

Home / News / Economy / Trade

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## No room for complacency when it comes to trade: Kim Beazley, Gideon Rachman



Former US ambassador Kim Beazley predicts it is "early days" on the trade front.



by Sally Patten

Investors, manufacturers, farmers and service providers should not take President Donald Trump's apparent retreat from protectionism as a sign that globalisation is on safe ground, two prominent experts in global affairs have warned.

Kim Beazley, former Australian ambassador to the US, said on Wednesday that multilateral trade arrangements were an area where there was a "substantial problem", demonstrated in part by President Donald Trump's dumping of the Trans-Pacific Partnership despite the fact that it would have greatly benefited US companies through enhanced access to Asian markets. The US, he said, was heading towards a trade war.

"It is early days yet on the trade front," Mr Beazley said.

"The American administration has spent the past 12 months gathering the ammunition through a study of the trading arrangements they most object to and how they can start to address those through tariffs. I would describe position of the US, broadly, as locked and loaded for war in term of its trading relationships with Asia. The trigger has not been pulled, but when that trigger is pulled there will be material risk that there would be a substantial economic damage to the Chinese economy and also to the American economy, but [also] heavily to those who happen to be their major trading partners."

The US, he said, had strong grievances with China, while Chinese President Xi Jinping, Mr Beazley said, was the "mirror image" of Mr Trump. "He may well advocate global free trade, but he doesn't practise it," Mr Beazley said.

The former ambassador and deputy prime minister suggested that a trade war with China was being held at bay by the importance of China in any solution to the North Korea nuclear crisis.

"What is holding it up is Korea. I do think if you are looking at a conflict in potential that has the capacity for major economic impact it is not any of the struggles in the Middle East. If anything seriously went wrong on the Korean peninsula that in a major way damaged our three main trading partners outside the US, we would be in a serious position economically," Mr Beazley said. He added that shortly before Mr Trump began his Asian tour, the US was seriously preparing for war in North Korea in the northern spring next year.

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"The possibilities of what Trump might do have only just begun," Mr Rachman said. "You are seeing Trump-like populist forces on the left and the right rising in the UK and continental Europe. They too are looking increasingly askance at the globalised economic system, worried about the traditional place of the West in the world [and] about the traditional promises made to western workers.

"As a result, they are increasingly wondering if they need "radical change."

"That debate is really only at its beginnings," Mr Rachman said, adding that globalisation might come to be viewed as a temporary phenomenon.

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