Turkey, Erdoğan said.

Meanwhile, Putin also described the assassination of Karlov as "a provocation." "Attack on Russian ambassador was a provocation against the good relations that Turkey and Russia carried out in Syria," Putin said and called for the strengthening of the war against terrorism as a response to the assassination. He also wanted to know who "directed" the killer.

# Turkish forces fight ISIL to capture al-Bab, 14 soldiers killed

Anadolu Agency, 21.12.2016



Clashes between Turkish forces and Turkish-backed Syrian rebels against the ISIL militants intensified in the central parts of Syria's al-Bab, where 14 Turkish soldiers and 138 jihadists were killed in fighting.

As part of the ongoing Euphrates Shield Operation, Turkish and Turkey-backed FSA rebels fought with the help of fighter jets and artillery fire for a hospital and the surrounding area in central al-Bab, the Turkish Armed Forces said "Once this area has been seized, Daesh's dominance of al-Bab will to a large extent be broken," it said in a statement, using an Arabic acronym for ISIL.

Earlier in the day, the military said that with the support of rebels and ground and air elements, the road between the strategic Syrian cities of al-Bab and Aleppo was taken under control. ISIL was using suicide bombers and vehicle-borne explosives extensively, it said, adding that four bomb-laden vehicles with jihadists inside them were struck in air strikes.

The military raised the death toll to four from three for the Turkish troops killed in the clashes in al-Bab after one more soldier out of the 16 wounded succumbed to his injuries at hospital. However, the military said in a statement later in the day that 10 more Turkish soldiers were killed in three separate suicide attacks in the afternoon. Some 18 others were wounded.

After the lightning speed of the earlier campaign that saw the border town of Jarablus taken on the first day of the offensive, the Turkish army has suffered increasing casualties in the fight for al-Bab. With the latest additions, more than 30 Turkish troops have been killed as part of the Euphrates Shield Operation.

On Aug. 24, the Turkish Armed Forces launched the Euphrates Shield Operation against both ISIL and the Syrian Kurdish People's Protection Units (YPG), the military wing of the Syrian Kurdish Democratic Union Party (PYD). Turkey regards the YPG and the PYD as terrorist organizations due to their links to the outlawed Kurdistan Workers' Party (PKK).

"Currently clashes are continuing intensively in the area," the military statement said, describing the hospital area, on the slope of a hill overlooking al-Bab, as having long been used by ISIL as a weapons and ammunition store.

The army said air strikes and artillery fire destroyed 47 sheltering places. Another eight armored pickup trucks were also destroyed in the strikes. Four Turkish soldiers were slightly wounded when the vehicle they were travelling in was damaged by a roadside blast, according to Reuters.

The Amaq news agency, affiliated to ISIL, said a suicide attack was carried out against the Syrian rebels and Turkish troops west of Al Bab, without giving further details. The Syrian Observatory for Human Rights, a war monitor based in the U.K., reported fierce clashes at the southwestern edges of al-Bab, with some rebel advances there. It said Turkish air strikes in the area had killed seven people in al-Bab and that 15 Turkish-backed rebels had been killed in fighting on Dec. 21.

## Turkey proposes new schedule for visa liberalization to EU

Hurriyet Daily News, 19.12.2016



Turkey has proposed that the European Union sets a new schedule for the visa liberalization deal for Turkish citizens, as part of the troubled March 18 deal under which Turkey agreed to halt the flow of Syrian refugees and other migrants into the EU via Greece.

According to the proposal, Turkey and the EU would reschedule the fulfilment of the remaining four benchmarks and implement visa-free travel for Turkish citizens inside the EU's Schengen Zone, a senior Foreign Ministry official told the Hürriyet Daily News. "We are giving our last proposal to the EU.

We'll tell them, 'let's agree on a new schedule,'" the official said, adding that Ankara would also set a timetable to meet the four remaining criteria. However, Turkey is insistent on not changing its anti-terror law, despite the fact that it was a prerequisite among the 72 benchmarks necessary to introduce visa-free travel. The issue has caused a rift between Ankara and Brussels, with the former rejecting the timing of such an amendment.

Ankara had previously said the entire deal, which was aimed to be implemented by the end of 2016, would be scrapped if visa liberalization was not granted. The Turkish government says it is reluctant to amend the law as it is currently fighting a number of terror groups, including the Islamic State of Iraq and the Levant (ISIL), the outlawed Kurdistan Workers' Party (PKK) and the Fethullahist Terror Organization (FETÖ) of the U.S.-based Islamic preacher Fethullah Gülen, which the government accuses of orchestrating the July 15 failed coup attempt.

Instead, Ankara proposed monitoring of Council of Europe for its practices under the terror law. Turkey and the EU signed a refugee deal in March that aimed to discourage irregular migration through the Aegean Sea by taking stricter measures against human traffickers and improving the conditions of nearly three million Syrian refugees in Turkey. The March 18 deal also allowed the acceleration of Turkey's EU membership bid and visa-free travel for Turkish nationals within the Schengen area.

# European Commission proposes modernizing Customs Union deal with Turkey

Reuters, 15.12.2016



The European Commission said Dec. 21 that it has asked the European Council for a mandate to launch talks with Turkey to modernize the existing 20-year-old EU-Turkey Customs Union.

The upgrade of the EU-Turkey trade relation forms an essential part of the efforts made by the EU and Turkey to deepen their relations in key areas of joint interest identified at the EU-Turkey Summit of Nov. 29, 2015, and in the EU-Turkey statement of March 18, 2016. “By making this proposal, the commission continues to deliver on the commitments it has made,” read the statement.

Modernizing the Customs Union to reflect current EU-Turkey trade relations is expected to bring substantial economic benefits to both partners. “With the evolution of the economic environment and the significant growth of EU-Turkey trade, the Customs Union that entered into force in 1996 is becoming less and less equipped to deal with the modern-day challenges of trade integration,” read the statement.

The first EU-Turkey High Level Economic Dialogue last April underlined the potential of its modernization. “The modernization and extension of the Customs Union could unlock further opportunities for EU companies in the agri-food and services sectors and the public procurement market. Respect of democracy and fundamental rights will be an essential element of the agreement,” noted the Commission.

Turkey is the EU’s fifth largest partner in trade in goods. The value of bilateral trade in goods has increased more than fourfold since 1996 and currently amounts to 140 billion euros annually. The EU has a positive balance of 17 billion euros. For Turkey, the EU is the most important trading partner, representing 41 percent of Turkey’s global trade. Moreover, two thirds of foreign direct investment in Turkey currently originates in the EU.

Turkey wants to widen the 20-year-old deal with the EU to cover services and agriculture. Deputy Prime Minister Mehmet Şimşek told Reuters in June that such a move could make Turkey the EU’s third largest trade partner and double their current bilateral trade of around \$160 billion a year.

## Assad says Aleppo's capture also 'victory' for Iranian and Russian allies

Reuters, 20.12.2016



Syrian President Bashar al-Assad said the regaining of full control of the northern city of Aleppo was a victory for his Russian and Iranian allies as much as his own country.

In comments after meeting, Assad said battlefield successes were a “basic step on the road to ending terrorism in the whole of Syrian territory and creating the right circumstances for a solution to end the war.” Russia’s air force conducted hundreds of raids that pulverized rebel-held parts of Aleppo while Iranian backed militias poured thousands of fighters to fight rebels along the city’s main frontlines.

The last group of civilians and rebels holed up in a small enclave is expected to leave in the next 24 hours, with the army and its allies seizing all of the city. The Russian air force has killed 35,000 fighters in Syria during its air campaign since September 2015, Russian Defense Minister Sergei Shoigu said Dec. 22.

Russian warplanes made 71,000 strikes and “liquidated 725 training camps, 405 weapon factories and workshops, 1,500 pieces of terrorist equipment, and 35,000 fighters, including 204 field commanders,” he said.

## The chaotic route to train-crash Brexit

Financial Times, 19.12.2016



So which is it to be: “hard” or “soft” Brexit? Maybe neither. There is a third possibility that is little discussed but increasingly likely: “train-crash Brexit”. In this version of events, the UK and the EU fail to agree a negotiated divorce. Instead, Britain simply crashes out of the EU — with chaotic consequences for trade and diplomatic relations.

The hard and soft versions of Brexit differ in attitudes to immigration and single market — but they also share one crucial similarity. They assume that the EU and the UK will be able to agree an orderly separation. In fact, there are strong grounds for believing that there will instead be a train crash.



The reasons for this are both procedural and political. On the procedural level, the problem is that the negotiations are too complicated to complete in the allotted time. Britain and the EU will have to unpick and then reorder a legal, economic and trading relationship that has been knitted together over the course of more than 40 years. But the two sides will have just two years to achieve and ratify a deal after Britain triggers Article 50 and gives formal notice that it intends to leave.

One of Britain's most experienced Brussels hands thinks the task is unachievable. "We don't have the administrative capacity to do it," he says, "and the EU don't have the focus." Britain's ambassador to the EU has privately come to a similar verdict; Sir Ivan Rogers warned ministers that it could take a decade for the UK to negotiate a new trade deal with the EU.

If there was great goodwill on both sides, the negotiations could doubtless be accelerated. But that is where the politics come into it. There is already plenty of simmering ill will on both sides of the Channel.

The British are hoping that, when the talks actually begin, things will calm down. In reality, it is more likely that the opposite will happen. The negotiating process will reveal the immense gap between the operating assumptions of the two sides. As a result, mutual acrimony will quickly increase — and talks could break down irretrievably.

The flashpoint is likely to be the EU's estimate of Britain's financial liabilities following Brexit, covering everything from money already pledged to the union's budget to the pensions of retired bureaucrats. The estimates in Brussels are that the UK will be facing a bill of €50bn-€60bn.

That figure is likely to be greeted with outrage in the UK. The initial reaction will be to treat the EU's financial demands as a bad joke or a clumsy attempt at blackmail. But the European Commission, which is running the negotiations, is highly legalistic and will be able to justify its figure. It will not yield easily.

A pragmatic British response would be to try to negotiate the figure downwards and then to spread the payments over decades, thus allowing the negotiations to proceed to the really crucial topic of the country's future trading relationship with the EU. In reality, however, hardliners in Prime Minister Theresa May's Conservative party and the British media are likely to make it impossible for the UK government to accept anything close to the financial demands made by Brussels.

As a result, it is entirely likely that Britain will simply stalk out of the talks, after which the matter will go to arbitration at the International Court of Justice in The Hague. The ICJ could take years to reach a decision. But in the meantime the clock will be ticking. With Britain and the EU facing off in the international courts, it will prove impossible to make any further progress on negotiating Brexit.

The anger stoked against the EU in Britain by the budget dispute would also make it impossible for the UK to reverse course and abandon Brexit. A similar hardening of opinion would occur on the European side. And that would probably prevent the EU agreeing to extend negotiations with the UK beyond two years. As a result, Brexit would happen after two years in the most abrupt and damaging fashion possible: with Britain's membership of the EU simply lapsing. The consequences of the train-crash Brexit could be dire for the UK economy. Manufacturers, including the crucial car industry, would face tariffs of up to 10 per cent on exports to the EU.

As customs barriers came into place, pan-European supply chains would be disrupted, clogging up ports with paperwork. Britain's service industries, which account for a much larger share of the economy than manufacturing, would also face big problems. In particular, financial services would lose the "passporting rights" that all UK-based institutions require to do business across the EU.

The position of the British government seems to be to hope the EU will see reason — as defined in London. One UK minister talks of the Europeans still being "in the emotional phase". Unfortunately, the EU position is driven by political calculation as well as emotion, and it is unlikely to prove a phase.

A senior British civil servant provided me with a more realistic assessment. "It's going to be bloody," he said, "but we're just going to have to bash on through and get to the other side." I smiled at that very British evocation of the wartime spirit. It is just a shame that this war is so pointless and self-defeating.

## Europe's far-right anger is moving mainstream

Foreign Policy, 19.12.2016



In the wake of the Brexit vote and the Italian referendum, and with national elections looming in 2017 in the Netherlands, France, and Germany, there is concern Europe may be inundated by a populist wave, driven in large part by right-wing parties exploiting anti-immigrant, and anti-Muslim sentiments. Indeed, the strategy seems to be working:

Polls show that people who have a favorable view of the National Front (FN) in France, the Alternative for Germany (AfD) in Germany, and the Party for Freedom in the Netherlands tend to be more negative about immigrants, refugees, and Muslims than their fellow countrymen.

In addition, they are more euro-skeptic and more wary of globalization than their compatriots. While the often nasty, nativist rhetoric of Marine Le Pen, the leader of the FN, or Geert Wilders, the founder of the Dutch Party for Freedom, is certainly key to attracting supporters, the intensity and breadth of right-wing, populist sentiments among party sympathizers — as well as a substantial minority of the general public — is notable in France, Germany, and the Netherlands.

The question that cannot yet be answered is whether this minority view could become widely shared in the coming months. A Pew Research Center survey in 10 European Union countries this year notes that it already has in Poland and Hungary, where there is not much difference in public sentiment about diversity, immigrants, or Muslims between those who favor the ruling right-wing parties and the views of those who do not favor them. In France, 45 percent of those who have a favorable view of the FN say diversity makes their country a worse place to live.





Only 24 percent of the overall French population believes that. But 34 percent of those who identify with the center-right Republicains agree with FN supporters. And their candidate, Francois Fillon, is a leading contender in next year's presidential election. Meanwhile, about half of FN sympathizers voice an unfavorable view of Muslims, compared with only 29 percent who hold anti-Muslim sentiment among the general public.

Roughly three-quarters of FN backers believe that refugees from Iraq and Syria pose a major threat to France, while just 45 percent of the French public agrees. So on most, but notably not all issues relating to the "other" in French society, FN sympathizers are far more negative and worried. But the anti-diversity sentiment among Republicains bears watching.

In Germany, roughly six-in-10 of those who have a favorable view of the AfD express the opinion that diversity is bad for the country. Only about three-in-10 in the German public share that view. But 39 percent of supporters of Chancellor Angela Merkel's CDU/CSU party think diversity is bad.

Anti-Muslim sentiment among AfD sympathizers is twice that among the general public (59 percent vs. 29 percent) as is the worry that refugees pose a threat to the country (63 percent vs. 31 percent). Chancellor Angela Merkel's recent call for a ban on burqas and a vow that the refugee crisis "must never be repeated" suggests she is sensitive to the appeal of some of anti-other sentiments among her own CDU/CSU voters.

In the Netherlands, Geert Wilders — the founder of the right-wing populist Party for Freedom (PVV) — was recently convicted of inciting racial hatred. Those who hold a favorable view of his party are far more negative about "the other" than is the general Dutch population. More than six-in-10 of these party supporters say diversity makes Holland a worse place to live.

Just 36 percent of the overall public believes that. And there is a comparable disparity in views on Muslims (62 percent of Party for Freedom backers are unfavorably disposed, compared to 35 percent among the general public) and on refugees (59 percent to 36 percent). A recent poll by the Maurice de Hond Institute in the Netherlands suggests the PVV could win the most parliamentary seats in the upcoming Dutch election.

Euroscepticism and the issue of national control, a major rallying cry among those who voted in the U.K. to leave the EU, also sets apart those who favor right-wing populist parties in other nations. Euroscepticism and the issue of national control, a major rallying cry among those who voted in the U.K. to leave the EU, also sets apart those who favor right-wing populist parties in other nations.

Among the Germans, two-thirds of AfD sympathizers voice an unfavorable view of the EU and six-in-10 want some power returned to Berlin from Brussels. This compares with roughly half (48 percent) of the German public that sees the EU in an unfavorable light and 43 percent who want powers returned to the nation state.

In the Netherlands, about seven-in-10 PVV backers are negative about the EU (compared with 46 percent of the general public) and six-in-10 say some EU powers should be returned to the Hague (compared with 44 percent of the overall population that share such views). France is something of an exception. Not surprisingly, given the Eurosceptic stance of Marine Le Pen, 67 percent of her party supporters have a negative view of the EU.



But so too does 61 percent of the general French population. Similarly 47 percent of FN backers want some EU powers devolved to France, as do 43 percent of Republican supporters and 39 percent of the overall public.

Wariness of globalization also characterizes right-wing populist sentiment, even in countries deeply dependent on the world economy. Wariness of globalization also characterizes right-wing populist sentiment, even in countries deeply dependent on the world economy.

In France, more than half (53 percent) of those who favor the FN believe that France's involvement in the global economy is a bad thing because it lowers wages and costs jobs. By comparison, 45 percent of the French population share that view.

Among the Dutch, 43 percent of PVV sympathizers say global economic engagement is bad, but only 24 percent of the general public agrees. In Germany, 38 percent of those who favor the AfD believe globalization is not good for Germany. Just 24 percent of all Germans voice that opinion.

The Dutch election is scheduled for March 2017. The French election will take place in April and May. The German election will likely be held in September. It is too early to know how their respective right-wing populist parties will fare.

But based on current public opinion data, it seems that they have succeeded in rallying substantial numbers of potential voters, based on appeals to anti-immigrant, anti-EU, and anti-globalization sentiments. These views are not, for the most part, majority views among the general public. But significant minorities do share some of these opinions.

But the impact of the rise of the right-wing populist parties can already be seen. Center-right politicians such as Merkel and Fillion have begun to espouse views that are more anti-Muslim and anti-immigrant than heard before by politicians in their elevated positions running for national office. Populist appeals are resonating with more and more voters in Europe. And the Brexit and U.S. election outcomes suggest we may not have yet seen the high water mark of this international tide.

# Trump's trade agenda would 'turn back the clock to another age'

Foreign Policy, 20.12.2016



Donald Trump and his economic team are threatening to dynamite the foundations of global trade have underpinned decades of growth, with potentially dire consequences for the economy and for America's place in the world.

Trump telegraphed a confrontational approach to trade while on the campaign trail, especially with countries like China and Mexico, threatening big tariffs and calling for the United States to pull out of the World Trade Organization. He's also vowed to scrap sweeping, multilateral trade deals like the Trans-Pacific Partnership and instead boost smaller-scale bilateral deals with individual countries.

By naming Peter Navarro, a China-bashing economist at the University of California at Irvine, as head of his newly formed National Trade Council, Trump signaled Wednesday he will indeed turn that hawkish rhetoric into trade policy — despite plenty of concern among mainstream and conservative economists, and big chunks of the U.S. business community.

The Trump transition team praised Navarro, who advised the campaign, for “challenging the prevailing Washington orthodoxy on so-called free trade.” Trump, who said he read Navarro's 2006 book, *The Coming China Wars*, said the rogue economist “has presciently documented the harms inflicted by globalism on American workers, and laid out a path forward to restore our middle class.”

Trump has also made clear that Wall Street raider Wilbur Ross, his pick for commerce secretary, will play a leading role in shaping the administration's trade policy. Taken together, the moves suggest Trump will seek to sideline the role played by the U.S. trade representative, traditionally the president's main trade advisor. Trump is reportedly considering tapping Jovita Carranza, a former official in the Small Business Administration with no apparent experience in trade, as U.S. trade representative.

And the threats of punitive tariffs may not have been left on the campaign trail, either. CNN reported Thursday that Trump is considering slapping tariffs, perhaps of high as 10 percent, on all imports after taking office. That would likely violate WTO rules, and could spark retaliation from trading partners, which would weigh on U.S. exports. The Trump transition team said Thursday it is too early to discuss specifics of future trade policy.

“It's gruesome. It's shocking that he wants to turn back the clock to another age, to a manufacturing economy,” said J. Robert Vastine, a former Treasury Department trade official in the Ford administration. “Somehow we get there by abdicating trade agreements? I just can't believe it.” The incoming Trump administration's trade architects share with each other and the real estate mogul some notions about trade that are odds with most economists.



They tend to view trade as a zero-sum game, where countries can only gain at other countries' expense, and where trade deficits are seen as a sign that a country is "losing." But since David Ricardo in the early 19th century, most economists see trade as largely mutually beneficial. Trump has "a very different view of reciprocity in trade than has historically been the case," Gary Hufbauer, a senior fellow at the Peterson Institute of Economics and former Carter administration trade official, told Foreign Policy.

Trump's team blames Beijing and bad trade deals for many of the ills affecting U.S. manufacturing. Navarro, in particular, argues that China's trade policies, rather than long-term trends like rising automation in manufacturing, are responsible for wiping out some 25 million U.S. manufacturing jobs.

Navarro says China keeps its currency cheap and unfairly supports exports by Chinese firms, giving them an unfair advantage in the U.S. market. Like Trump, he has called for tariffs on Chinese goods of up to 45 percent to level the playing field. In fact, in recent years, Beijing has spent vast sums of money propping up the value of its currency, not pushing it down.

Now China is grappling with the implications of a Trump administration that could put into practice what many in Beijing had dismissed as election-year rhetoric. In 2012, Navarro made *Death by China*, a documentary film based on his book. In it, he claimed that lax standards, cheap currency, and illegal subsidies are helping Chinese firms flood the U.S. market and decimate American manufacturers; Navarro says in the film that Chinese tactics shuttered more than 50,000 factories in the United States.

In an article in the *National Interest* earlier this year, Navarro detailed how a get-tough policy on China would shape Trump's economic plans. "Trumpnomics," he wrote, "will eliminate the 'pull' of China's unfair trade practices like illegal export subsidies, currency manipulation, piracy, and the use of sweatshops and pollution havens."

Xinhua, the official Chinese news agency, said Thursday that Navarro's appointment is a "strong signal that Trump could carry out most of his trade policy promises on the campaign trail." Navarro, a *Foreign Policy* contributor, did not respond to requests for comment.

If most economists think Trump and his advisors misdiagnose trade's impact on the economy, they are even more worried by the remedies the incoming president is proposing. Slapping unilateral tariffs on all imports, as Trump is reportedly considering, would violate WTO rules, and almost certainly would spark a massive retaliation by U.S. trading partners.

Targeted but steep tariffs against countries such as China and Mexico — two of the biggest U.S. trade partners — would be especially risky. In 2015, two-way trade between the United States and China totaled \$659 billion, while two-way trade with Mexico amounted to \$584 billion.

"We call this absolute trade war," Marcus Noland, executive vice president at the Peterson Institute, told FP recently. "There are millions of Americans, many of whom are vulnerable, who have no idea that their livelihoods are at risk." A willingness to resort to unilateral tariffs, even in violation of WTO rules, highlights the dim view that Trump and his economic team take of the framework that's come to govern world trade since the end of World War II.



That includes Trump's campaign pledges to pull the United States out of the WTO and his antipathy toward big, multi-country trade deals like President Barack Obama's proposed Trans-Pacific Partnership.

But pulling out of the WTO would have steep costs for the U.S. economy, the Peterson Institute found. American exports get privileged access to about 96 percent of the world's consumers through the WTO and other trade agreements in effect. Although Washington has 20 free-trade deals with individual countries, the bulk of U.S. trade takes place with the rest of the world, thanks to the low-tariff access made possible by the WTO.

Bailing out of the WTO, like ditching the TPP, also risks ceding America's role in shaping the rules governing the global economy, experts have warned. For the Obama administration, TPP was the centerpiece of the U.S. pivot to Asia, and would help Washington "write the rules of the road," including raising environmental and labor standards. A U.S. withdrawal would open the door for China to gain more economic and diplomatic influence in Asia and Europe, experts say.

A China-dominated regional trade pact, the Regional Comprehensive Economic Partnership, is already shaping up as a successor to the doomed TPP, giving Beijing a bigger role in shaping Asia's future. And European governments and firms are lining up to court Chinese business — and accept Chinese political influence — as Beijing builds its "New Silk Road" across Central Asia to Europe. "TPP is very important for foreign policy reasons. China is negotiating RCEP, which could put U.S. companies at a disadvantage," William Krist, who was a U.S. trade negotiator in the Carter and Reagan administrations, told FP. "It's important for our allies around there to think we're reliable."

Trump and his team argue that existing trade pacts and agreements leave U.S. firms at a competitive disadvantage and are largely responsible for the U.S. trade deficit, which last year reached \$532 billion.

The North American Free Trade Agreement was a favorite punching bag of Trump's on the campaign trail. "The problem with regional trade agreements is you get picked apart by the first country, then you negotiate with the second, you get picked apart, and you go with the third one, you get picked apart again," Ross said last month.

Instead, Trump's team favors bilateral trade deals with individual countries, with the idea that the U.S. trade negotiators could wrest a "better deal." "What has to be put into perspective," Ross said, is "we are the big market, we are the world's biggest importer, we need to treat the other countries as good suppliers, not as determining the whole show."

But trade experts say bilateral deals offer few advantages over more ambitious pacts like TPP or a similar deal in the works with Europe. Bilateral deals don't mesh well with sprawling, global supply chains that increasingly underpin manufacturing.

And they can take just as long to negotiate and get through Congress, but deliver fewer economic benefits than big deals do. Boeing's 787 Dreamliner, for example, uses 2.3 million components, 30 percent which come from countries including Italy, Japan, Germany, Korea, the United Kingdom, Sweden, and France.



Raising barriers to cross-border trade would make those planes, and thousands of other products, more expensive to produce. That would be especially risky as global trade is already facing plenty of headwinds. This year, for the first time this century, trade is growing at a slower rate than the global economy.

“The evolution of the global value chain is that trade is done within many countries playing by the same rules, not multiple countries playing by multiple sets of rules,” said Wendy Cutler, a former U.S. trade negotiator currently at the Asia Society Policy Institute.

And small, bilateral deals aren’t any quicker to pull off, either. The U.S. free trade agreement with Panama, for example, took nine years from conception to conclusion, but covers just \$8.2 billion worth of trade. The TPP, in contrast, covers a dozen countries that collectively account for 40 percent of global economic output, but took only five years to negotiate.

“It takes just as long to negotiate a bilateral agreement as it does a multilateral or regional agreement, and it has much less impact,” Mickey Kantor, who served as U.S. trade representative under President Bill Clinton, told FP. “They have very little impact on overall U.S. trade benefits.”



# Announcements & Reports

## *Reform of the European Union financial supervisory and regulatory architecture and its implications for Asia*

**Source** : Bruegel

**Weblink** : <http://bruegel.org/2016/11/reform-of-the-european-union-financial-supervisory-and-regulatory-architecture-and-its-implications-for-asia/>

## *Reinforcing Deterrence on NATO's Eastern Flank*

**Source** : Rand

**Weblink** : [http://www.rand.org/pubs/research\\_reports/RR1253.html](http://www.rand.org/pubs/research_reports/RR1253.html)

## *Are advanced economies at risk of falling into debt traps?*

**Source** : Bruegel

**Weblink** : <http://bruegel.org/2016/11/are-advanced-economies-at-risk-of-falling-into-debt-traps/>

# Upcoming Events

## *Challenges for Growth in Europe*

**Date** : 23 December 2016

**Place** : Brussels - Belgium

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/521-challenges-for-growth-in-europe/>

## *Global Governance of Public Goods: Asian and European Perspectives*

**Date** : 24 December 2016

**Place** : Paris - France

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/529-global-governance-of-public-goods-asian-and-european-perspectives/>

## *The Future of the Welfare State*

**Date** : 24 December 2016

**Place** : Berlin - Germany

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>

## *Vision Europe Summit 2016*

**Date** : 25 December 2016

**Place** : Lisbon - Portugal

**Website** : <http://bruegel.org/events/vision-europe-summit-2016/>