

## **“My trade wars aren't finished yet”, Trump warns IMF and World Bank spring meetings**

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United States president Donald Trump is sending a clear message to the economic policymakers gathering in Washington for the IMF and World Bank's spring meetings: My trade wars aren't finished yet and a weakening global economy will just have to deal with it.

With his latest threat to impose tariffs on US\$11 billion in imports from the European Union - from helicopters to Roquefort cheese - the US president offered a vivid reminder that, even as he moves toward a deal with China to end their tariff wars, he has other relationships he's eager to rewrite.

That's not encouraging for global growth, with the International Monetary Fund and others pointing to the uncertainty over Trump's assault on the global trading system as a damper on business investment and sentiment.

Should they materialize, the new tariffs will be in retaliation for what the US has long claimed are illegal subsidies to Airbus and cap a 14-year fight between Boeing and its European rival at the World Trade Organization.

Importantly, the US has said it will wait for the WTO, which has already deemed the subsidies illegal, to rule this summer on the exact amount of retaliation allowed.

That is potentially good news for the WTO and the broader system Trump has often said he wants to blow up. The Airbus-Boeing fight also predates Trump and it's fair to say any US administration would be willing to use WTO-sanctioned retaliatory tariffs.

“It's a good sign,” Simon Lester, an associate director at the Washington-based Cato Institute, said in an interview. The Trump administration has been “sending some mixed signals about the World Trade Organization, but this action suggests they still value playing by the rules.”

But Trump has deeper issues with the EU. And that's the problem hanging over the global economy, which the IMF predicts will grow this year at its slowest rate since the aftermath of the global financial crisis a decade earlier.

“The EU has taken advantage of the US on trade for many years. It will soon stop!” Trump said on Twitter on Tuesday.

The two sides have kept a fragile truce since July when Jean-Claude Juncker, the European Commission president, and Trump agreed to launch talks on reducing industrial tariffs. The move put on hold Trump's threat to impose separate tariffs on imports of cars and parts from the EU.

But the negotiations have yet to get underway in earnest with the EU's 28 members only expected to give the European Commission the mandate it needs to begin talks in the coming days and casting a wary eye on European elections due next month.

Moreover, Trump faces a decision in May on how he wants to proceed with the auto tariffs, though White House officials have been telling their European counterparts that there is a high chance that the duties could be delayed.

The EU isn't the only one in Trump's firing line, of course. US and Chinese officials are continuing their talks aimed at closing a deal within the next month.

Next week, a Japanese delegation is due in Washington to begin negotiations over a bilateral deal with the US that American companies and farmers are clamoring for to make up for Trump's decision to pull out of the Trans-Pacific Partnership.

The threat of auto tariffs that could batter Japan's economy has forced Tokyo back to the negotiation table. Their chief point man on trade, Toshimitsu Motegi has insisted that any deal must be mutually beneficial, suggesting that Japan won't easily cave in.

It's unclear what the scope of the talks will be, after an agreement between Prime Minister Shinzo Abe and Trump in September referred to both goods and services.

Canada and Mexico are continuing to push for the US to lift steel and aluminum tariffs imposed on them as all three countries work to have their legislatures ratify Trump's replacement for Nafta.

India is also threatening tariffs on US apples and other products in retaliation for Trump's threat to kick the South Asian country out of a preferential trade scheme for developing nations.

"We're still in the same tariff world that we were last year," said Wendy Cutler, a former senior US trade negotiator now at the Asia Society. That still carries risks and lots of uncertainty, though Trump has been able to use tariffs to force the EU, Japan and other trading partners into negotiations, Cutler said.