

Op-ed: 20th century protectionism has no place in the 21st century global economy

Few countries in Europe and in fact the world, have an economy that is as open as the Belgian one. Long before Belgium even became an independent nation, the economy in this region grew because of trade and foreign investors. To this day, this remains an integral part of our DNA. Belgium ranks 38th worldwide in terms of GDP, but we rank 12th in terms of import and export.

Our open economy is the driver behind the welfare and prosperity in our country. This is why we will continue to advocate against protectionism. This is why we advocate for multilateral cooperation instead of unilateral actions that distort trade.

Both the Belgian and the European governments are very concerned about the protectionist impulses coming from the White House. Things took a turn for the worst with the tariffs on steel and aluminum. And now there is the investigation into the so-called threat of foreign cars to American national security.

This is 20th century protectionism that has no place in the 21st century global economy. These measures have a detrimental effect on trade between the two biggest trade blocks in the world. In today's world of globalised production and value chains, playing around with bilateral tariffs creates ripple effects. There could be disruptions in supply lines, and effects on manufacturing, output, costs and employment.

So I support the logical and proportionate counter measures put in place by the European Commission. It is at times like these that the true value of a strong and united European Union is shown. A strong European Union is to the benefit of every European. Not despite, but because of its large scale. At the same time, this shouldn't be about a show of force. I call upon all involved to work towards common solutions and avoid a trade war. Protectionism will only lead to the destruction of prosperity on both sides of the Atlantic.

The American tariffs on steel and aluminum are the wrong answer to the right question. The question being how we can deal with overproduction of steel and aluminum on the global market. But the right answer is not new barriers to trade, but negotiations on how to lower global production. These negotiations are in fact ongoing. They started 2 years ago when we brought together the steel producing nations in Brussels, for a High Level Symposium we organized with the OECD. That meeting led to the work that is being done today in the Global Forum on Steel Excess Capacity.

I admit, that type of negotiations can be painstaking. But the bottom line is that they do pay off. This is how global progress has been made in the past 70 years. From the UN to the EU, from NATO to the ILO, multilateral cooperation has been a driver for peace and prosperity.

The fact that President Trump is now on all fronts trying to undermine that post-World-War-II world order, is an evolution we can only regret. Because the challenges we face today, are still challenges that need international and multilateral solutions.

This goes for climate change and migration. But it also goes for more economic issues like the Future of Work and Consumption. In the past few months, I've spoken to the leadership of the OECD, the WTO, the World Economic Forum and the ILO on these issues. On how we should deal with digitalization and the platform economy. On how we can regulate a market that exists mostly online. These are key questions for which we need answers that transcend borders.

All of this adds fuel to the argument that protectionism must be avoided at all costs. The era of global growth is at risk of collapse if unilateral actions become the norm. The EU has always been and will always remain open to a genuine dialogue on bilateral trade. But this cannot happen against the background of increased US tariffs.

Transatlantic cooperation has never been a zero-sum game, but a win-win situation. Only when everyone accepts that basic truth once again, will we get out of the standoff we are in right now.

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