

## Trump tariffs

# The return of 'tariff man': the week Donald Trump revived the global trade war

After a three-month pause, US president threatens punitive levies on governments and commodities

**Aime Williams** in Washington

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It started with twin warnings to Japan and South Korea. Then came a broadside against copper and drug imports. Then came a brutal rebuke for Brazil. Many other US trading partners face punishing tariffs with a new deadline of August 1.

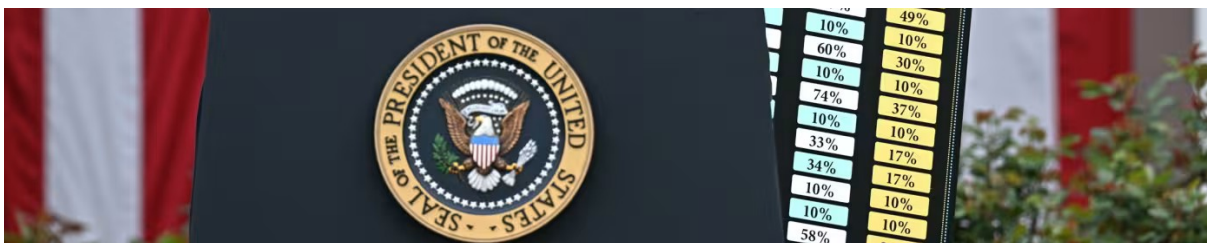
This was the week Donald Trump revived his global [trade war](#) after a three-month pause on the dramatic levies he announced on “liberation day” in early April.

The return of the self-styled [“tariff man”](#) comes as foreign governments face the prospect of either quickly striking a trade deal with the mercurial US president, or returning to the punitive levies announced in April as the suspension elapses.

It follows weeks in which trade and economic nationalism have been replaced at the top of the Trump agenda by efforts to [ram his flagship tax and spending bill](#) through a divided Capitol Hill, and a war in the Middle East that risked dragging the US into a wider regional conflict.

“This was an exercise in looking tough on the very day you’re in fact just extending the pause,” said Michael Smart, managing director at Rock Creek Global Advisors.





Donald Trump holds a chart outlining his tariff plan on April 2 © Brendan Smialowski/AFP/Getty Images

Relaunching his trade war this week, Trump announced a new tariff of 50 per cent on [copper imports](#) and said he was considering whether to hit pharmaceutical goods with a 200 per cent levy.

Late on Thursday, he posted a letter threatening Canada — one of the largest US trading partners — [with 35 per cent tariffs](#). In an interview the same evening, he put EU nations on notice to expect a similar announcement within hours.

The barrage of letters began on Monday, setting new levies between 25 and 40 per cent for countries including Japan and South Korea, even as he granted the world another three-week extension to strike deals.

Sent to just over 20 countries — including South Africa, Thailand, Tunisia and Bangladesh — Trump's [letters outlined rates](#) that matched or were close to the original "reciprocal" levies he set in April.

The president said countries that do not receive letters will have to pay higher blanket rate of 15-20 per cent, up from 10 per cent.

But the brinkmanship of Trump's threatening notices and deadlines has been undercut by the difficulty of reaching very limited trade deals.

Far from securing 90 deals in 90 days, as pledged by Peter Navarro, one of Trump's top trade advisers, the US has secured three deals, by its own count.

Among these are a [limited deal with the UK](#) that offers some lowered tariff quotas on both sides, a [delicate trade war truce with China](#) and Trump's announcement that he would apply tariffs of between 20 per cent and 40 per cent on [goods from Vietnam](#), a major exporter to the US. He said Hanoi would allow the US to sell goods into its market tariff-free.

No written text outlining the Vietnam and China deals has been made public.

Talks with other countries — including major the US's trading partners and allies such as Japan, South Korea, India and the EU — have not concluded ahead of the 90-day pause.

Wendy Cutler, a former US trade negotiator who is now vice-president at the Asia Society Policy Institute, said: "The tariff letters seem to signal a frustration by the president on lack of progress in the trade talks, coupled with a desire to light a fire among our partners to offer more."

One US official said Trump had shifted in his thinking and would now decide on a tariff rate and term that "a deal".

"He's characterising these letters as — 'we can just set the trade deals here. We don't need to negotiate'," the official said. "Either we get a deal and negotiate a deal, or I set the deal."

An exception was the letter to Brazil, which Trump threatened to hit with a [50 per cent tariff](#) and accused it of attacking free speech in what appeared to be a rebuke over the treatment of former president Jair Bolsonaro.

The Brazilian real dropped 2.3 per cent against the dollar and President Luiz Inácio Lula da Silva [threatened to retaliate](#) with tariffs of his own.

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## Brazil's currency slides

Real per dollar





Scale inverted (New York time)  
Source: FactSet

Unlike in April, when Trump’s tariffs caused a global stock market sell off, Wall Street shrugged off the new tariff threats as investors bet the president would again step back from applying his most punitive duties.

“We seem to be vacillating between escalation and de-escalation,” said Myron Brilliant, a senior counsellor at DGA-Albright Stonebridge Group. “I think shock and awe is less effective now as a tactic and what we all should want is more predictability through deals that move the needle and put the uncertainty behind us.”

But one former US official suggested Trump’s combination of big threats while offering countries more time was a deliberate attempt to avoid the market turmoil — including a sharp sell-off in US Treasuries — that was triggered in April.

“Trump has to do two things here — he has to implement tariffs, but he has to do it in a way that doesn’t trigger inflation, doesn’t trigger a recession, and doesn’t trigger a sell-off on Wall Street,” the former official said. “So he’s doing it a little bit at a time.”

Others warned the president was getting impatient and would not extend his deadline for a second time.

Any allies expecting a second reprieve would be “making a big mistake”, said Wilbur Ross, who served as Trump’s commerce secretary during the first administration. “I think he’s made it pretty clear that he doesn’t want to drag this out much longer.”

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