

**Agri-Pulse Open Mic Interview**

**With Ambassador Allen F. Johnson**

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**Q.** The Trump campaign promised action to bring about fair trade for the United States. Now as president, the Trump Administration has levied tariffs and threatened others with additional sanctions to close trade deficits and protect American jobs. Some argue the risk isn’t worth the reward. Former U.S. Trade Ambassador Allen Johnson says President Trump is staying true to his word.

**A.** He was clearly elected on platform that he was going to be a change agent and that included trade. And he campaigned very hard on that. He didn’t hide on that issue.

So I think very clear that if Trump got elected you would have to expect that there was going to be some pretty dramatic efforts made to change the terms of trade with various trading partners that they’re concerned about and particularly those that we have trade deficits with – particularly large trade deficits with.

And so I think when you look at other campaigns – other elections – really trade didn’t play nearly as central a part in the election itself. And you didn’t see candidates running from that sort of platform. They were much more likely to be maybe some nuanced changes, but for the most part moving forward with the U.S. trade policy as it existed.

I remember when we used to watch the presidential debates and sort of hope that there would be a mention of in the debate or state of the union in trade – or let alone agricultural trade. On the last election it was all over the place. So you didn’t have to go hoping for a line here or there. It was actually a central theme in the campaign.

**Q.** Has this president created conflicts? Or is it the reaction to conditions that already existed?

**A.** Well I don’t often look at it as he created conflict. I look at president Trump from a negotiator’s point of view. I’ve said for 30 years, when you needed a trade negotiator, they can’t be risk averse. They’ve got to be thick-skinned. They’ve got to be an eternal optimist. And they’ve got to be a problem solver.

I think if you look at President Trump over the period of his life – not just public life in politics but in his personal life in the private sector – you’d have to say that he fits that description. And you know, I don’t personally have any problems with trying to improve agreements. I don’t have any trouble with being tough in negotiations.

And I think on some issues that he campaigned on, where he talked about other countries not doing enough, I don’t disagree with that. And the WTO (World Trade Organization) - I think other countries should have done more in trying to move the ball forward, instead of often waiting for the U.S. to make a move without them having to do anything. I also agree that we haven’t always leveraged all the assets and influence that we have in order to get even better deals.

And I think I don’t have a problem with him being a tough negotiator. I think it’s actually helpful from the level I was at to have a boss that’s a tough negotiator, because I used it all the time. You can deal with me or you can deal with him.

And then we’re also dealing with something 20 years later that’s different in the sense that we’re a democracy. And as such, it’s hard for us to keep a view on the long term. And other countries that aren’t democracies – China is a perfect example of that – simply use that and kind of wait us out. And it takes courage for a political leader to take the risk of a crisis on their watch versus the temptation to just sort of kick back and let the consequences fall where they may down the road – sometimes getting to the point that they’re irretrievable.

Some of the things that President Trump is trying to do I think are problems that existed, some have existed for a long time. I don’t think anybody who has been following intellectual property or technology is surprised by China’s policies. Those policies have existed for a long time and they’ve been taking advantage of their trading partners’ willingness to kind of accept that. And Trump’s not willing to do that. So that extent he deserves credit for taking on a very difficult issue that has very serious consequences to every sector in the U.S. down the road.

And the other thing is, anytime you’re trying to make change, even if it’s good change, there’s a resistance to it. There’s an inertia to it. So the president and his team have to sort of rock the boat in order to get people to recalibrate their policies according to a different paradigm that he I think has been very clear about in his campaigning and since he’s been in office – the things that he thinks are important. And again, it’s hard to argue he wasn’t elected to do just that. He was very clear about it and made it a central theme of his campaign.

**Q.** But at the same time, he was supported by the Rust Belt and supported by the Farm Belt. And those two don’t necessarily have the same attitude toward trade. Because those who would support the tariffs on steel and aluminum to preserve U.S. jobs and industry, are the same ones that in agriculture that are challenged with the retaliation that’s coming back at the ag industry now. Can you satisfy both sides of that fence?

**A.** First of all from the agriculture point of view, we are a beneficiary of trade. And we’ve actually been very loud about that, in terms of when we go to the hill or when we talk about trade. We talk about it in glowing terms. What at least I fail to realize - and I think others did too – is that there’s other sectors that were very negative about the same trade agreements that we were celebrating, which I think has come around to have a consequence. Because they are important voters from important states. And you’ve seen an evolution in U.S. trade policy as a result of that.

And it’s not just President Trump. You have to remember in the democrat party both candidates were running with a similar sort of trade agenda. So as the American public, you were left with two candidates that in the general election, at least in their public pronouncements, didn’t present a lot of difference between the two of them.

And so I think what President Trump’s team believes is that the U.S. has a lot of leverage it hasn’t used. That it has a lot of influence that it hasn’t used. And that we can do things that are good for both sides of that equation – the industrial side as well as the agriculture side as well as intellectual property and technology side. And that the U.S. market and opportunities that are created by U.S. investment are big enough that they can fundamentally change some of these trade relationships. So that we don’t have to choose between them but rather multiple sectors become beneficiaries instead of some feeling like they’re losers in the process while others are feeling very good about it.

**Q.** There are Congressional calls now to end the metals’ tariffs especially with key allies, including Canada, Mexico, Europe and Japan. Should Congress be involved? And if they are, if you were negotiating, what would that mean?

**A.** Well I think congress should always be involved. I think one of the things that we’ve sort of ignored or pretended not to notice was that the trade agenda for some time has been sort of living on the edge. We’ve got TPA (Trade Promotion Authority) during the Bush administration we basically won it by one vote. When we got CAFTA-DR (Dominican Republic–Central America Free Trade Agreement) through the congress we won it by one vote. And you saw several trade agreements that when the republicans left office they just sat for years. And now you see what happened with TPP (Trans-Pacific Partnership). So I think we have to recognize that as a practical matter, we’re going to need to have congressional involvement. We’re going to need to have a broader base to work from.

**Q.** Does it weaken your position though if Congress ties your hands of using tariffs?

**A.** Again the whole idea behind TPA, in general, is that it tells the person across the table from you that you represent the U.S. government in these negotiations and what you say can be taken to the bank - at least taken to the bank in the sense that that agreement will be voted up or down by the Congress.

What the administration seems to be trying to do is use multiple variables. Bring multiple variables to the table in order to create a broader conversation about any trade relationship. Whether it’s a bilateral one with China, or whether it’s NAFTA or any of these sort of trade frictions that we have going on now. They seem to be trying to introduce new variables, which in general – if it’s done appropriately – can be a positive thing in a sense that it allows you to have more tools to work with to create a synergetic relationship that both sides can see positive outcome from.

Sometimes when you get too confrontational on one particular issue, you get myopic about it instead of trying to look for a broader picture. We did that when we would negotiate. When things got stuck, we tried to bring new issues to the table.

The difference is, they’re using tools that haven’t been used a long, long time. And they’re doing it in – I would argue – a much more dramatic way than it’s been used in a long, long time. But I think they would say that they’re doing that because they need some dramatic change. They need some significant changes in the terms of trade that people have just gotten too comfortable with. And they’ve concluded is a net negative to the U.S. And that’s what they campaigned on.

**Q.** Some in Congress have suggested that - because these are allies, because there is more at stake than just the balance of trade – we should take it easier on some of those countries.

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**A.** Well, I think you can disagree with your friends and negotiate with your friends and come up with agreements. And in order to come up with an agreement, you have to disagree a lot sometimes. And actually – generally – if you’re asking where things are going to go, I think there’s a better than 50/50 chance here that we’re going to be in better shape at the end of this than we are now.

I can see agriculture – more agricultural exports to China. I can see a potential deal with Japan. I can see other deals with Asia, the U.K. which we could never have done a deal with EU as it was.

I think it would be foolish not to think there was going to be rough patches in the process. And you’re seeing that now with China and you’re seeing that with the NAFTA negotiations.

Really as Trump has been, he sees himself as a change agent. You have to accept that that’s the reality of the job that you ran for and your responsibility is to do some pretty significant things to cause an attitude adjustment among your friends as well as your competitors.

I’m not surprised by some of these things in a sense that I don’t think that they felt they were getting the reaction from the people they were negotiating with in as dramatic a way as they expected. And therefore they’re rocking the boat in order to get more attention to it.

Now it’s going to be interesting to watch how this thing unfolds in the coming weeks and months. But I’m also – I think things can happen fairly quickly. You know people forget that when we were negotiating all these free trade agreements, we ended up closing – I believe at one point we closed free trade agreements with eight countries in a three month period. So you know once you sort of get on the same page as the people you’re negotiating with and you understand who you’re negotiating with and what the parameters are – you can come to conclusions fairly quickly.

And again some of the things from an agriculture point of view on one side they’re very concerning. If you’re a pork producer or a soybean producer. But on the other side you recognize – you can recognize that there are also upward opportunities that could be realized if these negotiations are successful.

**Q.** Some have questioned whether it was wise for the U.S. to take on China by themselves and wondered if perhaps they might have had more success had a group of countries come together. What is the up and down side of that?

**A.** First of all, in some ways, I don’t think we are taking it on by ourselves. I think the intellectual property issue, for example, is one that a lot of countries agree with. Japan, Europe and others recognize that China has been using, not just unfair, but arguably illegal actions in order to appropriate intellectual property and technology from other countries and companies from other countries.

So I wouldn’t argue. I would say on some of these issues we’re not on our own. On other issues, they’re by nature bilateral issues. Which the tariffs are going into a country versus what they are coming into your country. It’s a bilateral issue. You know we talk about CAFTA-DR for example. CAFTA-DR was a regional agreement in many aspects, but it was also a bilateral negotiation. One country at a time. One tariff at a time.

And so I think a lot of things the Trump administration is trying to change are the terms of trade between the U.S. and whoever that trading partner is. And particularly China in the example you gave. So that by nature is going to be antagonistic between the two parties. I found many times when negotiating – this was when the WTO was very active – for example we’d be trying to get coalitions of countries to do things. And ultimately because of their own dynamics, they would be wishing me well. Hoping we succeed. But they weren’t willing to take the lead with us.

And so I think some of what Trump is trying to do – again dramatically in some ways changing the terms of trade – is he’s trying to take the lead in using all of the influence the U.S. has in order to get better terms of trade for the U.S. in multiple sectors not obviously just agriculture.

**Q.** What is an upside of the negotiations with China? And if it comes to a trade war, who bleeds the most?

A. I think the upside from if you’re in the intellectual property or technology world, you’d be able to service that huge market without giving up your trade secrets. And that has a long term advantage. You don’t want a situation where in order to get into the market you get an initial hit. You get an initial bump and then a couple years later China has companies using your technology to compete with you – not just in China, but around the world.

From an agricultural point of view, China has a lot of needs that U.S. agriculture can service and has been servicing. But there’s clearly even more. And they’ve talked about that as you’ve seen these negotiations.

Obviously, one of the consequences for U.S. agriculture – in terms of being a beneficiary of trade and I think most in U.S. agriculture would agree with that – is that in also being politically influential – is that you become one of the first targets when there’s a trade problem. And we use that. I mean, when we’re negotiating with people on the other side, we often will tell the person across the table from us in order to get a deal, you need to satisfy U.S. agriculture which includes this commodity or that commodity.

There were many times where I didn’t really have much more to give in agriculture, but I keep asking for more. And that’s because we have a lot of influence and we use that to get good deals for us. And when you get that and the other side then feels that they’re being attacked or there’s a trade dispute then they’re going to go back to that well and say well these agricultural products have benefitted from this trade relationship and we also understand they’re politically influential. So we’re going to make the U.S. feel some discomfort so that they don’t push us so hard.

And the Trump administration so far at least has been willing to take some of those hits or take some of those risks or threats in keeping their eye on these other issues that they campaigned on in believing that those issues need to be addressed fundamentally. Again, not just because of what’s going on now, which is not good in some cases, but looking at the longer term picture as to where things are 10, 20 years from now. And again for the Trump administration to do that knowing that some of the upside may never be recognized because it’s hard to say what you avoided happening 20 years from now. And obviously the risk is they’re taking on in a current political environment in an election year in two and a half years - an election at the presidential level. So far they’ve been pretty consistent I think in that message, whether it’s at home or abroad which is - you know - we haven’t seen that in recent years.

**Q.** The president has suggested that he’s more about bilateral trade than multilateral. But appeared to be making an exception with the renegotiation of the North American Free Trade Agreement. As those talks now appear to have stalled, we’ve heard more comment from the administration about perhaps moving away from NAFTA and going to individual deals with both of our neighbors. What are your thoughts?

**A.** Well in general I just gave you the example of CAFTA. You know CAFTA was a regional agreement but there’s a lot of bilateral aspects to it. And so you can accomplish a lot of the same things in a bilateral negotiation that you can in a multilateral negotiation. In some ways with a little more clear set of issues that you’re dealing with.

You know - when you talk about Canada and Mexico, I think fundamentally there’s going to be a group of things - and in fact they’ve already closed several chapters that all the parties agree on. Whether that’s in a bilateral relationship or in a three party relationship.

And so the issue really to me is going to be “what is the substance”. If Canada can take into consideration what the U.S. has agreed with Mexico in their relationship in determining what they’re going to do with the U.S. And that’s really what happens in these things. As I said, when we negotiated any of these multilateral agreements a lot of it was done in a bilateral context. And each country has their own tariff schedules. Each country has many of their own set of rules. But also have many things that are common sense rules.

To me it’s let’s see what the substance is. I think there’s a lot to be said for NAFTA as it is. And I think the current political environment is a difficult environment to negotiate NAFTA in right now. Because you have you know our congressional we have right now primaries going on in many states. We have a presidential election in Mexico next month and then we have our own congressional elections in the fall. And it’s pretty clear by now that it’s almost impossible to get NAFTA through the Congress before the election.

So you’d have an agreement that will be hanging out there during an election. Which we saw on TPP, that also happened and basically both presidential candidates ran against and a lot of congressional candidates ran against it including some that would otherwise have been for it. But in the heat of a political campaign with that dynamic they ended up taking positions that would get them through the election.

So I think this is a difficult environment to invest in NAFTA over the next six months. Then whether or not it’s concluded in a bilateral sense or in a multilateral sense. We’ll have to wait and see. Again people forget that even in CAFTA we closed at the four Central American countries first. Then later we closed with Costa Rica and even later we closed with the Dominican Republic. And then they all ended up coming together to become what we know as CAFTA-DR and that’s what Congress eventually voted on.

So I’m a little bit more in the context of I want to get the best deal possible under whatever circumstances we need to get it. And sometimes you have to think creatively in order to do that.

**Q.** Well Ambassador Johnson, we want to thank you very much for your service to the country, your service to agriculture and for taking time for us on this edition of Open Mic. It is Open Mic and you have the last word.

**A.** Well first of all, thanks for having me. I think Agri-Pulse is a great organization and I’ve always enjoyed reading your stuff and working with you over the years. I think this is an issue that is going to get a lot of attention over the coming months and I think years. Because I think if we close for example with China and avoid an immediate problem on intellectual property and technology transfer, there’s going to be a lot of interest in China that are going to want to continue the same things. So making sure that these agreements are enforced is going to not always be an easy process. As we talked about, agriculture is always going to be the first issue brought up whenever there’s trade frictions with China or a lot of other countries.