EU vows not to give in to threats as Trump delays tariffs

*Brussels digs in for bitter trade fight over US demand for steel concessions*

The US sees the steel and aluminium tariff threat as a means of pushing countries to offer more favourable trading terms, but Cecilia Malmstrom, the EU’s trade chief, has insisted Brussels could not offer concessions to secure exemptions from measures it considered illegal. She has said trade negotiations can only happen once the tariff threat is dropped, and that discussions must be of mutual benefit.

Trump’s Aggressive Trade Agenda Brings

*Number of self-imposed deadlines for agreements make May a crucial month*

The developments position May as a crucial month for President Donald Trump to fulfill a campaign promise to rewrite the rules of trade, with the aim of reducing U.S. deficits and protecting American workers. The combative approach to trade has been popular with Mr. Trump’s base—and many Democrats—but has heightened economic uncertainties that are likely to spark more volatility in the stock and commodities markets.
The Tariff Uncertainty

Trump’s assault on trade takes a bite out of U.S. manufacturing.

Mr. Trump and his trade apologists claim all of this is merely canny negotiating, and perhaps the President even believes it. But CEOs can’t make decisions out of his head. They have to decide to invest or not, or make purchases or not, based on commercial reality. And the evidence is growing that Mr. Trump’s trade policies are harming U.S. manufacturers and reducing the economic growth he promised voters.

The U.S. and China Are Finally Having It Out

By Thomas L. Friedman (Excerpts)

This is not a trade tiff.

“This is about a lot more than trade and tariffs. This is about the future.”

But in part it was also due to China’s willingness and ability to bend or ignore rules of the World Trade Organization and, at times, outright cheat.

In some cases China used industrial espionage to just steal innovations from the West. Other moves were more subtle: When China joined the W.T.O. in 2001, it was allowed in as a “developing nation,” subject to very low tariffs on its exports to our country but permitted to impose high tariffs to protect its own rising industries from U.S. and European competition.

The assumption was that as China grew, and the W.T.O. moved to a new regime, China would quickly cut its tariffs — like its 25 percent tax on car imports, compared with the 2.5 percent tariff imposed by the U.S. But the W.T.O. still has not completed a new trade round and China has refused to voluntarily lower its tariffs.
Moreover, China developed an industrial policy that often bent W.T.O. rules. The government gave away cheap land, and state-guided banks granted cheap loans for new industries, but foreign companies that wanted access to China’s market were forced to pay to play — to have a Chinese partner and be willing to transfer their advanced technology to them.

As a result, over time, Beijing was able to force multinationals to shift more and more of their supply chains to China, and grow Chinese competitors to Western companies in its protected market, and then, once they were big enough, unleash them on the world as giants.

Even when the U.S. protested to the W.T.O. — as in the case of how China unfairly kept U.S. credit card companies out, then lost the arbitration case at the W.T.O. — China still dragged its feet before following through on promises made 17 years earlier to open up. By then, Chinese companies, like UnionPay, so dominated China’s credit card market that U.S. companies, like Visa, were left with the crumbs.

Meanwhile, Chinese government-guided companies and investment funds went abroad and began to buy up strategic industries to bring their technology back to China — like Germany’s biggest and best robotics company, Kuka.

U.S. and European businesses tolerated all of this because they were still making money in China or were afraid to be frozen out of its massive, growing market — until a couple years ago, when more and more told their governments: This is not working anymore.

E.U. countries are now scrambling to pass new laws to prevent China from buying up their most advanced industries. And that is why China is telling E.U. countries, as one E.U. official put it, “Whatever you do, don’t join the U.S. camp” on trade. The last thing Beijing wants is a U.S.-E.U. united front demanding it play fair.

Don’t get me wrong. I am a free trader and genuinely not afraid of some state-directed 2025 plan beating Western free-market innovators. I welcome China focusing more on 21st-century industries. It could be better for everyone.

Economics is not like war — they can win and we can win. On one condition — we all play by the same rules: hard work and innovation, not hard work and stealing intellectual property, massive government interventions, ignoring W.T.O. rules, lack of reciprocity and forcing Western companies to pay to play inside China.