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How U.S. Trade Policy Could Change Under The Trump Administration
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How U.S. Trade Policy Could Change Under
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Heard on Morning Edition



JACKIE NORTHAM

Donald Trump appealed to voters who have been hurt by globalization, promising he would rip up or renegotiate trade deals. Many Republicans, however, back the trade pacts.

RENEE MONTAGNE, HOST:

And President-elect Trump captured many votes from workers who have been hurt by globalization, promising he would rip up or renegotiate free trade deals. Analysts say pulling out of those deals could severely affect the U.S. and global economy, as NPR's Jackie Northam reports.

JACKIE NORTHAM, BYLINE: Blasting free trade agreements like NAFTA was always a surefire way for President-elect Trump to rile up the crowds at his rallies. It hit a raw nerve, particularly with unskilled workers in the Rust Belt who have not felt the

benefit of free trade.

(SOUNDBITE OF ARCHIVED RECORDING)

DONALD TRUMP: A Trump administration will renegotiate NAFTA. And if we don't get the deal we want, we will terminate NAFTA and get a much better deal for our workers and our companies.

NORTHAM: Trump says he will make good on that NAFTA promise as part of his first 100 days agenda. Eswar Prasad, a professor of trade policy at Cornell University, says that could hurt manufacturers in the U.S. as well as its NAFTA partners, Mexico and Canada. Prasad says it would be difficult to roll back a trade agreement that's been in place for two decades.

ESWAR PRASAD: Having said that, there are certainly many ways for an administration, especially if it has the support of Congress, to make life difficult for all of America's trading partners, including the ones that we have trade deals with.

NORTHAM: Trump says he will also withdraw from a trade deal that's in the works, the Trans-Pacific Partnership, which would bring together the U.S. and 11 Pacific Rim nations. Gary Hufbauer, a trade specialist at the Peterson Institute for International Economics, says Trump has to be careful not to spook the financial markets.

GARY HUFBAUER: My view now, today, is that he will go slow on this trade agenda because if he goes too fast and too hard, he risks a lot of retaliation, especially from China.

NORTHAM: Trump has threatened to place big tariffs on imports from China, raising the cost of consumer goods that come into the U.S. Prasad says this could set off a trade war.

PRASAD: What is likely to happen is a harsh and aggressive reaction from China -

perhaps shutting off market access to American companies, perhaps raising tariffs on imports from the U.S., which are relatively limited but significant for certain sectors.

NORTHAM: Prasad says there's no question the U.S. is shifting to a landscape far less favorable to free trade and where protectionism will be on the rise.

Jackie Northam, NPR News.

(SOUNDBITE OF THE AMERICAN DOLLAR'S "STEELTOWN (PART TWO, AWAKE IN THE CITY)")

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