

Disruptive Mr. Trump

This week has seen rounds of [tit-for-tat tariffs between the U.S. and China](#), set off by U.S. President Donald Trump levying import duties of 25% and 10% on American steel and aluminium imports, respectively, in early March. Mr. Trump, who has repeatedly used the U.S. trade deficit of over \$500 billion as a barometer for the country's lot in the international trade order, has railed against the U.S. being treated "unfairly" by its trading partners, [often singling out China](#). While it is true that China produces approximately half the world's steel and that the European Union, India and other countries have complained about international steel markets being flooded with Chinese steel, only 3% of U.S. steel is sourced from China. Interestingly, among those exempted from the tariffs are Canada and Mexico, top sources for U.S. steel imports. Mr. Trump has linked the threat of tariffs to the North American Free Trade Agreement, a trade deal among the U.S., Canada and Mexico that Mr. Trump has pried open for renegotiation. Earlier this week China retaliated with tariffs that would impact \$3 billion worth of American goods. This was followed by the U.S. proposing tariffs on more than \$50 billion of Chinese goods, including in the aerospace, robotics and communication industries — the outcome of an investigation of several months into whether Chinese policies were placing unreasonable obligations on U.S. companies to transfer technology and hand over intellectual property while setting up shop in China. Beijing responded with a second round of proposed tariffs impacting a similar value of U.S. imports into China. Mr. Trump has now asked the U.S. Trade Representative to examine if an additional \$100 billion worth of goods can be taxed.

Trump's plan to slap tariffs on steel and aluminium could affect Indian manufacturers

Since the proposed tariffs have not kicked off, there may be room for negotiation. The economic ties between the countries are deep; China holds some \$1.2 trillion in U.S. debt, and it is in everyone's interest to avoid escalating matters. However, the larger cause for concern here is that Mr. Trump continues to undermine the World Trade Organisation and the international world trade order, now that it has served the West well and developing countries are in a significantly stronger position than when the WTO came into existence in 1995. Mr. Trump has pulled out of the Trans-Pacific Partnership, is pushing changes to NAFTA and has withdrawn from the Paris Agreement to combat climate change. While large-scale protectionism and unilateralism may please some of Mr. Trump's constituents in the short run, undermining existing rules arbitrarily serves no nation, including the U.S., in the long run. In the current climate, it is therefore especially important for India to be a good steward for responsible globalisation.

Receive the best of The Hindu delivered to your inbox everyday!

Please enter a valid email address.

The revival of the Trans-Pacific Partnership, sans U.S., must buttress the free trade debate

END

Downloaded from [crackIAS.com](#)

© **Zuccess App** by [crackIAS.com](#)