# Businesses face crossroads as Trump’s trade wars disrupt globalisation and fuel populism



The current international landscape is increasingly fraught with tension, echoed by the erratic governance methods associated with President Trump. As globalisation faces considerable threats from a resurgence of nationalism and populism, voices within the business community are compelled to respond decisively. The intertwining of global markets, geopolitical relations, and domestic policies has left many businesses in a precarious position, questioning their alliances and strategic choices.

Reflecting on the ideas of JM Keynes, who observed the remarkable ease of accessing global goods in the past, one is left to ponder how sustainable this scenario remains in the present day. In the wake of significant disruptions such as Brexit, the Covid-19 pandemic, and heightened political partisanship, the landscape of global trade and economic collaboration is shifting dramatically. For many, the easy flow of goods and services has given way to trade barriers and a retreat into national self-interest.

Populists thrive on discontent, particularly among those who perceive themselves as victims of a world where globalisation has succeeded more for some than for others. Countries such as China have benefitted significantly, while economies in the West have struggled as manufacturing jobs have dwindled. This sentiment has found a potent ally in Trump’s rhetoric, which often reduces complex international relations to oversimplified and often disparaging terms. His administration’s policies suggest a drive towards greater self-reliance and scepticism of international entanglements, particularly evident in current geopolitical efforts to negotiate détente between Saudi Arabia and Israel—a venture complicated by the ongoing Gaza conflict.

As Trump's trade war continues to unfold, companies are grappling with the ramifications of these policies. The chaotic trade environment, typified by unpredictable tariffs and sectoral exclusions, has created a climate rife with uncertainty. For instance, the imposition of tariffs on essential imports, including significant levies on steel and automobiles, has disrupted global markets and left domestic manufacturers in a tight spot. In particular, small enterprises with less capacity to absorb sudden cost increases are feeling vulnerable, as exemplified by the plight of U.S.-owned factories in China, where exorbitant tariffs have forced many to halt production and lay off workers.

Amidst this turmoil, businesses face a crucial choice. They can either fall into line with the populist rhetoric, increasing their alignment with Trump’s administration, or they may choose to stand as advocates for global engagement and sustainability. The latter path, however, brings its own set of challenges. Advocacy for issues such as climate change, social equity, and corporate citizenship has often clashed with the hostile sentiments prevalent in political discourse today. The dilemma intensifies as companies navigate a landscape of ideological extremes, with the fear of backlash looming large.

To reconcile these conflicting demands, some propose a "third way". Upcoming discussions hosted by Jericho aim to explore this middle ground where businesses can embody social responsibility without risking alienation. The conversation seeks to challenge the binary dichotomy imposed by prevailing political narratives, fostering a more sophisticated dialogue that could enable organisations to operate sustainably in turbulent times.

Yet, the spectre of a culture characterised by obsequiousness hangs heavy over the business landscape, where dissent or questioning of authority is perilous. As Edward Gibbon noted about the decline of the Roman Empire, the environment fosters a culture of servility; the louder voices of those in power, such as Trump, often drown out the more measured tones of reason and insight. As companies weigh their strategies, they must acknowledge that passive acceptance of disruptive politics rarely leads to constructive outcomes.

Ironically, despite aiming to ‘Make America Great Again’, Trump’s policies may strip the American business ethos of its dynamism and adaptability. Like Keynes lounging in the comfort of his London home, businesses cannot afford to remain passive while the global order is rewired around them. Instead, it becomes essential for businesses to actively engage with the complexities of today’s economy, forging paths that support both their interests and the broader societal good.

In this climate of uncertainty, businesses cannot simply retreat into self-serving narratives. They must articulate a robust vision for their role in an interconnected world, embracing the benefits of globalisation while addressing critiques and adapting to shifting realities. Only by doing so can they hope to navigate the complexities that define the modern era.

### Reference Map

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Source: [Noah Wire Services](https://www.noahwire.com)

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2. <https://www.reuters.com/world/prospects-saudi-ties-israel-elusive-trump-seeks-1-trillion-bonanza-2025-05-11/> - This Reuters article discusses President Trump's upcoming visit to Riyadh, focusing on securing $1 trillion in Saudi investments to enhance economic ties and regional influence. However, the goal of normalizing relations between Saudi Arabia and Israel remains elusive due to the ongoing Gaza conflict. Saudi Arabia insists on a ceasefire and a roadmap to Palestinian statehood before considering normalization, complicating U.S.-Saudi discussions on defense, economics, and nuclear cooperation. The article highlights the challenges in achieving these diplomatic objectives amid regional tensions. ([reuters.com](https://www.reuters.com/world/prospects-saudi-ties-israel-elusive-trump-seeks-1-trillion-bonanza-2025-05-11/?utm_source=openai))
3. <https://www.reuters.com/business/autos-transportation/how-trumps-chaotic-trade-war-has-evolved-2025-05-12/> - This Reuters article examines the evolution of President Trump's trade policies since January 2025, noting their erratic nature and significant impact on global markets. The trade war began with tariffs on imports from Mexico, Canada, and China, citing concerns over illegal immigration and drug imports. Despite some measures being suspended or delayed, tariffs escalated, including a 25% levy on steel and aluminum and a 25% tariff on imported cars and light trucks. The article details the administration's selective exclusions and new national security probes into various sectors, highlighting the complexities and market disruptions caused by these policies. ([reuters.com](https://www.reuters.com/business/autos-transportation/how-trumps-chaotic-trade-war-has-evolved-2025-05-12/?utm_source=openai))
4. <https://www.reuters.com/markets/us/past-peak-uncertainty-or-eye-storm-mike-dolan-2025-05-12/> - This Reuters article discusses the ongoing uncertainty in financial markets regarding the long-term effects of recent trade disruptions. Federal Reserve officials have emphasized the deep uncertainty in the economic outlook. Although markets initially feared the worst after the U.S. imposed sweeping tariffs in April, recent developments suggest a possible retreat from the most severe measures due to market and business pressure. The article highlights the challenges in forecasting economic growth, inflation, and unemployment amid these uncertainties. ([reuters.com](https://www.reuters.com/markets/us/past-peak-uncertainty-or-eye-storm-mike-dolan-2025-05-12/?utm_source=openai))
5. <https://www.reuters.com/world/china/investors-cheer-us-china-tariff-truce-cautious-over-final-deal-2025-05-12/> - This Reuters article reports on the U.S. and China's agreement to a 90-day pause in their escalating trade conflict, reducing tariffs on each other's goods. The de-escalation has improved investor forecasts, leading to a rise in global stock markets and the U.S. dollar. Despite the immediate optimism, analysts remain cautious, noting that tariffs remain higher than pre-conflict levels, contributing to ongoing uncertainty regarding global economic growth. The article underscores the complexities of achieving a long-term resolution and the need for further negotiations. ([reuters.com](https://www.reuters.com/world/china/investors-cheer-us-china-tariff-truce-cautious-over-final-deal-2025-05-12/?utm_source=openai))
6. <https://www.reuters.com/business/healthcare-pharmaceuticals/european-pharma-stocks-follow-asia-peers-down-trump-moves-cut-prices-2025-05-12/> - This Reuters article reports on the global decline in pharmaceutical stocks following President Trump's announcement to reduce U.S. prescription drug prices by 30%-80%, aligning them with costs in other developed nations. The proposed executive order introduces 'most favored nation' pricing, aiming to address high drug costs in the U.S. Major American and European drugmakers experienced significant share declines, and the move is expected to impact pharmaceutical markets globally. Analysts suggest the policy could influence EU-U.S. trade discussions, as the U.S. may favor foreign price caps over tariffs to reduce patient costs. ([reuters.com](https://www.reuters.com/business/healthcare-pharmaceuticals/european-pharma-stocks-follow-asia-peers-down-trump-moves-cut-prices-2025-05-12/?utm_source=openai))
7. <https://www.reuters.com/world/china/this-us-owned-factory-china-made-toys-walmart-tariffs-put-it-life-support-2025-05-12/> - This Reuters article highlights the challenges faced by Huntar Company Inc., a U.S.-owned toy factory in China's Guangdong Province, due to a 145% U.S. tariff on Chinese imports. The sudden rise in tariffs has led to mass order cancellations, forcing the company to halt production, lay off workers, and cut wages. The article underscores the broader crisis confronting the toy industry, with many U.S. small and mid-size toy firms fearing bankruptcy due to tariffs. Despite President Trump's goal of reshoring manufacturing, experts argue that such shifts are impractical, and the company's fate remains uncertain. ([reuters.com](https://www.reuters.com/world/china/this-us-owned-factory-china-made-toys-walmart-tariffs-put-it-life-support-2025-05-12/?utm_source=openai))