

Rolling back free trade?

Contrary to his apparently [conciliatory tone at the World Economic Forum](#) in Davos, last Thursday's announcement of steep metal tariffs leaves no one in doubt about the meaning of U.S. President Donald Trump's "America first" agenda. A 25% duty on steel and 10% on aluminium imports for an unspecified period comes close on the heels of the safeguard tariffs imposed in January on solar panels and washing machines. These [blanket tariffs](#) are the most comprehensive of the recommendations by the U.S. Commerce Department, compared to the targeted levies and quotas against specific countries that were overruled by an instinctively protectionist President.

In justifying the measure, the administration invoked a national security law, departing from an international consensus not to impose trade barriers. Countries are allowed recourse to that means under the General Agreement on Tariffs and Trade in times of war and other emergencies. Mr. Trump reportedly did not heed suggestions that the national security argument should exempt member states of the North Atlantic Treaty Organisation. This break with convention could prove a potent tool for populist forces that hold sway in many countries. Ominously, it could once again revive protectionist sentiment which has been on the wane following the recovery from the global economic meltdown.

Against this backdrop, Washington's traditional allies, who will be hit the most from the tariffs, have warned of bilateral retaliation on U.S. goods, besides mounting a challenge at the WTO. A concern for the European Union would be to deal with the fallout from the U.S. levy on the bloc's bloated steel industry. Hopes that the current escalation could be defused depend on the chances that countries can negotiate their way out of the tariffs, and corporations can win exemptions for their products.

In the U.S., the latest levy is expected to put at risk millions of manufacturing jobs that rely on these metals. Conversely, it is unlikely to create significant new employment in these two sectors given that current U.S. steel and aluminium production remain close to a 10-year average. Paradoxically, imports of steel and aluminium surged substantially in anticipation of higher prices, ever since investigations were launched last spring into their impact on domestic industry. Experts have opined that the spike may have contributed to Washington's 2017 trade deficit, which widened to its highest level since the global financial crisis.

Republicans opposed to Mr. Trump's approach worry that the hefty tariffs could undermine recent tax initiatives to lure investment. But the punitive levies, as with the fixation over the U.S. trade imbalance, underscore the President's penchant for unilateral action, rather than seek redress through rules-based institutions.

Seeking to roll back the U.S. liberal trade regime is hardly the way to influence other economies to open their markets. Instead, Brussels would have to show leadership to defend the current open trading system.

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