



## Trump rolling out big trade tariffs, sparing Mexico, Canada

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The president reiterated that he would levy tariffs of 25 percent on imported steel and 10 percent on aluminum but would "have a right to go up or down depending on the country and I'll have a right to drop out countries or add countries".

The people briefed on the plans said all countries affected by the tariffs would be invited to negotiate with the Trump administration to be exempted from the tariffs if they can address the threat their exports pose to US manufacturers. Trump was still hearing last-minute pleas from opponents of the tariff plan, and White House officials said they couldn't predict how the day would shake out.

Trump's trade and manufacturing adviser, Peter Navarro, has said the planned tariffs would not immediately apply to Canada and Mexico.

Canada and Mexico will be exempt indefinitely. Canada's foreign affairs minister termed the two things "separate issues" while Mexico's economy ministry said "the negotiation of the Nafta should not be subject to conditions outside the process". He said only that the reprieve remains in place for now and that NAFTA is important to economic and national security. But he warned that if there was no deal "then we're going to terminate NAFTA and we're going to start all over again". Or we'll just do it a different way. But I have a feeling we're gonna make a deal on NAFTA.

Investment could decline further in the long term, as the collapse of NAFTA would hurt Canada's ability to attract investment based on secured access to the USA market, further affecting long-term economic growth, the analysis adds.

The references to security are critical.

Dangling exemptions for Canada and Mexico "undermines" the administration's argument that the tariffs are needed to protect USA national security, according to Inu Manak, a visiting scholar at the Cato Institute.

Steel and aluminum workers were invited to the White House for the afternoon announcement with Trump.

Following the initial March 1 announcement of the tariffs, when the European Union raised the prospect that it could impose retaliatory measures, Trump responded in a tweet last Saturday: "If

the EU wants to further increase their already massive tariffs and barriers on United States companies doing business there, we will simply apply a tax on their cars which pour into the US".

Two polls released this week say the tariffs are unpopular.

For Asian steelmakers, Moody's said the tariffs "would be manageable because exports to the USA account for relatively small portions of their total steel production".

The official insisted that was untrue.

Its industrial expansion created massive overcapacity in the steel sector and surging exports, which forced some producers to export to markets such as the United States, weighed on global steel prices, and hurt US steelmakers. China is the world's largest producer of "met coal", but it consumes it all and buys more from overseas, including from the U.S. Australia is *also* a major exporter of metallurgical coal.

Canada's ambassador to **Washington** dined this week with US national-security adviser H.R. McMaster; Foreign Affairs Minister Chrystia Freeland, Natural Resources Minister Jim Carr, Defence Minister Harjit Sajjan, and Transport Minister Marc Garneau all reached out to cabinet counterparts in recent days.

The citing of "national security" concerns-the principle invoked by Trump with regard to steel and aluminium-points to the fact that the developing trade war set in motion by the United States is tied inextricably to the rise of militarism and the growing danger of war.

Canadian foreign minister Chrystia Freeland, meanwhile, called the announcement a "step forward" and said Canadian officials had exerted tremendous efforts to get the exemption.

"This work continues and it will continue until the prospect of these duties is fully and permanently lifted".

"There is a certain worry or concern about the state of global relations, because if you put tariffs on your allies, one wonders who your enemies are", he said.

"With Cohn's departure you'll think it's going to make it a little bit easier for Trump to push it through", said Lindsey Bell, an investment strategist at CFRA Research. A White House official said Trump was referencing an ongoing investigation of China in which the USA trade representative is studying whether Chinese intellectual property rules are "unreasonable or discriminatory" to American business.