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Here Comes Trump's Trade War

Donald Trump's wide-ranging trade war began in earnest during the first minutes of last Friday, only hours after his campaign-style rally in Great Falls to attack Montana's senior U.S. Senator Jon Tester's re-election bid. Like all Trump rallies, it turned out to be mostly another self-congratulatory circus act laced with numerous insults and threats. But for Montana's ag producers and industrialists, there was no joy in Mudville over the impacts already kicking in from Trump's rapidly expanding trade war.

Exhibiting incredible naiveté, Trump declared trade wars "easy to win." But that's like someone who has never climbed a mountain looking up at Mt. Everest and saying "easy to summit." With daily retaliatory tariffs being imposed on U.S. goods from the nations Trump attacked, his chances of winning a global trade war are about as good as that non-climber getting up Mt. Everest.

Consider with whom this misguided and inexperienced president has decided to declare trade wars. First, our closest neighbors who share common borders with the U.S. — Canada to the north and Mexico to the south. Any rational person would find it somewhat unhinged to start trade wars with your long-time allies and trading partners, but this president is nothing if not irrational.

So, Mexico is already talking about retaliatory tariffs on U.S. pork legs and shoulders, of which it imports close to a billion dollars' worth annually. Add to that the \$4 billion worth of corn and soybeans Mexico imports from the U.S. and pretty soon we're talking real money — and real pain for the ag producers of those commodities, which may be just the first of many more to come.

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Canada has likewise retaliated, slapping new tariffs on \$12.5 billion worth of U.S. exports. The list is long and growing, but includes a 25 percent tariff on 40 steel products in direct proportion to those levied by Trump, as well as 10 percent on another 80 American products including agricultural commodities.

The European Union, meanwhile, slapped new 25 percent tariffs on motorcycles, orange juice, bourbon, peanut butter, cigarettes and denim. That list, too, is expected to grow as the trade war heats up.

Then there's China, the proverbial "800-pound gorilla in the room" with the second largest economy on the planet. It's poised to overtake the U.S. in the near future with an economic growth rate more than twice that of the U.S. The tit-for-tat retaliation against Trump's tariffs on \$34 billion in Chinese goods means new 25 percent tariffs on U.S. goods including soybeans, pork and electric vehicles.

But that's just the start. Trump has already threatened to slap additional tariffs on \$500 billion worth of Chinese imports, bringing a promise to retaliate in what the Chinese government has declared "the biggest trade war in economic history."

While Trump was strutting and blustering in Great Falls, Sen. Tester, a Montana farmer, was meeting with Montanans who were lamenting, not applauding, the rising costs of Trump's trade war. As the president of the Montana Grain Growers Association said: "Right now, current daily impacts have been substantial," citing the skyrocketing prices for grain bins, steel, and equipment while noting the Chinese market alone is worth \$65 billion in wheat exports. Similar concerns were raised about malt barley sales to the Mexican brewing industry, now Montana's biggest export customer.

They say "politicians start wars, but it's the soldiers who die." Trump has started an enormous global trade war, but it will be American producers, workers, and businesses who will wind up paying the cost while he plays golf at Mar-a-Lago.