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“In fact, the issue is always between two points”

Weekly
Political and Geopolitical
Developments

April 14, 2025

 TEMA GRUP



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Geopolitical and Global Developments:

THE U.S. SUSPENDED NEW TARIFFS – EXCEPT ON CHINA!

Situation

U.S. President Donald Trump announced that a significant portion of the controversial tariff package would be suspended for 90 days. Treasury Secretary Scott Bessent stated that negotiations on tariff agreements would be held with more than 70 countries in the upcoming week. However, for China—which had imposed an 84% tariff on imports from the U.S.—tariffs were further increased to 125%. Additionally, the White House imposed an extra 20% tariff due to China’s role in fentanyl production, effectively raising the total tariff rate on China to 145%. So what is the reason behind this apparent retreat and the simultaneously hardened stance toward Beijing?

Commentary

The Trump administration’s dual decision—relaxing tariffs for many countries while intensifying pressure on China—can be interpreted as a strategic and multi-layered trade and geopolitical maneuver. There are several key reasons for this retreat and the simultaneous hardline approach toward China:

1. Seeking a Coalition Against China Without Alienating Allies

- Under Trump’s “America First” policy, the U.S. experienced trade tensions with many countries. But realizing that acting alone against China was ineffective, Washington aimed to create a trade-based “alliance” by planning negotiations with more than 70 countries.
- Relations with traditional allies like Europe, Japan, and South Korea are being restructured.
- The goal is to apply more effective economic pressure on China with the support of these allies.

2. Economic Pressures and Domestic Political Dynamics in the U.S.

- **Trump’s high tariffs were initially introduced to protect American industry. However:**
 - ✓ The rising import tariffs triggered inflationary pressure and increased production costs.
 - ✓ American farmers and manufacturers, burdened by high import duties on essential inputs, exerted pressure on the Trump administration.
 - ✓ With the 2025 elections approaching, concerns over losing the middle-class vote led to some tactical reversals.

3. Sending a Message of Determination to China: A Signaling Strategy

- ✓ While appearing to retreat, the Trump administration simultaneously hardened its stance on China to maintain a policy balance:
- ✓ China has long been criticized for “state-sponsored technology transfers,” “unfair trade practices,” and “espionage activities.”
- ✓ A record-setting 125% import tariff aims to boost deterrence against China.
- ✓ Meanwhile, a message is being sent to allies: “We are open to cooperation with you—but our stance on China is firm.”

4. Geopolitical Competition Through Economic Instruments

- This decision is not only economic but also part of a broader geopolitical strategy:
 - ✓ China’s “Belt and Road” initiative and its growing influence in the Asia-Pacific region have long been viewed as a threat by the U.S.
 - ✓ The high-tariff policy is designed to reduce the competitiveness of Chinese goods in global markets.
 - ✓ Moreover, the U.S. is trying to counter China’s rise in strategic sectors like semiconductors, artificial intelligence, and critical minerals through trade barriers.

Conclusion

Although the Trump administration’s move might appear to be a retreat on the surface, it is part of a larger geopolitical chess maneuver. While attempting to rebuild bridges with allies, the administration has intensified its economic and political pressure on China. In the coming months, these dynamics may lead to new alliances, shifts in supply chains, and geopolitical realignments within the global trade system.

Evaluation

Trump's 2025 tariff decision was a bold yet risky move that shook global economics and diplomacy. On the one hand, an unprecedented "shock and awe" strategy of tariff hikes was applied to decades of U.S. trade policy. On the other hand, the plan included a deliberate retreat that opened the door for negotiations. The 90-day tariff pause reflected Trump's "threat first, negotiate later" approach, giving the U.S. time to breathe and redefine its relationships.

The intense diplomatic campaign led by Scott Bessent signals the administration's effort to rally allies and isolate China. While the U.S. strained its traditional alliances, it didn't fully break them—instead, it pulled countries back to the bargaining table for the sake of mutual economic interests.

Tensions with China turned the trade war into a global arm-wrestling match. With record tariffs of 125% (effectively 145% with fentanyl penalties) and China's 84% retaliatory tariffs, both economic giants suffered wounds. The U.S. economy felt the consequences through more expensive imports, inflationary pressure, export losses, and financial volatility. The industrial and agricultural sectors were especially affected: industry faced high costs and uncertainty, while agriculture suffered from market contractions.

Nevertheless, the Trump administration hoped to score quick wins through accelerated negotiations. From a foreign policy standpoint, Trump's decision underscored a power-based approach: enforcing tough sanctions on trade partners to dictate U.S. interests and isolating China, seen as a strategic rival. While this strategy may have forced short-term concessions from allies, it also raised doubts about U.S. reliability in the long term and prompted a search for alternatives. During this period, the multilateral trade system was severely tested; the principle of cooperation gave way to power politics. Trump's 2025 tariff decision entered history as one with both economic and geopolitical consequences.

The critical question now is whether the 90-day window will yield lasting agreements. If the Trump administration can sign meaningful deals with allies and consolidate its front, the pressure on China will increase, possibly drawing Beijing to the table and restoring some market stability.

Otherwise, if no agreement is reached by the end of the 90 days and the full tariff package returns, a harsher second round of the global trade war will begin. Such a scenario could trigger a crisis severe enough to drag the world economy into recession, as both the U.S. and other economies would suffer significantly from such a widespread tariff wall.

Ultimately, Trump's decision in 2025 to suspend tariffs while doubling down on China can be seen as a high-risk bargaining game. In the coming months, diplomacy will determine whether this move is remembered as a masterful strategic maneuver—or a grave error that disrupted global economic stability. For now, it's clear that this period, marked by radical departures from traditional U.S. trade policy, will go down as a turbulent chapter in the history of global commerce.

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