



By: [Emre Alkin](#)

# Will the New President of the USA Undermine Global Trade?



I can't say if mercantilism is making a comeback, but there are a considerable number of people who adopt a trade policy of 'selling a lot and buying little.'

However, foreign trade theory illustrates the fallacy of this approach through numerous examples. Even if a country has a comparative or absolute advantage in the production of certain goods compared to another, there are still ways to engage in mutual trade.

In this way, wealth does not accumulate unevenly; indeed, the international division of labor ensures that wealth is distributed more evenly.

Of course, this thesis and theory do not advance correctly due to human greed and the shortsightedness of politicians, and with the pandemic, they have become even less meaningful.

If we recall, when Donald Trump took office in 2017, he began **implementing** protectionist trade policies, particularly against China. In this context, he imposed high tariffs on various products.

Let's remember some of the prominent tariff increases: Regarding China, Trump applied tariffs ranging from 10% to 25% on many products imported from there.

This decision affected a wide range of products and triggered a trade war. On steel and aluminum, Trump imposed tariffs of 25% and 10% respectively, affecting imports from both China and other countries.

Trump's trade policies generally reflect a protectionist approach, which seems likely to escalate tensions between the US and China again. Examining these past developments provides insight into potential similar practices in the future.

## The ultimatum

I no longer wonder if the cabinet announced by Donald Trump before he even begins his

second term will threaten global trade. Because Trump's recent **statements** indicate that he intends to stir up trouble.

He constantly says, "January 20 is the last day; otherwise, I won't intervene," suggesting he wants conflicts or tensions to cease before he assumes office. For example, the ultimatum he issued to China before he even took the chair shows that he intends to attack global trade from three fronts:

**Protectionism:** Trump's priorities, which include protectionist policies, may lead to trade wars with other countries. This could negatively affect global trade.

**Trade Agreements:** In his first term, Trump initiated the review of some existing agreements and the creation of new ones. If he seeks to increase the number or expand existing agreements in his second term, it could lead to negative developments in international trade.

**Political Uncertainty:** The policies of the new cabinet may create concerns among trading partners and affect investments and collaborations.

So far, I can say that due to the impending tariffs Trump will impose as soon as he takes office, many countries, especially Germany and the UK, are under stress.

## Resource transfer

The fact is, the US is the world's number one importer, and many countries gain significant profits by selling goods to it.

Looking back in history, the US accused many countries, including EU nations that sell goods to it, of having "excessive trade surpluses." This is because Americans were running a trade deficit by purchasing goods and services, particularly from developing countries.

## The US was never cornered by running a trade deficit in its own currency

We could call this a kind of resource transfer. I explained the reason for this at the beginning of the article. However, the US was never cornered by running a trade deficit in its own currency, and that should be noted. Trump's elimination of this American tradition will certainly have radical consequences.

Today, the US has the largest trade deficit primarily with China, but also with Mexico, East Asia, and EU countries. Germany, Ireland, and Italy are among the top 10 countries with which the US has a trade deficit. Looking at the rankings:

COUNTRY US TRADE DEFICIT 2023 (Million Dollars)

China 279,424

Mexico 152,379

Vietnam 104,627

Germany 83,021

Japan 71,175

Canada 67,861

Ireland 65,342

South Korea 51,398

Taiwan 47,975

Italy 44,012

## The US is the problem

As a result, Trump's cabinet will indeed pose a threat to global trade, that is certain. However, I don't understand one thing: whenever I ask someone in the US, they say, "Trump is here, everything will get better."



*The US used to be problematic, but now it has become the problem itself - Emre Alkin*

But we on this side of the hemisphere know the hardships we faced during Trump's first term. If what is good for Americans is bad for us, then the issue seems to be turning in a different direction.

The US used to be problematic, but now it has become the problem itself. In other words, while we used to say "The USA has a problem," we are starting to say "The USA is the problem."

When I asked a very experienced diplomat about the US's current situation, he replied: "The predicament of strong allies is exhausting for us." I believe he is not wrong.