

Negotiating New WTO Rules to Uproot China's "Mercantilist" Trade Practices

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In 2018, President Trump began to aggressively punish countries for engaging in what he deemed [unfair trade practices](#), the start of the trade war. Trump points to the current US trade deficit, the value of what a country imports exceeds what it exports. To reduce this, Trump has enforced or threatened tariffs on nearly all products from China. China's response, however, was to place taxes on most US goods entering China. The US hopes that negotiating new World Trade Organization rules will dismantle China's ["mercantilist" trade practices](#) that cause the US deficit. Such methods come from China's economic policy of maximizing exports. China relies on its undervalued currency, cheap labor, and foreign investors to continue these trade practices.

To better understand this situation, it is helpful to understand [what the World Trade Organization \(WTO\) is](#). The WTO is essentially a place where member governments go to negotiate or settle trade problems. Everything established or decided at WTO comes from negotiations. The WTO agreements are basically contracts that governments join that maintain the legal ground-rules for international commerce. These rules assist trade in different ways, mainly by either liberalizing trade or maintaining trade barriers.

The Trump administration's public justification for negotiating new WTO rules, to uproot China's "mercantilist" trade practices, is to protect US workers, farmers, and businesses. While some US allies have already commenced discussing possible changes to the WTO rules, the pressures of China's economic policies make any success in [negotiating new rules unlikely](#). For such changes to take place, all 164 government members must agree. The Office of the United States Trade Representative commented that while "China retains its non-market economic structure and its state-led, mercantilist approach to trade, to the detriment of its trading partners" the US, regardless, plans to hold China accountable.

[Tim Wu's February 4 opinion](#) in the New York Times made an important point by directing attention to China's internet censorship. If the Trump administration intends to aid US businesses, it should also focus on the global internet economy, which is worth at least \$8 trillion currently. China's censorship is, therefore, a severe economic barrier by obstructing nearly all substantial online foreign competitors like Google, Facebook, and the New York Times. The US is the world's most significant internet sector and should negotiate through this advantage.

Another crucial and overlooked factor is US consumers that continue to favor minimal prices for Chinese goods as opposed to US-made products. Rather than attempting to change a fixed economic system, why not increase efforts to educate US consumers on locally made products?

