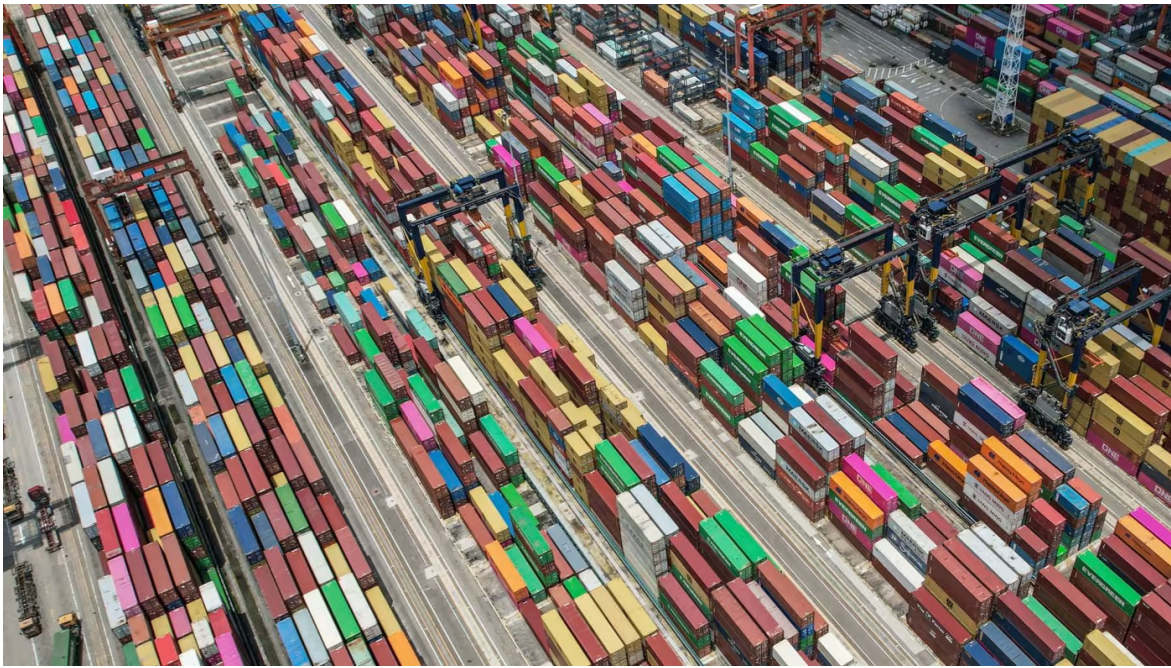


**US trade**

## Donald Trump sparks race for trade deals to counter US tariffs

Nations turn to tactic used in US president's first term when more bilateral agreements were signed



Containers at a port in Shenzhen, China. Beijing has recently clinched trade deals with Serbia, Cambodia, Nicaragua and Ecuador  
© Jade Gao/AFP/Getty Images

**Andy Bounds** in Brussels YESTERDAY

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The US's economic partners are racing to sustain trade volumes in a Donald Trump era by closing new bilateral deals and rerouting supply chains to cope with increased US protectionism.

Policymakers and [trade](#) experts say countries are turning to a tactic deployed during the US president's first term in office, when they signed more trade deals with one another as the world's biggest consumer economy erected barriers.

Since Trump's election in November, the EU has clinched a long-awaited trade deal with the Mercosur bloc of South American countries, updated a free trade agreement with Mexico, and reopened negotiations with Malaysia that were moribund for more than a decade.

[Trump](#) meanwhile in his first days in office threatened tariffs of up to 100 per cent on China, 25 per cent on [Canada and Mexico](#), and said he was considering a blanket levy on all US imports. He also ordered US government agencies to probe trade issues including currency manipulation and counterfeit goods.

Tengku Zafrul Aziz, Malaysia's trade minister, told the Financial Times the return of Trump "could indeed prompt countries to further diversify their trade portfolios".

Aziz cited the example of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which went ahead with 11 members in 2018 after Trump pulled the US out of talks. The deal “demonstrated the resilience of countries willing to co-operate even in the absence of traditional economic leaders like the US,” he said.

EU trade commissioner Maroš Šefčovič told the World Economic Forum in Davos that his diary was full of meetings with ministers from the Gulf countries and elsewhere. “There is huge interest” in doing deals with the EU, he said.

The entire team of commissioners will visit India to make progress on trade negotiations and technology partnerships in the next few months.

“The countries actively doing deals do so independently of the situation of the US,”

said one European official, adding there was a “huge gap” between the rhetoric of what Washington would like to do and what really happens on the ground.

In Trump’s first term the EU signed deals with Japan — a staunch US ally that feared economic damage from his policies — Singapore and Vietnam and started talks with New Zealand and Chile, ultimately completing the agreements. One EU official joked the president was “the best EU trade commissioner ever”.

“There were a lot of deals,” said Cecilia Malmström, the EU trade commissioner when Trump was last in power who was instrumental in earlier negotiations in Mercosur. “We thought, it’s a rough world. We don’t believe in trade wars. We have an unpredictable president who throws tariffs around all over the place. Let’s see what we can do together.”



From left: Canada’s then-minister of international trade Jim Carr, Sylvie Vachon, president of the Montreal Port Authority, Prime Minister Justin Trudeau, Donald Tusk, then-president of the European Council, and Cecilia Malmström, former European commissioner for trade, during a visit to Montreal’s port in 2019 © Sebastien St-Jean/AFP/Getty Images

Malmström, now with the law firm Covington & Burling, expects a deal with Mexico and talks with Australia, Indonesia and possibly the Philippines and Thailand to be concluded during Trump’s four-year term.

Bernd Lange, who chairs the European parliament’s trade committee, said the EU’s response to Trump would couple retaliatory tariffs with deeper trade relationships elsewhere. “Apart from defending ourselves, we should further strengthen our partnership with third countries like the UK, Mexico, Japan or Canada, who might also be in the crossfire

Canada, who might also be in the crossfire.

“This means ratifying trade agreements like EU-Mercosur, and concluding negotiations with partners like Australia and Indonesia.”

In 2020 Asean countries plus China, Japan, Korea, Australia and New Zealand formed the Regional Comprehensive Economic Partnership. RCEP mainly reduced non-tariff barriers to trade such as veterinary controls and customs procedures. RCEP covers 2.3bn people and 30 per cent of global GDP, compared with 25 per cent by the US.

The African Continental Free Trade Area, which will scrap 90 per cent of tariffs over time, started in 2021.

[Goods and services trade](#) has continued to grow in recent years despite the Covid-19 pandemic and rising protectionism.

Scott Lincicome at the Cato Institute, a Washington-based think-tank, said: “Regardless of what Donald Trump does over the next few years, everyone else appears unwilling to embrace costly economic isolationism and will instead just move on without us. There are about 370 trade deals in force as of mid-2024 with no sign of a forthcoming reversal.”

China, meanwhile, has recently clinched deals with Serbia, Cambodia, Nicaragua and Ecuador. Beijing, which Trump sees as the US’s greatest rival, accounts for about 30 per cent of global manufacturing.

One senior trade official, who declined to be named, said they were “more sceptical this time round” of a flurry of dealmaking because the agreements left to complete were tougher to negotiate.

“Trump’s return might promote new bilaterals, perhaps in Africa. But Asia is pretty much sewn up. I am buckling up.”

*Additional reporting by Aime Williams in Washington*

*Data visualisation by Janina Conboye in London*

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