



## **U.S. hits E.U., Canada and Mexico with steel, aluminum tariffs, sparking trade war**

Lucy Bayly

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The Trump administration on Thursday slapped tariffs on steel and aluminum imports from Canada, Mexico and the European Union, firing the first shot in a trade war that could see American consumers pay more for everything from canned soup to cars.

Almost immediately, Mexico responded by saying it would impose tariffs of its own, and the European Commission took legal action.

U.S. Commerce Secretary Wilbur Ross confirmed to reporters in an early-morning phone call that the White House will add a 25 percent import tariff on steel and a 10 percent tariff on aluminum after trade talks crumbled ahead of a June 1 deadline that would have enabled exemptions.

Market reaction was also swift: The Dow Jones fell sharply after the move was announced, dropping by 250 points as investors took measure of the impact of the ongoing trade tensions.

The European Commission fired back at the White House's trade decision with a lawsuit, saying the E.U. "stands now ready to react to the U.S. trade restrictions on steel and aluminum in a swift, firm, proportionate and fully WTO-compatible manner. The E.U. will launch legal proceedings against the U.S. in the WTO on 1 June. The level of tariffs to be applied will reflect the damage caused by the new U.S. trade restrictions on E.U. products."

Mexico's Ministry of Economy released a statement saying "Mexico deeply regrets and rejects the decision of the United States to impose these tariffs on imports of steel and aluminum from Mexico as of June 1, under the criterion of national security. Mexico will impose equivalent measures to various products in the face of U.S. protectionist measures."

President Donald Trump, who has made no secret of his desire to implement more protectionist trade policies, announced in March that he planned to institute tariffs, saying, "People have no idea how badly our country has been treated by other countries."

Experts who support free trade warned at the time about the potential consequences.

"It will open a Pandora's box," said Dan Ikenson, director of the Cato Institute's trade policy studies center.

Robert Scott, senior economist at the left-leaning Economic Policy Institute, said tariffs that failed to distinguish between America's trade allies and countries like China, which the U.S. has accused of illegal trade practices, could make it more difficult resolve trade disputes.

Ross had been holding trade talks this week in Europe to address the tariff tit-for-tat. France's finance minister, Bruno Le Maire, said Wednesday that although Europe did not want a trade war, "It's entirely up to U.S authorities whether they want to enter into a trade conflict with their biggest partner."

"This is dumb," Sen. Ben Sasse, R-Neb, said in statement. "Europe, Canada and Mexico are not China, and you don't treat allies the same way you treat opponents. We've been down this road before — blanket protectionism is a big part of why America had a Great Depression. 'Make America Great Again' shouldn't mean 'Make America 1929 Again.'