

Tariffs and spectacle

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April 4 — “Cambodia, oh, look at Cambodia! 97%. We’re going to take it down to 49% and make a fortune for the United States of America,” Donald Trump boasted in true telemarketing style.

“South Africa. Oh, 60%, 30%. There are some very bad things going on in South Africa. We pay them trillions of dollars a week in financing, but we’re cutting them off because there are so many bad things going on in South Africa,” he continued after announcing 10% tariffs on British goods.

Faced with worldwide astonishment at the attempt to make a spectacle of what could be the beginning of a trade war, the U.S. president continued with the list of usual grievances stemming from economic nationalism and xenophobia, such as hatred of the current South African government, which is largely influenced by the racist vision of defending the white population against a false “white genocide.”

In the end, without fireworks but with a whiteboard where the White House presented data on the tariffs it believes other countries impose on its products and another column where the United States reciprocally adds its own, Donald Trump called April 2nd “America’s Liberation Day.”

In its magnanimity, there is no such thing as U.S. reciprocity. Instead, Washington creates the tariffs it imposes on the rest of the world using a deceptive formula that doesn’t calculate a country’s tariff level but simply the trade deficit, which Trumpism equates to tariffs. Thus, poor countries like Cambodia that barely import products from the United States — virtually any product Cambodia might need will be purchased more cheaply from China, which, in addition to being closer, hasn’t bombed the country to the point of littering its land with unexploded ordnance — are outstripped by their exports to the United States, products manufactured in the country due to the relocation of U.S. industry.

Although imperceptible in absolute terms, calculated using the Trump administration’s formula (trade deficit with a country divided by that country’s imports), the result is the 97% Trump mentioned, a figure that has nothing to do with the tariffs Cambodia imposes on products from the United States, which are not taken into account in the calculation.

American protectionism responds to the deficit in the U.S. trade balance, which, by introducing yet another trick, takes into account trade in goods but not in services, and not necessarily the rates imposed by individual countries. Israel, for example, unsuccessfully attempted to preempt Trump's announcement on Wednesday by zeroing tariffs on U.S. products. At the end of the night, Tel Aviv received a figure of 17% tariffs on its products based on the trade balance.

The figures, and above all, the strange distribution, with which not only China but also former enemies such as Cambodia, Laos, and Vietnam were disproportionately punished, while others, such as what Washington perceives as its Latin American backyard, with low levels of exports to the northern country, received lesser penalties, sparked all kinds of speculation throughout yesterday morning. Before economic experts deciphered the formula, it was also noted that U.S. allies such as the European Union were faring worse than some opponents.

"Russia, Cuba, and North Korea escape the worst of Trump's tariff wrath," Reuters headlined yesterday in an article that included two other sworn enemies of the United States that also apparently emerged unscathed from the American "liberation": Belarus and Iran. "Trump said he would impose a 10% base tariff on all imports to the United States and higher tariffs on dozens of other countries. Russia, Cuba, and North Korea do not appear on the list of countries facing higher 'reciprocal' tariffs released by the White House," writes Reuters, adding that "in their annual threat assessment, U.S. intelligence agencies said China, Russia, Iran, and North Korea were the biggest potential nation-state threats to the United States, and Trump had threatened Moscow with new trade measures."

Only after falsely portraying favoritism toward these enemies does the article explain that the level of sanctions those countries are under makes any additional levies unfeasible. "Asked why Russia was not on the list, U.S. Treasury Secretary Scott Bessent told Fox News that the United States did not trade with Russia and

Belarus and that they were subject to sanctions. Trade in goods between Russia and the United States was \$3.5 billion last year, according to U.S. figures. In 2021, the year before Russia invaded Ukraine, it was \$36 billion,” the article explained.

The figures — \$3 billion in Russian exports to the United States and \$526 billion in imports — would, according to the formula applied, result in tariffs of more than 40% on Russian imports. But compared to Ukraine, an ally and proxy that has received 10% tariffs, which it has received with the resignation of someone who lacks the tools to defend itself and knows it cannot raise its voice against those who supply it with weapons and intelligence, Russia has not received additional sanctions.

On the contrary, this week it was announced that the United States has temporarily lifted coercive measures against senior Russian advisor Kiril Dmitrev, who traveled to Washington to meet with the Trump administration as part of the negotiations between the two countries. “A real understanding of Russia’s position opens up new possibilities for constructive cooperation, including in the economic and investment sphere,” Dmitrev commented on his Telegram channel.

The economic content of the visit, the first time a Russian representative will meet with White House officials on U.S. soil since 2022, is particularly striking given the timing, not least because it is tariff week. Hours before Donald Trump tossed around tariffs in a televised auction, two well-known senators, both friends of Ukraine, Republican Lindsey Graham and Democrat Richard Blumenthal, introduced a proposal in the Senate to impose draconian primary and secondary sanctions if Russia does not negotiate in good faith or reach a peace agreement with Ukraine. The senators, who obtained the signatures of 24 other representatives from both parties, propose 500% tariffs on imports from countries that purchase Russian products if peace efforts fail.

“Sanctions against Russia require tariffs on countries that buy Russian oil, gas,

uranium, and other products. They are tough for a reason,” the senators assert. Lindsey Graham, who has made no secret of the need to continue fighting “to the last Ukrainian,” and his usual ally have not lost hope of using the war not only to seize Ukraine’s mineral resources but also to severely sanction opponents like China, Russia’s main economic ally. Even if this requires a measure that is difficult to implement and has more than uncertain consequences for world trade.

Uncertainty was also one of the words repeated throughout yesterday when trying to predict the short- and medium-term effects of the announced measures. Donald Trump assumed that the White House would begin receiving calls pleading for the withdrawal of tariffs or wanting to negotiate, while Treasury Secretary Bessent warned countries not to respond reciprocally, which would be considered an escalation, and recommended sitting back and waiting.

The main lesson from the way the United States has calculated the level of tariffs and the rhetoric accompanying the measures is the double definition of the word. In the United States, “tariff” is *the most beautiful word*, a way to reduce taxes for the population and to recover what other countries have *stolen from the American people*. Abroad, “tariff” does not equate to the tax applied to imported products, but to a trade deficit. Thus, when Donald Trump demands that different countries withdraw their tariffs if they want American tariffs to be reduced, the U.S. president is not seeking to reduce those duties, but rather to eliminate the trade deficit. In other words, Trumpism demands that the rest of the world purchase more American products.

“The High Representative of the European Union for Foreign Affairs, Kaja Kallas, asserts that there are no ‘winners’ in trade wars. She acknowledges that the EU currently buys a lot of defense equipment from the United States,” EFE wrote yesterday. It is there, in this second idea, the acquisition of more U.S. military equipment, that European countries can achieve a reduction in the 20% tariffs

imposed on EU imports. In this way, Trump would also guarantee that the European rearmament he has been demanding for years will not occur by acquiring strategic autonomy from Washington.

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