

Trump threatens “strategic allies” with auto tariffs

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While the main focus of the trade war launched by the Trump administration is directed against China—labelled by the US military and intelligence apparatus as a “strategic competitor”—it is stepping up pressure against supposed “strategic allies.”

The key economic weapon it is employing is the threat of tariffs on cars and auto parts of 25 percent under section 262 of the 1962 Trade Expansion Act which empowers the president to impose levies on the grounds of “national security.”

This threat has now been wheeled out on three occasions in the past two months.

The first was when Trump met with the President of the European Commission Jean-Claude Juncker for one-on-one talks in July. According to Trump’s version of events, which he outlined in a press conference with Polish President Andrez Duda earlier this month, the European Union had refused to engage in negotiations but then agreed under the threat of imposts on cars.

The Europeans had previously rejected bilateral talks on the grounds they would not negotiate unless tariffs imposed on steel and aluminium, from which the EU had been denied an exemption, were withdrawn.

But when threatened with the auto tariffs, Juncker “was in my office so quickly from Europe that I did not know they had airplanes that flew that fast,” Trump said. The US and the EU now had the “semblance of a deal” because “it’s—to a large extent—economically all about cars.”

On several occasions, Trump has designated the EU as bad as China on trade, or even worse, only smaller, and his chief trade advisers in the White House are just as hostile to Germany, the EU’s major exporting country and its chief car producer, as they are to China. German car producers have said that if tariffs are imposed at a 25 per cent level they would not be able to

profitably sell in the American market.

The deal reached by Trump and Juncker specifies that tariff measures will be put on hold while trade negotiations take place and the EU will support action by the US in the World Trade Organisation against China’s alleged trade-distorting practices—state subsidies to key industries and the illegal appropriation of technology and intellectual property.

This week the threat of auto tariffs has again been invoked, first against Japan followed by Canada.

On Wednesday it was announced by US Trade Representative Robert Lighthizer that Japan and the US had agreed to bilateral talks aimed at reaching a trade agreement following a meeting between Trump and Japanese Prime Minister Shinzo Abe. The decision represented a major turnaround by Abe who had previously expressed his opposition to a bilateral deal.

Abe rightly feared that going one-on-one with the US would be the equivalent of putting his head in the shark’s jaws and he would be forced to make major concessions, particularly on the politically sensitive issue of agriculture. After putting considerable effort into securing the Trans Pacific Partnership agreement with the Obama administration, scrapped by Trump within two days of coming to office, he has sought to continue the TPP with the other signatories as a means of countering US pressure.

But having been “shown the instruments of torture” in the form of auto tariffs, Abe capitulated to Trump’s demand to enter discussions on a bilateral agreement.

Speaking on the decision after meeting with Abe, Trump said: “That was something that, for various reasons over the years, Japan was unwilling to do and now they are willing to do.”

Lighthizer professed ignorance over Japan’s shift when speaking to reporters after the meeting with Abe.

“As to why they changed their strategy, I don’t know, he said, adding menacingly that “it was the wise thing to do.”

The statement announcing the negotiations made a concession to Japan in one area. It referred to “a United States-Japan Agreement” on goods and services that can produce “early results” rather than a “free trade agreement.” This enables the Japanese government to maintain that it has not completely abandoned a multilateral approach in favour of a bilateral deal.

While Trump and Lighthizer sought to conceal their threatened use of auto tariffs in the discussions with Abe, this economic weapon has been openly displayed in the conflict with Canada in the renegotiation of the North America Free Trade Agreement with Canada.

After extracting concessions from Mexico in the renegotiations, Trump has demanded that Canada sign up if it wants to remain. The main sticking point has been the US demand that Canada do away with protection for its dairy industry, which the administration claims effectively prevents American producers competing in the Canadian market.

This week in the midst of his appearances at the United Nations, in which he issued denunciations against a series of countries, Trump also let fly at Canada, saying he had turned down a request from Prime Minister Justin Trudeau for a meeting—a request which Canada has denied making.

“I did [reject a meeting] because his tariffs are too high and he doesn’t seem to want to move,” Trump said. “I told him forget about it. Frankly, we are just thinking about just taxing cars coming in from Canada. That is the mother lode, that is the big one.”

Trump underscored the US bellicosity in a significant departure from the language of “diplomatese” which usually shrouds such discussions, taking direct aim at Canada’s chief trade negotiator, Foreign Minister Chrystia Freeland.

“We’re very unhappy with the negotiations and the negotiating style of Canada. We don’t like their representative very much,” he said.

He indicated that in addition to dairy, the US and Canada had been unable to reach agreement on a range of issues and that “Canada has a long way to go.”

The threats issued by the Trump administration against “foes” and supposed “strategic allies” alike—the EU, Canada and Japan—point to the essential driving

forces of its trade war measures.

While the reduction of trade deficits is certainly a key objective, it involves more than this.

The threat to impose tariffs on cars and auto parts on “national security” grounds points to the wider agenda of the “America First” policy. It is aimed not only at strengthening America’s economic position, which Trump regards as being under attack from the rest of the world, but at disrupting the global supply chains that have dispersed production processes across continents and bringing back to the US vital industries considered necessary for the waging of war.

One of the essential contradictions of the global capitalist system, that between the world economy and the nation-system, through which the major powers attempt to maintain their position in the struggle for markets and profits, is assuming ever-more menacing dimensions.



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