

Flash Note 04/04/2018

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Trade tensions. Room for hope?

Latest developments

- **The argument of the last threat:** US President Donald Trump said he was considering “\$100B of additional tariffs due to "unfair retaliation“. Trump's administration has said its actions come from careful analysis, unlike China whose retaliation was without similar analytical basis.
- **One of the most affected sectors:** Trump has asked the Agriculture Secretary to come up with a plan to protect farmers and agricultural interests.
- **The Chinese reaction:** The Ministry of Commerce stated that China will fight "at any cost" and take "comprehensive countermeasures" if the United States continues its unilateral, protectionist practices.
- **The paper of the international agents:** In parallel, Chinese Ministry of Commerce has launched request for consultation under WTO dispute settlement procedure regarding US tariffs on steel and aluminum imports. MofCom notes that the measures are trade protectionism in the name of "national security", adding that US has seriously violated the principle of non-discrimination in multilateral trade.
- **A general assessment:** The latest US tariffs could diminish international support and allow China seemingly to be the rules keeper. If China manages to appear as the "good boy", and the main regions move away from the USA, that will not have favorable repercussions in the long run for Europe and its markets.

Room for hope?

- Senior US official said that the US is willing to negotiate with China on trade, but only if talks are serious, as previous attempts produced little progress, and no formal negotiating sessions have been set.

Best regards