# Donald Trump’s trade tariffs disrupt global markets and reshape supply chains



Donald Trump’s approach to trade tariffs has created significant disruption across global industrial sectors, targeting countries with trade surpluses against the United States regardless of whether these surpluses stem from unfair practices or competitive trade dynamics. His administration’s tariff policies have oscillated between imposing, reducing, delaying, and reapplying tariffs, contributing to instability within integrated supply chains, particularly those relying on manufacturing hubs in China and Southeast Asia.

A prominent example of the tariff strategy includes the substantial tariffs on China, which remain as high as 145 per cent on certain items. While there have been exemptions for some key products such as smartphones, computers, semiconductors, solar panels, television displays, and various memory storage devices, China continues to face steep tariffs. Beginning 14 October, Chinese-built and owned ships docking at U.S. ports will be subject to a charge of $50 per net ton, escalating by $30 annually over the following three years. Given that 80 per cent of world trade is transported by ship and the U.S. produces only five vessels annually compared to China’s 1,700, this move underscores the challenge of rapidly reshaping production and trade balances through tariffs alone.

Trade relations with the United Kingdom, another important partner, have also been under strain. Trump has threatened tariffs on pharmaceuticals and medical supplies—significant UK exports to the US—although positive remarks from US Vice President Mike Pence and advanced US-UK trade negotiations may offset some of these concerns.

Trump’s tariff actions constitute a broader economic confrontation aimed at countries maintaining trade surpluses with the US, beyond addressing issues traditionally associated with “unfair” trade practices. The consequences have reverberated through U.S. financial markets, evidencing a decline of approximately $11 trillion in stock market value since late January. Treasury securities have seen significant volatility, including the largest weekly fall in 10-year Treasury yields since 2001 and 30-year yields since 1982. Concurrently, the US dollar has weakened against major currencies such as the euro and the British pound, even falling markedly against the Russian ruble. The surging price of gold, hitting a historic high of $3,500 per ounce, further reflects investor nervousness amid these developments.

In the technology and defence sectors, the US government has imposed restrictions on the export of critical components to China. Notably, Nvidia, a leading AI computing firm, was informed it must obtain special licences for future exports of its H2O chips to China, negatively impacting the company’s stock price. Meanwhile, Apple, which sells over 220 million iPhones annually—90 per cent of which are manufactured in China—remains vulnerable to ongoing trade tensions.

Trade relations with China have grown increasingly fraught. Trump announced talks involving approximately 70 countries, signalling a possible expectation for nations to align with either the US or China in trade matters. China, in turn, has warned countries against disadvantaging it in trade deals with the US. Negotiations between Washington and Beijing have hit a stalemate over the preferred format, with Trump seeking direct talks with Chinese President Xi Jinping, while Beijing prefers each side to appoint expert trade negotiators.

China has retaliated to US measures by imposing tariffs as high as 125 per cent on American goods, halting imports of US beef and liquified natural gas, and suspending exports of rare earth metals and magnets vital for the US defence and auto industries. These metals, including samarium, gadolinium, and yttrium, are particularly critical, given China’s dominance in their production, with the US relying on it for 70 per cent of rare earth supply.

There are, however, genuine trade grievances acknowledged by the US, particularly with the European Union’s protectionism in sectors such as food, agriculture, automobile manufacturing, and financial services. The US’s 34 per cent tariff on Chinese goods roughly parallels the EU’s 35 per cent tariff on Chinese electric cars. Research published by the National Bureau of Economic Research indicates that about 90 per cent of the decline in US exports to China during Trump’s first term resulted from non-tariff barriers, rather than traditional market forces. These barriers include targeted subsidies, state interventions, currency manipulation, technology theft, excessive technical standards, and import quotas. China has also facilitated “grey trade,” where goods manufactured in China are rerouted through Southeast Asian countries, repackaged as local products to circumvent US tariffs.

Following recent visits by President Xi Jinping to Vietnam, Malaysia, and Cambodia—countries identified with grey trade activities—the US responded with record-high tariffs ranging from 41 per cent to 3,500 per cent on imports from Thailand, Malaysia, Cambodia, and Vietnam.

Conversely, the US also employs non-tariff barriers. It ranks as the 15th largest user of such measures, including tariff rate quotas, which involve applying low tariffs up to a certain import volume and then sharply increasing protection to shield domestic producers. This practice is particularly prevalent in the US agricultural sector, which in 2024 exported $176 billion worth of agricultural goods—around half to Mexico, Canada, and China.

A long-standing concern in US-China trade relations is intellectual property theft, which has substantial implications for industrial innovation, wealth creation, and trade balances. China has acquired foreign technologies through imports and joint ventures, circumventing years of research and development costs. For instance, the US nuclear firm Westinghouse has experienced technology theft, as have Japanese and European railway companies, with Chinese enterprises leveraging shared venture technologies to advance their high-speed rail capabilities. Similarly, the Spanish wind power company Gamesa was compelled to produce parts using Chinese manufacturers, who then used those capabilities to compete domestically aided by government loans and support. Cases of industrial espionage involving Chinese students and workers have been reported in Western economies, exacerbated by perceived political and industrial naivety.

The complex interplay of tariffs, surpluses, deficits, geopolitical rivalries, economic policy, defence industry considerations, and military strategy has converged under President Trump’s trade policies. The administration aims to challenge the existing international trade order in favour of more equitable terms benefiting the US. Nonetheless, despite the hopes for new trade agreements to resolve many disputes, restructuring industrial supply chains, especially in areas such as rare earth production where China holds a three-decade lead, will require significant time and investment.

In conclusion, Trump's trade policies represent a high-stakes gamble with multifaceted implications for the US domestic economy, international commerce, and geopolitical relations. The Conservative Woman is reporting on these developments, highlighting the complexities and widespread impact of the ongoing global trade tensions.

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

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