



Achintya Securities Private Limited

# United States New Weapon: **Trade War**



7th April 2025

# United States New Weapon: **Trade War**

The U.S. trade war spans multiple battles against China and other global competitors, focusing on technology, intellectual property (IP), and semiconductor supremacy. This article explores how the U.S. has started a trade war with tariffs, export controls, and investment restrictions to protect its industries and maintain its global dominance.

**We will understand this US trade war under four battles & April 2, 2025:**

- Battle #1: Solar panel & washing machine imports injured US industries
- Battle #2: Steel and aluminum as national security threats
- Battle #3: Unfair trade practices for technology, intellectual property (IP)
- Battle #4: Safeguarding US semiconductor supremacy
- April 2, 2025: Liberation day for tariff?

## Battle #1:

# Solar panel & washing machine imports injured US industries

## USITC recommends safeguard tariffs

October 31, 2017 – The U.S. International Trade Commission (USITC) finds that imports of solar panels (October 31, 2017) and washing machines (November 21, 2017) have harmed U.S. manufacturers. The commission recommends that President Trump impose “global safeguard” tariffs.

## Trump imposes safeguard tariffs

January 22, 2018 – President Trump imposes global safeguard tariffs on:

- **Solar panels:** A four-year tariff starting at 30% in the first year, decreasing by 5% annually. The first 2.5 gigawatts of imported solar cells were exempted each year.
- **Washing machines:** A three-year tariff with a 20% duty on the first 1.2 million imported units in the first year and a 50% duty on subsequent units, with rates decreasing over the next two years.

This move, historically rare, raises concerns among all exporting countries. The action affects \$8.5 billion worth of solar panels and \$1.8 billion worth of washing machines in U.S. imports.

## China retaliates with Sorghum tariffs

- February 5, 2018 – China initiates anti-dumping and countervailing duty investigations on \$1 billion worth of U.S. sorghum exports. While not officially labeled as retaliation, the timing suggests a response to Trump's tariffs.
- April 17, 2018 – China imposes 178.6% anti-dumping duties on U.S. sorghum imports.

## South Korea & China challenge tariffs

- May 14, 2018 – South Korea files a WTO dispute against the U.S. over solar panel and washing machine tariffs.
- August 14, 2018 – China also files a WTO case, claiming U.S. solar panel tariffs violate global trade rules.

## China ends Sorghum tariffs amid negotiations

- May 18, 2018 – China lifts tariffs on U.S. sorghum imports as both countries enter trade negotiations.
- The U.S. wants China to increase its imports of U.S. products, as China remains a net exporter to the U.S.
- However, nothing materializes from these efforts.

# Extensions and Modifications

- January 14, 2021 – Just days before leaving office, the Trump administration extends tariffs on washing machines for two more years under Section 201.
- February 4, 2022 – The Biden administration extends Trump-era solar tariffs for four more years but exempts bifacial solar panels (which generate electricity on both sides) and raises the tariff threshold from 2.5 GW to 5 GW.
- June 6, 2022 – President Biden temporarily suspends tariffs on solar imports from Cambodia, Malaysia, Thailand, and Vietnam for two years, citing energy concerns.

## End of tariffs on washing machines & further modifications

- February 7, 2023 – The three-year tariff on washing machines, along with its two-year extension, expires.
- May 16, 2024 – President Biden removes the solar panel tariff exemption for utility-scale projects, expanding the coverage of tariffs.

## 2025: Renewed trade actions

- January 20, 2025 – President Trump, in his second term, announces new tariffs on imports from Canada, Mexico, and China, effective February 4, 2025.
- March 26, 2025 – Reports indicate the administration plans additional tariffs on various sectors, including electronics and appliances, potentially impacting solar panels and washing machines.

## **Battle #2:**

# Steel and Aluminium as National Security Threats

## **National Security Investigations Begin & Its Result**

- April 20, 2017 – President Trump directs Commerce Secretary Wilbur Ross to investigate whether steel (April 20) and aluminum (April 27) imports threaten U.S. national security.
- February 16, 2018 – The Department of Commerce concludes that steel and aluminum imports pose a national security risk. This marks the first public disclosure of which products could face new tariffs.

## **Tariff Announcement & EU's Retaliation**

- March 1, 2018 – Trump announces 25% tariffs on steel and 10% on aluminum imports under national security grounds. The tariffs target \$48 billion in imports, mostly from U.S. allies like Canada, the EU, Mexico, and South Korea. Only 6% of affected imports come from China due to existing duties.
- March 7, 2018 – The European Union (EU) warns of countermeasures, and tariffs on \$3.4 billion in U.S. exports such as cranberries, motorcycles, jeans, and bourbon.

# Exemptions

- March 8, 2018 – Trump exempts Canada and Mexico from tariffs. Other countries may negotiate exemptions, while companies can request product exclusions.
- March 22, 2018 – Exemptions are extended to the EU, South Korea, Brazil, Argentina, and Australia until May 1, 2018.
- Hence, the U.S. shows its authority to the world, and China remains a silent target.

# Tariffs Effect & South Korea Secures Exemption

- March 23, 2018 – Tariffs go into force with exemptions for selected countries. Steel tariffs apply to \$10.2 billion in imports; aluminum tariffs cover \$7.7 billion. There is no clear timeline for removal.
- March 28, 2018 – South Korea agrees to reduce steel exports in exchange for a permanent exemption.
- A quota limits its steel exports to 2.68 million tons, a 21.2% reduction from 2017 levels.

# China Retaliates

- April 2, 2018 – China imposes tariffs on U.S. goods worth \$2.4 billion, including aluminum scrap, pork, and fruit.

# Tariff Exemptions Extended, Then Expired

- April 30, 2018 – Exemptions for the EU, Canada, and Mexico extend to June 1, 2018. Argentina, Australia, and Brazil secure indefinite exemptions while negotiating alternative trade measures.
- June 1, 2018 – The U.S. enforces tariffs on steel and aluminum imports from the EU, Canada, and Mexico. These three accounted for nearly half of U.S. steel and aluminum imports in 2017. Argentina and Brazil receive quotas, while Australia remains tariff-free.

## EU & Canada Counter-Tariffs

- June 22, 2018 – The EU imposes tariffs on \$3.2 billion in U.S. goods, affecting steel, agricultural products, and consumer goods. Therefore, Harley-Davidson announces plans to shift production overseas.
- July 1, 2018 – Canada levies tariffs on \$12.8 billion in U.S. goods, including steel, aluminum, and consumer products.

## U.S. Challenges Retaliatory Tariffs at WTO & Subsidies

- July 16, 2018 – The U.S. files WTO disputes against Canada, China, the EU, Mexico, and Turkey over their retaliatory tariffs on \$24 billion in U.S. exports.
- July 24, 2018 – The U.S. announces \$12 billion in subsidies for farmers impacted by tariffs, covering products like soybeans, corn, and beef.

# Tariff Increase on Turkey and Its Retaliation

- August 10, 2018 – Trump doubles Turkey’s steel tariff to 50% and aluminum tariff to 20%, citing the depreciation of the Turkish lira.
- August 14, 2018 – Turkey imposes tariffs on U.S. goods, including cars, alcohol, and tobacco.

# Impact on Developing Nations

- November 15, 2018 – U.S. steel imports rise by 2.2%, but poor countries see a 12% decline in steel exports to the U.S.

# High Costs for Steel Jobs

- December 20, 2018 – A study finds that while Trump’s tariffs created 8,700 U.S. steel jobs, steel users paid an extra \$650,000 per job created.

# U.S. lifts tariffs on Canada and Mexico

- May 17, 2019 – Tariffs on Canada and Mexico end, improving chances of ratifying the U.S.-Mexico-Canada Agreement (USMCA). Retaliatory tariffs on U.S. goods are removed.

# India Retaliates

- June 15, 2019 – India imposes tariffs on U.S. exports after being removed from a U.S. trade preference program.

## Trump Expands Tariffs

- January 24, 2020 – New tariffs target \$450 million in steel and aluminum products, affecting allies like Taiwan, Japan, and the EU.

## Tariffs Reinstated on Canadian Aluminum & Lifted Again

- August 6, 2020 – Trump reimposes 10% tariffs on Canadian aluminum; Canada plans countermeasures.
- September 15, 2020 – The U.S. removes Canadian aluminum tariffs retroactively to September 1, provided Canada limits exports.

## Biden Reinstates UAE Tariffs & Seeks Solutions With EU

- February 1, 2021 – The Biden administration restores 10% tariffs on UAE aluminum.
- May 17, 2021 – The U.S. and EU agree to discuss excess steel and aluminum capacity and delay further retaliatory tariffs.

## Partial Tariff Rollbacks For Allies (2021–2022)

- October 31, 2021 – U.S. lifts some tariffs on EU steel and aluminum, keeping quotas.
- February 7, 2022 – Japanese steel quotas set at 2018–2019 levels.
- March 22, 2022 – The UK receives limited tariff-free access.
- May 9, 2022 – The U.S. suspends tariffs on Ukrainian steel for one year.

## WTO Rules Against U.S. Tariffs

- December 9, 2022 – The WTO declares Trump's tariffs violate international trade rules; the U.S. refuses to comply.
- January 27, 2023 – The U.S. appeals the WTO ruling but blocks the dispute resolution process.

## Further Tariff Adjustments (2023–2024)

- February 24, 2023 – The U.S. increases tariffs on Russian steel and aluminum to 70%.
- December 19, 2023 – The EU extends tariff suspension on U.S. goods.
- December 28, 2023 – The U.S. extends the EU tariff rate quota until 2025.

# Trump Is Back With His Weapon

- February 10, 2025 – President Trump reimposes 25% tariffs on all steel and aluminum imports, citing national security. Exemptions for Canada, Mexico, and the EU are removed.
- February 15, 2025 – Canada and the EU announce retaliatory measures, warning of counter-tariffs on key U.S. exports.
- March 12, 2025 – Tariffs officially take effect. Steel and aluminum prices in the U.S. rise sharply.
- March 20, 2025 – Canada imposes \$20 billion in tariffs on U.S. goods, including agricultural products. The EU follows with \$28 billion in tariffs targeting bourbon, motorcycles, and textiles.
- March 25, 2025 – U.S. manufacturers and automakers express concern, citing higher costs and supply chain disruptions.

## **Battle #3:**

# Unfair Trade Practices For Technology, Intellectual Property (Ip)

## **US Initiates Section 301 Investigation & Report Released**

- August 18, 2017 – The U.S. Trade Representative (USTR) launches an investigation into China’s trade practices, focusing on forced technology transfers, intellectual property theft, and unfair licensing agreements imposed on U.S. companies.
- March 22, 2018 – The USTR publishes its findings, concluding that China engages in unfair trade practices, including forced technology transfers and cyber intrusions.
- In response, President Trump announces plans to impose tariffs on \$50 billion worth of Chinese goods.

# US - China Trade War Escalation

- April 3, 2018 – The Trump administration releases a \$50 billion tariff list targeting 1,333 Chinese products with a 25% tariff, covering \$46.2 billion of imports—mainly machinery, electronics, and intermediate goods, raising costs for U.S. businesses.
- April 4, 2018 – China retaliates with \$50 billion tariffs on 106 U.S. products, hitting key sectors like autos, aircraft, and soybeans.
- April 5, 2018 – Trump orders officials to consider tariffs on an additional \$100 billion of Chinese imports.
- May 29, 2018 – White House confirms \$50 billion in tariffs, reversing an earlier pause.
- June 15, 2018 – The U.S. Trade Representative finalizes two-phase tariffs on \$50 billion worth of Chinese goods, with 95% being intermediate and capital goods, increasing production costs for U.S. firms.
- June 15, 2018 – China revises its retaliation list, maintaining \$50 billion in tariffs but shifting targets—removing aircraft, adding fuels, medical equipment, and consumer goods.
- June 18, 2018 – Trump escalates, instructing the USTR to identify an additional \$200 billion in tariffs and warning of another \$200 billion if China retaliates further.

# US Imposes Initial Tariffs On Chinese Goods

- July 6, 2018 – Finally, the U.S. enacts 25% tariffs on \$34 billion of Chinese imports, targeting sectors like aerospace, information technology, and robotics. China retaliates with tariffs on U.S. products, including soybeans and automobiles.
- August 23, 2018 – The U.S. imposes tariffs on an additional \$16 billion of Chinese goods, prompting China to respond in kind with tariffs on U.S. products.
- September 24, 2018 – The U.S. implements 10% tariffs on \$200 billion worth of Chinese goods, with plans to increase to 25% by year-end. China retaliates with tariffs on \$60 billion of U.S. exports.

## US And China Agree To Trade Talks

- December 1, 2018 – Presidents Trump and Xi Jinping agree to a 90-day truce, delaying further tariff increases to allow for negotiations on trade practices and intellectual property protections.

## Tariff Increase After Talks Stall

- May 10, 2019 – With negotiations faltering, the U.S. raises tariffs from 10% to 25% on \$200 billion of Chinese imports. China responds with increased tariffs on \$60 billion of U.S. goods.

## Phase One Trade Deal Signed

- January 15, 2020 – The U.S. and China sign the Phase One trade agreement. China commits to enhancing intellectual property protections, refraining from forced technology transfers, and increasing purchases of U.S. goods and services by \$200 billion over two years.

## Biden Administration Reviews Trade Policies

- 2021–2024 – The Biden administration maintains existing tariffs while conducting a comprehensive review of U.S.-China trade policies, focusing on addressing ongoing concerns related to intellectual property and technology transfers.

## **Battle #4:**

# Safeguarding US Semiconductor Supremacy

## **ZTE Added To Entity List**

- March 7, 2016 – The U.S. Department of Commerce places Chinese telecom company ZTE on the Entity List, restricting its access to U.S. components and technology without government approval.

## **ZTE Settlement And Subsequent Ban**

- March 7, 2017 – ZTE agrees to a \$1.19 billion settlement for violating U.S. sanctions. However, after breaching the settlement terms, the U.S. imposes a seven-year ban on ZTE on April 16, 2018.

## **Huawei Indicted And Added To Entity List**

- January 28, 2019 – The U.S. Department of Justice indicts Huawei for fraud and sanctions violations.
- Subsequently, on May 15, 2019, Huawei is added to the Entity List, restricting its access to U.S. technology.

## **Export Control Reform Act Enacted**

- August 13, 2018 – The U.S. enacts legislation to identify and regulate "emerging and foundational technologies" critical to national security, impacting semiconductor exports.

## **US Tightens Semiconductor Export Controls**

- May 15, 2020 – The U.S. expands export controls, restricting Huawei's access to semiconductors produced with U.S. technology, even from foreign manufacturers.

## **CHIPS And Science Act Signed**

- August 9, 2022 – President Biden signs the CHIPS and Science Act, allocating \$52.7 billion to boost domestic semiconductor manufacturing and research to reduce reliance on foreign supply chains.

## **US Imposes New Export Controls On Advanced Computing**

- October 7, 2022 – The Bureau of Industry and Security (BIS) announces new export controls, restricting China's access to advanced computing chips and semiconductor manufacturing equipment.

## US Further Tightens Export Controls

- October 17, 2023 – The BIS updates export controls to further limit China's ability to acquire advanced computing chips and semiconductor manufacturing equipment, addressing national security concerns.

## US Adds Chinese Entities To Export Blacklist

- March 26, 2025 – The U.S. adds over 70 Chinese entities to its export blacklist, aiming to impede China's advancements in AI chips and military technologies.
- This action requires U.S. companies to obtain licenses to sell technology to the listed entities.

## China Opposes US Export Control Measures

- December 3, 2024 – China expresses strong opposition to the U.S. semiconductor export control measures, labeling them as economic coercion and a threat to global supply chain stability.

## 2025 Update: Escalation Under Trump 2.0

- January 2025 – With Donald Trump returning to office, the administration reintroduces aggressive trade policies targeting China’s technological advancements and IP practices. New tariffs are imposed on \$100 billion worth of Chinese goods, with a focus on semiconductors, artificial intelligence (AI), and telecommunications equipment.
- January 2, 2025 – China expands its Unreliable Entities List, adding 28 U.S. companies, including semiconductor giants, to its dual-use export control list, prohibiting key raw material exports without special licenses.
- February 2025 – The China Technology Transfer Control Act is introduced in Congress, aiming to restrict exports of critical U.S. technology and IP to China, particularly in AI, semiconductor manufacturing, and quantum computing.
- March 2025 – U.S. imposes further restrictions on NVIDIA and AMD, banning sales of high-performance AI chips to Chinese firms.
- March 2025 – Chinese President Xi Jinping meets with top global CEOs, urging them to advocate for globalization and counter U.S. protectionist policies.

# 2nd April, 2025: **Liberation Day For Tariff?**

President Trump has finally released the much-anticipated tariff chart. A closer look reveals an interesting pattern: almost all developing countries such as India, China, Vietnam, and South Africa are being hit with steep tariffs. A minimum 10% tariff is being applied to nearly all imports, with dozens of countries facing even higher rates.

One surprising detail? **Russia is not on the list.**

In this trade war, Trump has smartly excluded certain goods from the Reciprocal Tariff—goods on which the U.S. is heavily dependent.

The exempted items include:

1. Steel/aluminum products and autos/auto parts (already covered under Section 232 tariffs)
2. Copper, pharmaceuticals, semiconductors, and lumber
3. Bullion
4. Energy and other specific minerals not available domestically in the United States.



# Reciprocal Tariffs

Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%

# Purpose Of The Tariff Strategy

Trump's goal is to address tax collection imbalances by "leveling the playing field." For example:

- The U.S. imposes just a 2.5% tariff on imported passenger vehicles, while the European Union charges 10% and India imposes a staggering 70%.
- Brazil and Indonesia charge tariffs of 18% and 30% on ethanol, respectively, compared to just 2.5% in the U.S.

## China Responds

As expected, China hasn't remained silent. On April 4, 2025, it announced a retaliatory tariff of 34% on all American imports, which will take effect on April 10, 2025.



**Achintya Securities Private Limited**  
Member: NSE, BSE, MCX | DP: NSDL, CDSL

