

EDITORIAL

Donald Trump's Empty Words on Trade



President Trump after signing an order on tariffs. Doug Mills/The New York Times

By The Editorial Board (<http://www.nytimes.com/interactive/opinion/editorialboard.html>)
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Since announcing [new tariffs](https://www.nytimes.com/2018/03/02/opinion/sunday/trump-trade-steel-aluminum-tariffs.html)

(<https://www.nytimes.com/2018/03/02/opinion/sunday/trump-trade-steel-aluminum-tariffs.html>) on steel and aluminum imports last week, the Trump administration has argued that it is protecting American industry from China, which in recent years flooded the global market with cheap metals. It is impossible to take this argument seriously.

For starters, the tariffs will have little impact on China. That country supplies less than 5 percent of the steel and about 10 percent of the aluminum that the United States imports. Further, a vast majority of metal imports from China are already subject to tariffs put into place by previous administrations, according to

Chad Bown of the Peterson Institute for International Economics

(<https://piie.com/blogs/trade-investment-policy-watch/trumps-steel-and-aluminum-tariffs-are-counterproductive-here-are>).

Oddly, the primary victims of these tariffs, which are being imposed under a law that lets the president restrict trade to protect national security, will be American allies like the European Union and South Korea. Canada and Mexico will be temporarily exempted, but could still be hit with tariffs later if they and the United States fail to renegotiate the North American Free Trade Agreement. Before President Trump signed orders authorizing the tariffs on Thursday, he suggested other countries could be exempted, too, but only if they treated the United States “fairly,” including by spending more money on their own defense. “Many of the countries that treat us the worst on trade and on military are our allies as they like to call them,” he said at the White House, flanked by steel and aluminum workers and administration officers.

More important, the Trump administration has repeatedly dropped the ball on efforts that might have succeeded in prompting China to curb production, something that would have benefited not just the United States but also allies that are now threatening to retaliate

(<https://www.nytimes.com/2018/03/07/business/trump-tariffs-eu-trade.html>) by imposing tariffs on American goods and services.

Most experts agree that China is not moving fast enough to close steel mills and aluminum smelters that it no longer needs because its economy is growing more slowly as it has gotten much bigger. The country’s leaders fear that moving faster could hurt its economy, harm state-owned banks that have lent to the metal industries and create unrest among workers who lose their jobs. **But experts like Eswar Prasad, an economics professor at Cornell University, say that the United States, the European Union and other countries could pressure China to move faster to address this problem, especially if they worked together.**

Characteristically, the Trump administration has displayed none of the diplomatic and economic savvy required to get China to change its policies. On Jan. 12, 2017, the Obama administration filed a case with the World Trade Organization (<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/january/Obama-Administration-Files-WTO-Complaint-China-Aluminum>) that accused China of unfairly subsidizing aluminum producers and thus driving down global prices for the metal. But Mr. Trump’s trade

representative, Robert Lighthizer, has failed to ask the W.T.O. to convene a panel of judges to hear the case, effectively suspending it. Mr. Lighthizer's office declined to answer questions about the case.

Perhaps Mr. Lighthizer, a trade lawyer who has represented the steel industry, did not believe the case would have been successful because he shares Mr. Trump's contempt for the W.T.O., an organization the United States was instrumental in creating to help prevent trade wars. Last month, Mr. Trump said (<https://www.whitehouse.gov/briefings-statements/remarks-president-trump-2018-white-house-business-session-governors/>) the organization "makes it almost impossible for us to do good business," arguing that American officials get to pick too few judges on its dispute resolution panels. But these assertions are belied by the fact that the United States has won nearly 86 percent of the cases (<https://www.nytimes.com/2018/03/06/us/politics/07dc-tradefacts.html>) it has brought before the W.T.O. since 1995.

Another opportunity for addressing excess steel production came in talks last summer between Chinese officials and Mr. Trump's commerce secretary, Wilbur Ross, and his Treasury secretary, Steven Mnuchin. The Chinese told the Americans they would be willing to reduce China's steel production capacity by 150 million tons by 2022. But Mr. Trump rejected the offer. An unnamed administration official told The Financial Times (<https://www.ft.com/content/1980fd1c-8c3b-11e7-a352-e46f43c5825d>) that Mr. Trump wasn't interested in striking a deal because he had already decided that he wanted to impose tariffs.

By now it should surprise no one that Mr. Trump prefers empty statements to doing the work needed to achieve lasting change. The former is easy to deliver in tweets and public pronouncements, while the latter takes patience and persistence. The president would rather impose tariffs and claim he is protecting the country and bringing back lost jobs than take the time to properly address the problem of excess Chinese steel and aluminum capacity. And he does not seem to care that, in doing so, he might penalize and anger an ally like South Korea, with which the United States needs to work closely on potential negotiations with North Korea, an unpredictable adversary.

The president's approach should worry everyone concerned about a trade war or the health of the steel and aluminum industries.