



Trump's tariffs opening loopholes in WTO rules

Simon Lester

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President Trump is determined to impose tariffs to protect the U.S. steel and aluminum industries from foreign competition. But his administration's "national security" rationale is unsupported by its own reports and risks opening a dangerous new loophole for the U.S. and other nations to exploit.

Why it matters: The current trading system reflects American priorities — from intellectual property protections to rules that require science-based regulation of food safety — and has served the world well for decades. Short-term benefits for U.S. steel and aluminum firms will be offset by harm to other industries from a less stable trading environment governed by weakened norms.

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In fact, WTO rules provide a different avenue that would protect these industries without undermining the trading system. Governments have agreed to "bind" their tariffs at or below a scheduled amount that varies by product.

These tariffs can be imposed to raise revenue or to protect domestic industry and can be renegotiated through a detailed and transparent set of procedures. In order to raise tariffs on particular products, the requesting government has to either offer lower tariffs on other products or allow its trading partners to raise some of their own tariffs.

The bottom line: There is a legal means to achieve Trump's ends, but instead the administration is opening up a loophole that cannot easily be contained, with "national security" providing thin cover for an escalating spiral of protectionism and retaliation by trading partners.

Simon Lester is an analyst at the Cato Institute's Herbert A. Stiefel Center for Trade Policy Studies.