

Trump, risking trade war, signs off on steel and aluminium tariffs

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US President Donald Trump has signed a proclamation imposing a 25 percent tariff on steel imports and 10 percent on aluminium, to come into force in 15 days' time.

More than 85 years since the signing of the Smoot-Hawley Tariff Act that helped intensify the Great Depression around the world, the US ruling elite, facing the breakdown of the post-war order, is once again turning to protectionism, the antechamber of world war. Not only China, but the EU and other US allies have vowed to retaliate, threatening a descent into open trade war that can only hasten the rise of “great power” military conflict.

Canada and Mexico have both been exempted from the provisions during negotiations on the revision of the North America Free Trade Agreement (NAFTA) in order to pressure the two countries into bowing to US demands.

In his remarks to the proclamation signing ceremony yesterday, Trump said the US was going to hold off on imposing tariffs on the two countries “due to the unique nature of our relationship with Canada and Mexico” to see “whether we can make a deal on NAFTA.” 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.” If a deal were made then there would be no tariffs imposed on them.

In announcing the tariffs, Trump was flanked by union officials and representatives endorsing his actions. These included officials from the United Steel Workers union, whose head Leo Gerard has vocally endorsed Trump’s trade war measures, arguing they are necessary to “preserve America’s steel and aluminum industries”

Trump’s remarks at the proclamation signing ceremony were in line with the bellicose themes of his 2016 campaign and his inauguration address. “Today I’m defending America’s national security by placing tariffs on foreign imports of steel and aluminium,” he said.

The announcement of the proclamation came after a week of conflict in the White House following the announcement of the plan on March 1. The head of Trump’s National Economic Council, Gary Cohn, resigned this week over his opposition to the measures, losing out to the economic nationalist “America First” proponents led by Peter Navarro, the director of the White House National Trade Council. Navarro is known as a strident critic of the trade policies of both Germany and China.

Besides the threat hanging over Canada and Mexico on the NAFTA talks, the proclamation announcement sets up conditions where, in order to be exempted from the tariffs, countries will have to go cap-in-hand and plead with the US. Japan and Australia may be able to secure concessions but they are unlikely to be extended to South Korea, a major steel exporter, because of the administration’s view that it functions as a conduit for Chinese steel.

“We have to protect and build our steel and aluminium industries, while at the same time showing great flexibility and co-operation towards those that are our real friends,” Trump said at the signing ceremony.

One of the features of Trump’s remarks, both following a cabinet meeting earlier in the day in which he criticised Germany for not contributing fairly to NATO, and at the signing, was hostility to Europe, signifying a widening rift in Trans-Atlantic relations. He said “many of the countries that have been the worst on trade and military” were countries that are our allies or liked to call themselves that.

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 US companies doing business there, we will simply apply a

tax on their cars which pour into the US. They make it impossible for our cars (and more) to sell there.”

At a press conference held in Frankfurt yesterday, European Central Bank president Mario Draghi took issue with the Trump measures. “What strikes me is whatever convictions you have about trade, we are convinced that disputes should be discussed and resolved in a multilateral framework. Unilateral decisions are dangerous.

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

Hostility towards Europe was also expressed in remarks by Commerce Secretary Wilbur Ross in comments to the Fox Business Network on Wednesday in which he responded to criticism that the tariffs, introduced under “national security” provisions of a piece of 1962 US legislation, breached World Trade Organisation (WTO) rules.

“Our WTO agreement, just like all of our free trade agreements, has a specific carve-out for national security. I think it takes some nerve for the European Union to define for us what’s our national security,” he said.

Interviewed on CNBC following the proclamation, Ross was asked about possible administration plans to impose a 25 percent tariff on European cars if there was retaliation in response to the steel and aluminium measures. Ross refused to discuss specifics, but said there are “lots of things we are considering.”

Criticism of the Trump measures has also been voiced from within the Republican Party, but from the standpoint that tariffs and other measures should be directed towards China and not impact on US allies.

In the wake of the issuing of a letter by 107 House Republicans opposing Trump’s measures on Wednesday, the Republican speaker of the House, Paul Ryan, issued statement opposing Trump’s proclamation.

He said he disagreed with the action, fearing its “unintended consequences.” While he was “pleased” that the president had included an exemption for some US allies, it should go further.

“We will continue to urge the administration to narrow this policy so that it is focused only on those countries that violate trade law,” he wrote, specifically citing “bad practices by nations like China.”

The Chinese response so far has been relatively muted with officials only issuing general warnings about a response and pointing to the dangers of abandoning the rules of the global trading system.

Speaking to reporters during the annual session of the

National People’s Congress, China’s foreign minister, Wang Yi, said any action aimed at Beijing would bring “a justified and necessary response,” while warning of a rise of protectionism that would damage the global economy and the US as well.

“A trade war is never the right solution,” he said. “The outcome will only be harmful to everyone.”

The key question for China will be the outcome of measures being considered by the Trump administration under Section 301 of the 1974 Trade Act to take action over Chinese practices with regard to hi-tech and intellectual property regarded as detrimental to US interests.

A significant indication of what the response will be was provided by intervention of the Committee on Foreign Investment (CFIUS) which issued a public letter this week warning against the proposed takeover of the San Diego-based tech company Qualcomm by the Singapore-based firm, Broadcom, citing national security grounds.

Qualcomm is one of the largest makers of computer chips for the iPhone and Android devices and is involved in research for the development of a 5G network. CFIUS claimed the Broadcom takeover would reduce Qualcomm’s long-term technological competitiveness and “would significantly impact US national security” and “leave an opening for China to expand its influence on 5G-standard setting.”

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 US is tied inextricably to the rise of militarism and the growing danger of war.



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