



China is not the only trading partner targeted by US President Donald Trump's trade wars

July 7, 2019

The US-China trade war has been dominating headlines, but Beijing is not the only trading partner in President Donald Trump's crosshairs.

Mr. Trump has made eliminating trade deficits a signature goal of his administration, saying it is a sign other countries are stealing from the United States.

Last week, Mr. Trump called a tentative truce with his counterpart Xi Jinping after meeting on the sidelines of the G20 summit.

But as US trade shifts because of the trade war with China, other nations could also come under fire, said Maria Rost Rublee, associate professor of international relations at Monash University.

"If there are other countries that look like they are doing well and that catches Trump's eye then he could suddenly take an interest and place tariffs on those countries," Dr Rublee told ABC.

Simon Lester, associate director of Cato Institute's Herbert A Stiefel Centre for Trade Policy Studies, said Mr. Trump's trade strategy was "open to debate".

"His constant praise for tariffs suggests that maybe he is imposing tariffs simply because he sees benefits in using tariffs to protect domestic industry from foreign competition, and he likes the tax revenue they bring in," he told the ABC.

China's notoriety for protectionist and other trading practices the US sees as "unfair" have made China — one of the biggest exporters to the US — a particular target, Mr. Lester said.

We take a look at Mr. Trump's past and present trade wars across the globe and who may be next in the line of fire.

Vietnam

The year-long US-China trade war has produced some winners as US buyers turned to suppliers in other Asian nations.

US imports were up 36 per cent from Vietnam this year, according to the US Census Bureau.

But the honeymoon may be over soon, as Mr. Trump last week told local media Vietnam is "almost the single worst abuser of everybody", adding that many companies have moved to Vietnam to avoid tariffs.

Mr. Trump said his administration was in trade talks with Vietnam, but declared Hanoi treated the United States “even worse” than China.

Vietnam’s economy is booming, but with the US being its largest export market it is working hard to keep ties with the Trump administration intact.

While Vietnamese exports to the US have been on the rise, so has the trade deficit between the two nations, and that appears to have made them a target for future tariffs.

“Countries in South-East Asia are benefiting from the US-China trade war, there’s no question,” Dr. Rublee said.

“Those countries have to be wary of Trump turning his eye on them. If it looks like the trade deficit has increased too much they may be next in the firing line.”

Vietnam has also been battling to stop foreign exporters illegally relabelling goods as “Made in Vietnam” to dodge tariffs — a practice that is thought to have ramped up amid the US-China trade war.

India

Mr. Trump ended preferential trade treatment for India in early June, removing the South Asian nation from the US Generalized System of Preferences (GSP) program.

“I have determined that India has not assured the United States that India will provide equitable and reasonable access to its markets,” he said in a statement at the time.

India is the biggest beneficiary of the GSP, sending duty-free exports of up to \$5.6 billion to the US.

And New Delhi has hit back, imposing retaliatory tariffs on American goods last month, a move Mr Trump branded “unacceptable”.

He has demanded the withdrawal of the higher duties on 28 US products, including apples, almonds and walnuts.

Mexico

In some ways, Mexico has benefitted from the US-China trade war, but the immigration issue has been used as leverage by the US.

In April, it surpassed both Canada and China to become the biggest US trading partner.

But the following month, as a means of incentivizing Mexico to curtail the flow of immigrants that cross their border into the US, Mr. Trump threatened to impose a 5 per cent tax on all Mexican imports that would steadily rise to 25 per cent by October.

On June 7, Mr. Trump announced via Twitter that the tariffs “are hereby indefinitely suspended” because Mexico had “agreed to take strong measures to stem the tide of migration”.

“Tariffs are a beautiful thing when you’re the piggy bank,” Mr. Trump told CNBC.

“As soon as I put tariffs on the table, it was done. It took two days.”

Europe

Just this week, the Trump administration also threatened tariffs on \$4 billion worth of European goods.

The ratcheting up of pressure on the European Union comes as part of a long-running dispute over aircraft subsidies.

Olives, Italian cheese and Scotch whisky could be hit with tariffs, on top of products worth \$21 billion that were announced in April.

The US and Europe have been locked in a years-long spat over mutual claims of illegal aid to two plane giants — Netherlands-based Airbus and US-based Boeing — to help them gain advantage in the world jet business.

The case, which has been grinding its way through World Trade Organization legal proceedings for almost 15 years, is approaching the final stages of arbitration.

Japan

Mr Trump has often spoken of his close relationship with Japan's Prime Minister, Shinzo Abe, but he has also been pressuring the longstanding US ally.

He wants Japan to open up its market to more American beef and other agricultural products, threatening to impose a 25 per cent tariff on Japanese cars if the country doesn't comply.

The two countries are now engaged in trade talks — but Mr Trump's unpredictability means anything could happen.

Canada

Last year, the US implemented a 25 per cent tariff on Canadian steel and a 10 per cent tariff on aluminium imports under the guise of "national security" measures.

Canada, in turn, also imposed retaliatory tariffs on billions of dollars of American imports covering items such as maple syrup, whisky, orange juice and toilet paper.

In May, the neighbouring nations reached a deal to lift the tariffs in a move that could lead to approval for a new North American trade deal.

Under the agreement, there will be no quotas on how much steel or aluminium either nation can buy from overseas.

However, imports will continue to be monitored, and if a country is determined to be buying in too much the other nation can potentially re-impose tariffs.

"These tariffs were harming workers and consumers on both sides of the border," Canada's Prime Minister, Justin Trudeau, said.

"As we look at moving forward with the new NAFTA [North American Free Trade Agreement], it didn't make a lot of sense to continue to have tariffs on steel and aluminium between our countries."

Trump's trade war strategies

Dr Rublee said Mr Trump's trade decisions had so far been largely based on balancing finance, but often failed to take into account other important aspects of international relations.

"We do see it pretty clearly that [Mr Trump] sees some data that he doesn't like and he gets upset about it, tweets about it and tries to make changes," she said.

"His advisers come in and have to educate him on the context — not just the trade and financial implications, but the wider security issues."

While the Trump administration has used tariffs to generate leverage in trade negotiations, it has also "threatened and imposed tariffs on countries before, during, and after negotiations", said Jack Caporal, associate fellow at the Centre for Strategic and International Studies.

"This undermines the credibility of the United States as a negotiating partner," Mr Caporal told the ABC.