

Trump gearing up to announce major tariffs

Alexander Panetta

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WASHINGTON — U.S. President Donald Trump is poised to make a decision on steel and aluminum tariffs, one with potentially wide-ranging implications for the global economy and the international trading system, not to mention closer-to-home commerce with America's neighbours.

What's unknown is how high those tariffs will be — and how many countries he'll hit — following a report from the Trump administration that he could use a national-security excuse to argue that steel and aluminum imports are a threat to America's security.

He has until next month to make a decision, but there are signs the news could come as early as today.

Several U.S. media are reporting that he's eager to impose the broadest possible tariffs, and is itching to make an announcement. Those same reports claim the administration is scrambling to make that happen, even though all the necessary work hasn't been completed.

Trump is lending credence to those reports on Twitter.

"Our steel and aluminum industries (and many others) have been decimated by decades of unfair trade and bad policy with countries from around the world," he wrote. "We must not let our country, companies and workers be taken advantage of any longer. We want free, fair and SMART TRADE!"

One country in particular will be watching nervously: Canada is the No. 1 seller of both steel and aluminum to the U.S., and it's a leading buyer of U.S. steel as part of an integrated auto market and defence industry.

Trump has received multiple pleas to spare Canada.

The Pentagon has published a letter urging him not to target allies. During consultations, witness after witness urged the government to make a special exception for Canada. The well-connected

United Steelworkers union has members in both countries — it's even led by a Canadian, Leo Gerard, who is urging the administration to leave his home and native land alone.

"To put Canada in the same boat as Mexico, or China, or India, or South Korea ... doesn't make sense," Gerard said in an interview.

"Canada should just be excluded — period. We have an integrated economy. And if it gets undone, America will pay a heavy price.... In every opportunity I've had I've tried to point out to the key decision-makers that Canada is not the problem when it comes to international trade — and to do something that would sideswipe Canada would disadvantage (the U.S.)."

Canada exported about C\$9.3 billion of aluminum to the U.S. last year, and C\$5.5 billion of steel. For the U.S., Canadian steel represented an important share of imports, at just over 15 per cent of overall imports. For Canada, the U.S. meant almost everything in its export picture — almost 90 per cent of Canadian steel exports went south.

Finance Minister Bill Morneau, who is in the process of promoting the federal budget he tabled earlier this week, deflected a question about the possibility of tariffs during a news conference Thursday in Toronto.

"I can't comment on what the United States may or may not do before they do it, so we'll wait and see if the U.S. takes action," he said.

The issue goes well beyond North America.

Several trade experts have warned that such loose use of a national-security exemption invites others to do the same, and could lead to a domino effect of reprisals. Mexico and Europe are already threatening counter-tariffs.

In a piece for Forbes, trade analyst Dan Ikenson warned of what could be at stake.

"Where exactly (this) leads is anyone's guess, but it is certain to be a place less stable, less predictable, and less co-operative than the place we are right now," said Ikenson, of the pro-trade libertarian Cato Institute.

"The more modest the restrictions, the less the collateral damage. But the bottom line is that once Trump opens a Pandora's box by rationalizing protectionism as a national security imperative, the durability of the rules based trading system will be tested like never before, with global economic security hanging in the balance."