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Trump’s Tariff War: Revenge, Extortion, or Misunderstanding?

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AI, Arithmetic, and Asymmetries: The ChatGPT Tariff Controversy and Trump's Economic Chessboard

In a twist that feels more Silicon Valley than Foggy Bottom, recent reports suggest that President Trump's new tariff policy — ambitious in scale and unapologetically nationalist in tone — may have been influenced by input from ChatGPT. While the president has long prided himself on gut instinct over spreadsheets, the idea that an AI tool may have played a role in crafting a key pillar of U.S. economic policy has ignited both fascination and ridicule. More troubling, however, are allegations that the proposed formula for calculating the tariffs may be based on a simple mathematical error. When you mix populist economics with predictive text, things can get lost in translation — and in this case, it may be the poorest countries left footing the bill.

At the heart of Trump's proposed and now ruthlessly imposed “*reciprocal tariff*” model is the premise that if another country taxes American goods at 10%, the U.S. should impose an equal tariff in return. Simple enough in theory — but according to leaked documents and economic analyses, it seems the model failed to account for key asymmetries in trade volumes, consumer markets, and the base value of imports versus exports. In short, a “*reciprocal*” tariff in theory might become a wildly disproportionate burden in practice.

This has immediate and profound implications for low-income countries that export to the U.S. without importing much in return. As one could say in exasperation, “*You can't balance trade by penalizing countries for not buying what they can't afford.*” These nations — already struggling with debt and fragile economies — could see their access to the U.S. market dramatically shrink, just as their dependence on exports deepens. Tariffs based on symmetrical logic applied to asymmetrical relationships do not level the playing field — they torch it.

The irony, of course, is that countries with which the U.S. actually maintains a trade surplus might be spared or even favored under this model. A country that imports far more than it exports to the U.S. would theoretically face lower tariffs — because there's less trade imbalance to correct. The result is an upside-down incentive structure: “*Congratulations, you're bad at selling to America, here's your tariff discount.*”

Whether or not ChatGPT had a hand in the original formula, this isn't merely a story about artificial intelligence — it's about artificially intelligent policy. The reality is that Trump's tariff plan, like much of his economic thinking, isn't aimed at academic elegance. It's aimed at signaling strength, projecting fairness, and rewriting the rules of global trade in a way that appeals to the domestic political base. In that context, the use of a generative AI tool may not be a scandal — it may be the point. *“In the age of automation, even populism has to scale,”* as one strategist dryly put it.

Still, the policy missteps have consequences. If the error-ridden formula remains official doctrine, it risks undermining America's credibility in multilateral forums, eroding trust with allies, and triggering retaliatory trade wars with partners who feel targeted by a clumsy algorithm. Moreover, for developing nations who once saw trade with the U.S. as a ticket to growth, it sends a chilling message: there is no grandfather clause in algorithmic justice.

For Trump, whose instincts often favor visual metrics — numbers that can be paraded at rallies or tweeted in all caps — a clear-cut formula, even if flawed, offers political ammunition. Whether the model makes economic sense is secondary to whether it can fit neatly on a campaign placard. But in the real world of supply chains, manufacturing costs, and foreign policy, such formulas can't afford to be wrong.

The revelation that AI tools may have helped shape Trump's tariff plan isn't inherently disqualifying. But if the policy foundation is a mathematical mirage, it suggests deeper issues — not just with the inputs, but with the worldview that treats complex international trade as a zero-sum scoreboard. Tariffs are the hammer; global markets are the watch. But if you smash the watch, don't be surprised when you can't tell time anymore.

Implications and Risks of AI-Influenced Tariff Policy Under President Trump

The Trump administration has proposed a *“reciprocal tariff”* system in which the United States would impose tariffs on imports from countries based on the tariffs those nations levy on American exports. The underlying goal is to create *“fair and balanced”* trade. However, the simplicity of the formula masks key imbalances and risks.

Reports suggest the use of generative AI tools such as ChatGPT in crafting or testing aspects of the tariff formula. While this illustrates a novel approach to rapid policy modeling, it also raises questions about oversight, transparency, and the complexity of real-world economic systems. Relying on AI-generated formulas risks reducing complex trade dynamics to overly simplistic or misapplied rules.

The core formula fails to account for key asymmetries: Trade volume disparities between nations; the relative size and nature of U.S. surpluses or deficits; price elasticity and domestic market constraints in developing countries. As a result, “*reciprocal*” tariffs could disproportionately impact poorer countries that rely heavily on U.S. markets but have little capacity to import American goods. Ironically, countries with which the U.S. has surpluses may be rewarded under the same model.

The Trump administration prioritizes messaging and domestic political impact. The tariff policy, therefore, is likely more a symbolic gesture of “*getting tough*” on trade partners than a coherent economic tool. A simple, scalable formula fits neatly into political rhetoric but lacks the nuance required for global application.

Potential Consequences

For Developing Nations: Tariff penalties may severely affect their export economies, exacerbate poverty, and reduce trade diversification.

For U.S. Consumers: Increased costs on imported goods, particularly consumer products and raw materials.

For Diplomacy: Erosion of trust in U.S. leadership on trade and backlash from traditional allies.

For Multilateral Institutions: Undermining of WTO norms and dispute resolution mechanisms.

Strategic Recommendations

Audit the Tariff Model: Independent economic review of the formula is necessary before implementation.

Develop Safeguards: Exemptions for least developed countries and strategic partners should be built in.

Enhance Transparency: Disclosure of AI-assisted policy development processes.

Integrate Human Oversight: Blend AI-driven modeling with expert human input to prevent logic gaps.

Bilateral Flexibility: Customize tariff responses based on partner-specific economic and geopolitical realities.

While the ambition to recalibrate U.S. trade policy is not inherently flawed, the means by which it is pursued matter deeply. A formula-based approach influenced by AI, particularly one marred by mathematical and conceptual oversights, can undermine American credibility and inflict unintended harm on vulnerable economies. Any policy that treats international trade like a zero-sum algorithm is at risk of generating real-world chaos. The administration must reconcile political optics with economic accuracy to ensure that U.S. global leadership remains resilient and respected.

China's Strategic Response to President Trump's Tariff Strategy

China's response to President Trump's revived tariff strategy has been calculated, layered, and deeply political — infused with tactical precision and psychological nuance. Beijing is not reacting with blind aggression, but rather executing a multi-pronged campaign designed to inflict maximum strategic discomfort without triggering uncontrollable escalation. At its core, China's retaliation reflects an understanding not only of trade dynamics, but also of American electoral and lobbying pressure points.

On April 4th, the State Council's Tariff Commission announced a sweeping 34% retaliatory tariff against U.S. imports, scheduled to take effect April 10th. This was the most overt form of retaliation — a signal to Washington that China is not interested in posturing, but in leveraging economic pain to shape political outcomes. The tariffs do not simply hit American exports broadly; they are carefully aimed at politically sensitive sectors, including agriculture and manufacturing — industries that form the backbone of Trump's electoral base.

Meanwhile, Beijing has launched a formal complaint at the World Trade Organization (WTO), framing itself as the injured party defending the global trade order. This move is part optics, part diplomatic theater. Chinese officials have repeatedly portrayed the United States as the aggressor flouting multilateral norms, allowing China to rally support among other countries frustrated with U.S. unilateralism. One way of summarizing the situation is ***“Beijing may be the arsonist, but it walks into the WTO wearing a fire marshal’s uniform.”***

Simultaneously, China has taken quieter yet equally significant actions, such as the sudden suspension of imports from four U.S. companies, including poultry and sorghum producers. Notably, Mountaire Farms — a top Republican donor — was among those targeted. This was no coincidence. The firm’s CEO, Ronald Cameron, served as an economic advisor to Trump in 2020 and has contributed over \$75 million to Republican campaigns since 2014. By targeting companies linked to Trump-aligned donors, China is trying to stir internal dissent, catalyzing pressure on the administration from within its own political infrastructure.

Even more strategically, China is tightening its grip on key export commodities critical to U.S. industry. The Ministry of Commerce has begun investigating U.S. CT tubes for alleged anti-dumping violations, while also imposing export restrictions on a suite of rare earth elements — lutetium, scandium, yttrium, samarium, gadolinium, terbium, and dysprosium. These minerals are not merely exotic names from a chemistry textbook; they are vital for defense technology, renewable energy, medical imaging, and semiconductors. By choking off these lifelines, China is signaling that it can do more than respond tit-for-tat — it can threaten the foundations of America’s industrial future.

Beijing’s strategy, however, is not without risks. While calculated, its actions risk reinforcing bipartisan hawkishness in Washington. Furthermore, China’s efforts to weaponize rare earths may accelerate efforts to diversify supply chains away from China, a trend already underway since the pandemic. But Chinese policymakers are betting that the short-term leverage outweighs the long-term costs.

What’s next? Expect a subtler form of economic warfare. Beijing is likely to pursue quasi-legal investigations against U.S. firms, potentially accusing them of tax fraud, labor violations, or product safety concerns. These charges may remain under the radar — unless

the companies themselves publicize the coercion. The strategy is clear: force American corporations to lobby against the tariffs from within, creating pressure not from foreign capitals, but from American boardrooms and congressional offices.

In essence, China's response is not just about trade; it's about reshaping the battlefield. Instead of confronting the U.S. head-on, Beijing is laying traps in the legislative corridors, campaign trails, and stock tickers of American society. The best way to put it, ***“China’s playbook reads like Sun Tzu with a subscription to Politico.”***

For policymakers, this means the U.S.-China economic war is unlikely to resolve through traditional negotiations alone. It will require strategic foresight, better insulation of domestic industries, and greater scrutiny over political influence tied to economic vulnerabilities. And perhaps, just perhaps, an economic strategy that wasn't cooked up by an AI chatbot with a spreadsheet error.

The Strategic Myopia: Intelligence Disruption and Its Impact on Trade Policy

One of the most significant handicaps to effective U.S. policymaking in the face of China's calculated retaliation has been the self-inflicted wound dealt by the Trump administration's radical overhaul — and in many cases, gutting — of the intelligence and national security establishment. In pursuit of what was framed as bureaucratic streamlining and ideological cleansing, the White House purged seasoned officials, sidelined career analysts, and placed loyalty above expertise. A cynical way of looking at this is ***“When the briefings become about flattery, not facts, the facts stop showing up.”***

The result? An absence of rigorous due diligence in modeling and forecasting adversarial responses to high-impact policy decisions like the tariff blitz. The administration's trade team lacked access to granular, on-the-ground intelligence on how China, and other key nations, would likely react — not just in economic terms, but through geopolitical maneuvering, supply chain re-engineering, and targeted hybrid warfare techniques.

A fully functional intelligence apparatus might have flagged early signs of China's escalation — its stockpiling of rare earths, the preemptive quiet investigations into key American firms, and the preparatory legal filings at the WTO. It might also have warned

that China had not only the economic tools but the political will to weaponize its influence in specific congressional districts, putting pressure on Trump's own base. Instead, the tariff policy was rolled out with more swagger than strategy.

Moreover, diminished coordination between the NSC and other agencies undermined scenario planning and limited real-time adaptive responses. This meant that even after China launched its retaliatory salvos, U.S. agencies were left scrambling with partial data, undercutting America's ability to project resolve and precision.

In short, the dismantling of institutional knowledge and analytical capabilities has come at a steep price: trading insight for improvisation. In an era where economic competition bleeds into national security, policy cannot afford to be blindfolded. A disillusioned observer could describe the situation thus: *"We traded a radar system for a rearview mirror."*

Intelligence Gaps and Strategic Blind Spots in the Trump Tariff Framework

The Trump administration's imposition of sweeping global tariffs, particularly targeting China, unfolded within a broader context of strategic overconfidence and institutional erosion. One of the most consequential blind spots was the administration's deliberate sidelining of both public intelligence channels and the underutilization of private-sector analysis. This decision significantly hampered the administration's ability to anticipate and mitigate international blowback, especially from adversaries adept at asymmetrical responses like Beijing.

Gutting the Intelligence Community

By April 2025, the Trump administration had substantially undermined key components of the intelligence and national security apparatus. A series of purges across the National Security Council, the CIA, the NSA, and even the Department of State's Policy Planning Staff left the government with diminished institutional memory, compromised analytical capabilities, and growing distrust between intelligence professionals and political appointees. The removal of career analysts, particularly those viewed as disloyal or too cautious, created an echo chamber that reinforced ideological priors rather than challenging them with adversarial assessments.

As a result, the United States entered the trade confrontation with China lacking a coherent interagency forecast of Beijing's likely retaliatory mechanisms. From rare earth export controls to surgical targeting of Republican-aligned agricultural interests, China's layered response should have been predictable. Instead, it caught policymakers flat-footed. The administration failed to coordinate internal contingency planning or mobilize diplomatic resources to preempt escalation.

Neglect of Private Intelligence Resources

Equally striking was the limited recourse to private-sector intelligence and geopolitical risk firms — despite their proven capacity for rapid threat assessments, scenario modeling, and industry-specific vulnerability mapping. Several high-quality firms, with access to proprietary supply chain data and deep insights into Chinese policy formation, remained largely untapped.

This was not merely an oversight. The Trump White House, suspicious of technocratic expertise and hostile to dissenting projections, often equated professional intelligence with institutional sabotage. President Trump's personal style favored loyalty over precision and instinct over process. As one former NSC official noted, *"Outsourcing judgment doesn't work when your entire brand is about knowing better than everyone else."*

Where insights were solicited, they were often filtered through political allies or presented in ways that reinforced predetermined outcomes. Private firms understood the risks of presenting inconvenient truths, and many chose to remain silent rather than alienate powerful clients. This climate discouraged rigorous foresight and encouraged self-censorship.

Moreover, Trump's deep concern with leaks, optics, and narrative control made extensive reliance on external analysts undesirable. Trusted firms with sensitive geopolitical insights could not be seen publicly influencing presidential policy without inviting scrutiny, both from the media and from Congressional oversight bodies.

The Strategic Consequence

This vacuum in reliable, independent foresight meant the administration often acted

reactively rather than proactively. Trump's advisors were unprepared for the sophistication of China's retaliation — which included WTO litigation, targeted economic punishment, and a media blitz framing China as the defender of “*fair trade*.”

In the words of anyone frustrated with these developments, “***We had the megaphone, but they had the chessboard.***” Without robust internal checks or private-sector red teaming, Trump's tariff rollout became a masterclass in strategic improvisation. The result: mounting economic uncertainty, alienated allies, and an emboldened China probing for deeper fissures in U.S. resolve.

In short, the administration's failure to harness the full spectrum of intelligence resources — both governmental and private — did not just undercut its own policy effectiveness; it elevated adversaries' capacity to exploit predictable blind spots. And in global trade wars, as in actual wars, it's rarely the loudest side that wins — but the best informed.

Retaliatory Motives: The Reparations Angle and Energy Buyout Gambit

President Trump's push for so-called “*reparations*” from the European Union, framed through demands for EU member states to increase their purchases of American energy, introduces a revealing dimension to the current tariff escalation. After rejecting a “*zero-for-zero*” trade arrangement — an offer that would have eliminated certain categories of tariffs on both sides — Trump instead demanded compensation in the form of guaranteed U.S. energy purchases. This pivot suggests a narrative far removed from conventional economic strategy, veering instead toward one of punitive reciprocity. One way to describe this approach is, “***This wasn't about free trade — it was about payback in barrels and BTUs.***”

Industry insiders, particularly in the LNG and shale sectors, welcomed the demand as an opportunity to expand market share. U.S. oil and gas lobbies have long advocated for greater access to European energy markets, particularly amid growing skepticism about Russian gas dependency following the Nord Stream sabotage. However, several energy executives privately expressed concern that strong-arming allies into commercial arrangements under the guise of reparations could backfire. An energy sector lobbyist would likely have issued a warning about the potential blowback: “***We don't want our***

product to become synonymous with political ransom.”

European officials, on the other hand, balked at the proposal. Diplomats in Brussels described the demand as both offensive and unserious. Summarizing the positions of the EU trade official after days of frustration, *“if Washington wants to win us over, it should try partnership, not protection rackets.”*

U.S. domestic manufacturers who rely on European inputs or sell to EU markets also raised alarms. The National Association of Manufacturers issued a cautious statement warning that energy reparations could *“spark further retaliatory measures that hurt American producers more than foreign rivals.”* Similarly, farmers and food exporters in the Midwest — already on Beijing’s radar for targeted retaliation — worry that escalating demands of this sort may entangle agricultural trade in unrelated geopolitical struggles.

Moreover, several economists noted that these kinds of demands — especially when linked to past grievances or emotional appeals to justice — divert attention from effective long-term strategies. The general sense of the Georgetown trade policy circuit is that *“Trump’s framing of tariffs and trade deals in terms of moral debts rather than mutual interests is emotionally satisfying, but economically destabilizing.”*

Ultimately, the reparations rhetoric underscores how the current administration's trade doctrine is as much about symbolic victories and narrative control as it is about long-term economic planning. The focus on securing visible, headline-grabbing concessions has not only hardened foreign resolve, but has also injected uncertainty into business planning and investor confidence.

In this context, tariffs are not a means to an economic end, but tools of political theater — one where the lines between retaliation, strategy, and spectacle blur. The best way to describe the current attitude of the White House officials, is *“Sometimes we’re negotiating; sometimes we’re just making a point.”*

Trump’s Tariff Policy as Leverage: Extracting Unrelated Concessions – Case Studies of Israel and Australia

President Trump’s tariff policy is widely perceived as a tool of economic coercion, but its true motivations seem to extend far beyond traditional trade concerns. In many

cases, tariffs have been strategically deployed not just to balance trade deficits, but to leverage countries into making unrelated political, economic, or military concessions. Two case studies stand out starkly in this regard: Israel and Australia. Both countries have been subjected to seemingly counterintuitive tariff measures, despite their strong political and security ties with the United States.

Israel: A Vital Ally, Yet Vulnerable to Tariffs

Israel, long considered a cornerstone of U.S. foreign policy in the Middle East, has been hit particularly hard by Trump's tariff strategy. The country, which had already removed most of its trade barriers with the United States well before the tariffs were imposed, was still subjected to a 17% tariff on key exports — significantly higher than those levied against countries like Iran and Turkey, who are far less aligned with U.S. interests. The timing of this tariff imposition is especially concerning for Israel, as it comes amid ongoing conflict and mounting losses from a prolonged war in the region.

Netanyahu's visit to Washington and several days of diplomatic talks yielded no tangible results or alleviation from the tariff burden, leaving Israeli officials questioning whether their close security and diplomatic partnership with the U.S. had been undervalued. This tariff imposition, which could result in a potential \$2.3 billion loss for Israel, is a dramatic blow to an economy already facing the pressures of a protracted military conflict.

To the casual observer, the question arises: Why would the U.S., a longstanding ally of Israel and its primary backer in the Middle East, impose such a punitive tariff on its partner during such a sensitive time? The answer lies in the nature of the tariff policy as a means of leverage. Trump's administration has historically been less interested in traditional diplomatic methods and more focused on extracting concessions from allies, using tariffs as bargaining chips in exchange for policy shifts, defense commitments, or other economic gains.

One can almost hear the echo of Trump's mindset: ***"If you want the benefits of our partnership, you'll have to pay the price."*** For Israel, this price isn't monetary alone; it may involve political concessions, such as a more pronounced alignment with U.S. foreign policy objectives or expanded military commitments. Netanyahu's inability to secure any

relief during his visit underscores how tariffs are often not just about trade balance, but about forcing partners into uncomfortable compromises.

Australia: No Tariffs, Still Penalized

Australia presents an equally perplexing case in the Trump tariff saga. Unlike Israel, which had already removed most trade barriers with the U.S., Australia had no tariffs in place against American goods. The country has long been a staunch U.S. ally, especially in the Indo-Pacific region, and maintains a robust economic relationship with the United States. However, despite this mutually beneficial relationship, Trump imposed tariffs on Australian steel and aluminum imports, undermining the argument that tariffs are merely a tool for correcting trade imbalances.

Why would Trump impose tariffs on a country with which the U.S. has virtually no trade dispute? The answer likely lies in the broader geopolitical considerations and Trump's penchant for using tariffs to extract non-trade concessions. For Australia, this move could be interpreted as a way to test the strength of the U.S.-Australia alliance and push Canberra to make more definitive security commitments in the Indo-Pacific, where China's growing influence is a primary concern for the U.S. A trade issue that wasn't really an issue became a bargaining chip in the broader struggle for geopolitical influence in the Asia-Pacific region.

Moreover, Australia's relatively smaller size compared to China or the EU may have made it a softer target for leveraging concessions without risking significant pushback. In this case, Trump could have viewed Australia's relatively low tariff profile as an opportunity to increase the economic pressure on an ally to secure strategic benefits elsewhere — likely in exchange for support on security or defense-related issues, particularly in the Indo-Pacific.

The Strategic Purpose of Tariffs: A Tool of Leverage, Not Just Trade Balance

The case studies of Israel and Australia suggest that Trump's tariff policy, far from being a straightforward measure to address trade imbalances, is often a deliberate effort to leverage economic pressure in exchange for broader strategic, political, or military concessions. In both cases, the U.S. imposed tariffs on countries that had either few trade

barriers to begin with (Australia) or were longstanding allies already heavily invested in U.S. security interests (Israel).

This points to a broader strategy of utilizing tariffs as a diplomatic tool, aimed at extracting commitments on defense, foreign policy alignment, or trade-related measures. The imposition of tariffs on Israel, despite the country's already close relationship with the U.S., and on Australia, with whom there were no significant trade conflicts, underscores how tariffs have become a means of shaping the geopolitical landscape. These countries are no longer simply subject to tariffs as a trade balancing measure, but are increasingly expected to “pay” in terms of security commitments or policy shifts.

It's also worth noting that the targeted nature of the tariffs — often hitting specific sectors, such as agriculture, energy, or defense-related industries — reflects a desire to extract concessions from particular areas of national interest, rather than simply adjusting the overall trade balance. This kind of strategy, while more nuanced, may also backfire, as countries like Israel and Australia may seek other ways to circumvent U.S. tariffs, whether through deeper regional alliances, trade diversions, or diplomatic pressure.

The Trump Tariff Policy as Diplomatic Leverage

Trump's use of tariffs goes beyond trade; it is a tool for reshaping alliances, securing defense and geopolitical gains, and extracting concessions in exchange for economic relief. The cases of Israel and Australia demonstrate how these tariffs are deployed not to address immediate economic grievances, but to advance broader U.S. policy objectives — often unrelated to trade balance. Whether these tactics will pay off in the long term is unclear, but it is evident that tariffs are being used as more than just blunt instruments of economic adjustment. They are tools of diplomatic leverage, with far-reaching implications for international relations and U.S. alliances.

In the world of international trade and diplomacy, “fair” or “free” trade is no longer the end game — it's about leveraging every economic tool at your disposal to shape global dynamics in a way that serves your broader strategic interests.

Trump's Reluctance to Lift Tariffs Despite Offers of Concessions: What's Behind It and What Could Go Wrong?

The recent reports that over 70 countries, including some of the world's poorest nations, have reached out to the Trump administration offering to lift tariffs in exchange for relief from the U.S.'s own punitive tariffs raises several interesting questions about the strategic intentions behind such a refusal to grant tariff relief. While the approach seems to many like a logical opportunity for a diplomatic “win,” Trump’s resistance to these offers suggests a more complex calculus at play — one that may hinge not just on trade, but on leveraging broader political and strategic objectives. However, this strategy may backfire in ways that the administration might not have fully anticipated.

What Does Trump Want from These Countries?

At its core, Trump’s resistance to lifting tariffs — even when the offers are favorable — is likely rooted in his belief that tariffs are powerful leverage tools. His approach to trade, as he has articulated repeatedly, goes far beyond simple economic principles like balancing trade deficits or achieving market parity. Instead, he views tariffs as a tool to extract political or strategic concessions from countries — particularly those that have long-standing trade imbalances with the U.S. In this sense, the tariffs are not just about improving the U.S. economy, but are a means of shaping the global landscape to favor American interests.

For example, when countries such as those in Africa, South America, or Southeast Asia reach out to lift tariffs, Trump could be less interested in the economic relief and more focused on what these countries can offer in return. He might want certain policy shifts, such as alignment with U.S. foreign policy priorities (for instance, in relation to China, Iran, or Russia), stronger commitments to security or defense partnerships, or even access to strategic resources or markets in return for tariff relief.

Essentially, Trump’s non-responsiveness to these offers could signal that he is holding out for larger geopolitical concessions before lifting tariffs. It might not be about the trade balance; it’s about securing leverage for U.S. geopolitical ambitions. For countries like those in Africa, where economic instability is often high, Trump could be calculating that they will eventually need to align with U.S. demands in exchange for tariff relief — essentially using trade pressure as a tool of broader diplomatic maneuvering.

What Could Go Wrong?

While leveraging tariffs for strategic concessions might seem like a savvy diplomatic move, especially given Trump's "*America First*" foreign policy agenda, this approach risks significant blowback — particularly from poorer and smaller nations that are not in a position to comply with such demands.

Alienation of Global Trade Partners

The refusal to lift tariffs even when countries are offering to reduce their own tariff barriers could alienate these nations, damaging relationships that may have been built on mutual trade cooperation. Many of these countries are already vulnerable economically, and the continued imposition of U.S. tariffs could drive them toward seeking alternative trade partners. For example, as the U.S. pressures poorer countries into making political concessions, China and the EU could step in with more favorable trade deals, thereby eroding U.S. influence. Trump's insistence on leveraging tariffs could very well push these countries into the arms of rivals who are more than willing to offer them the relief they seek.

Economic Retaliation

While these nations may have limited immediate power to retaliate economically, Trump's continued refusal to grant relief could provoke retaliatory measures down the line. Countries with already fragile economies might seek to impose their own tariffs on U.S. products or restrict access to their markets for American companies. This could escalate into a global tariff war, where the U.S. economy — though large and diverse — could still feel the impact, particularly in sectors like agriculture, tech, or manufacturing that rely heavily on global trade.

Undermining U.S. Moral Authority

One of the more subtle yet significant consequences of this strategy is the potential erosion of U.S. moral authority in the global marketplace. As countries, particularly developing ones, begin to see the U.S. as an unpredictable or unfair partner, they may look elsewhere for trade alliances, international agreements, and development aid. The reluctance to lift tariffs could be framed as a form of economic bullying, especially when

these countries are already struggling with poverty and limited economic opportunities. U.S. foreign policy could start to lose the legitimacy that comes with being a trusted partner in global trade, weakening its overall influence.

Undermining the U.S. Trade Framework

Trump's refusal to engage in meaningful tariff relief, even when countries are offering trade-friendly concessions, may also undermine broader global trade agreements, such as those under the World Trade Organization (WTO). The U.S. has often been a proponent of open trade and multilateralism, and by holding out for unreasonable concessions, Trump may risk the dismantling of international trade norms that benefit the U.S. in the long term. If the U.S. continues to impose tariffs without reciprocity, the WTO and other international trade bodies may begin to lose their effectiveness, further isolating the U.S. from the international community.

Economic Strain on the U.S. Consumer

As tariffs are passed on to consumers in the form of higher prices for goods, Trump's policies risk hurting the very people they were supposed to protect — the American worker. The tariff strategy has already led to price increases for various goods, from electronics to consumer products. If countries like China or the EU continue to retaliate, it could lead to even higher costs for American consumers. While Trump may believe that these costs are the price to pay for achieving his political objectives, the domestic backlash could have severe long-term economic consequences, especially for low- and middle-income Americans.

Strategic Overreach or Diplomatic Masterstroke?

In the end, Trump's decision to ignore tariff-relief offers from over 70 countries speaks volumes about his approach to global trade and diplomacy. It reveals a belief that tariffs can be used as an economic bargaining chip for far-reaching political, economic, or defense-related concessions. This strategy could certainly succeed in securing U.S. objectives in specific, high-stakes situations. However, the refusal to extend relief to poorer countries could backfire by alienating global trade partners, undermining U.S. moral authority, and potentially encouraging retaliatory measures that damage the U.S.

economy.

As history has often shown, economic policies rooted in leverage and coercion are a double-edged sword—effective at securing short-term goals, but prone to creating long-term instability. Whether Trump’s gambit will pay off or backfire remains to be seen, but one thing is certain: the stakes are high, and the global order could feel the repercussions.

The optics of coercive policies can be damaging to U.S. businesses in several key ways, even when the direct economic impact may seem less significant at first glance. One of the most important factors here is the principle of predictability and stability in international trade. When the U.S. government repeatedly uses tariffs as a leverage tool, it introduces an element of uncertainty that is difficult for businesses to navigate. Companies — especially those in the manufacturing, tech, and agriculture sectors — rely on consistent market conditions and free-flowing international trade to plan production, pricing, and logistics.

Tariffs create unpredictability by introducing the threat of sudden price hikes, retaliation, or disruption of supply chains, all of which can stifle growth, lead to higher operating costs, and ultimately result in delayed investments. Additionally, foreign governments or business partners may begin to view the U.S. as an unreliable trade partner, complicating the business environment. These external perceptions matter, as foreign investors and multinational corporations typically look for stability in regulatory environments. The more these optics signal that the U.S. government is willing to use coercion and unpredictability as its primary foreign policy tool, the more likely it is that international businesses may seek to hedge their risks by avoiding American markets or re-locating to other nations with more predictable trade relationships.

Furthermore, Trump’s rhetoric — specifically his comments to his base not to “*be weak and stupid*” when dealing with trade issues — further compounds the strategic error. While these comments may appeal to his domestic supporters who view strong, uncompromising policies as a sign of leadership, they are misguided in several critical ways. First, by framing the policy in terms of “*weakness*” or “*stupidity*,” it devalues the potential benefits of nuanced diplomacy and cooperation, which are essential for long-term economic prosperity. Successful foreign policy, particularly in trade relations, often involves finding common ground and securing win-win deals, not solely leveraging power

for one-sided gain. By reducing complex international relationships to simple binaries of strength versus weakness, Trump's rhetoric risks undermining the delicate diplomatic efforts required to maintain strong relationships with critical allies and trading partners.

The message also signals to U.S. businesses and global markets that the administration is willing to engage in high-risk tactics, which could leave businesses exposed to unintended consequences, such as tariffs that lead to retaliatory actions or disruptions in supply chains. This kind of rhetoric creates an atmosphere where businesses may be hesitant to make long-term commitments in the U.S. market due to fears of the next unpredictable move by the government.

In short, while coercive policies might serve short-term political gains or appeals to a specific demographic, they have the potential to damage the very businesses that are the backbone of the American economy. Additionally, rhetoric that emphasizes aggression over diplomacy risks alienating key international partners, sowing doubt among U.S. companies, and potentially isolating the U.S. from cooperative trade relationships in the future.

Advice to US Allies and Partners

Amidst the uncertainty and economic turbulence sparked by shifting U.S. trade policies and President Trump's unpredictable approach to international relations, U.S. allies face a unique set of challenges. The best advice for these countries would be to adopt a strategy that balances flexibility, diversification, and proactive diplomacy. Here are several key pieces of advice for U.S. allies navigating this tumultuous landscape:

Diversify Economic Relationships and Markets

The first and most critical piece of advice for any U.S. ally is to reduce over-reliance on the U.S. market. The unpredictable nature of U.S. trade policy — particularly the use of tariffs as leverage — means that countries should actively seek to diversify their trade partners. By deepening trade relationships with countries in Asia, Europe, and Africa, allies can reduce the impact of potential future U.S. tariff hikes or economic disruptions. Engaging in new trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP) or strengthening ties with the European Union, can buffer against the

risks of sudden shifts in U.S. policy.

For instance, Japan has increasingly focused on strengthening ties with the EU and other Asian partners, and the EU itself is pursuing more robust trade deals with emerging markets. This strategy lessens the shock if tariffs are imposed or renegotiated by the U.S.

Engage in Diplomacy with the U.S. Directly

While this may seem counterintuitive given the U.S. administration's tendency to take unilateral actions, U.S. allies must actively engage with the U.S. through diplomatic channels to protect their interests. This involves not only lobbying for favorable treatment in trade negotiations, but also emphasizing the long-term strategic relationship, including shared military, security, and geopolitical interests.

Allies should be proactive in presenting alternatives and solutions that align with the U.S.'s broader strategic goals, such as countering China's rise or ensuring energy security. A well-crafted diplomatic approach that focuses on mutual benefits can influence U.S. decision-making, particularly with key players within the Trump administration who may be more open to negotiated solutions.

Strengthen Regional Alliances and Multilateral Platforms

One of the most effective ways for U.S. allies to safeguard their interests is to strengthen their regional alliances and multilateral frameworks. This is especially important in the context of rising trade protectionism and unilateralism. Organizations such as the G7, G20, and World Trade Organization (WTO) remain crucial forums for advancing global trade stability.

For example, Germany and France have long relied on the EU as a collective bargaining tool to weather unpredictable U.S. actions. Smaller countries should consider reinforcing their economic and security ties within regional pacts, such as ASEAN, MERCOSUR, or the African Union, which can provide alternative avenues for trade, investment, and security cooperation. These alliances act as insurance against the chaos of U.S.-driven policies and allow nations to present a unified front in global trade discussions.

Prioritize Resilience in Supply Chains

The U.S.'s unpredictable approach to tariffs has shown the vulnerability of global supply chains to sudden disruptions. U.S. allies, particularly those heavily dependent on U.S. markets, should prioritize strengthening the resilience of their own supply chains. This includes shifting key manufacturing processes to more stable regions, increasing domestic production capacity, and building more diverse supply networks to buffer against the possibility of future tariffs or trade restrictions.

Countries in Southeast Asia, for example, may begin shifting some of their manufacturing operations away from China in light of rising U.S. tariffs on Chinese goods. By ensuring that they aren't overly reliant on any one country for critical goods, they can shield themselves from the fallout of the U.S. - China trade war or any future trade disruptions initiated by Washington.

Leverage Soft Power and Public Diplomacy

Given that economic ties with the U.S. are often intertwined with security relationships, it's essential for U.S. allies to leverage soft power to maintain a favorable image in American public opinion. This involves engaging in public diplomacy to highlight the value of their relationship with the U.S., whether through cultural exchanges, international collaboration on climate change, or military cooperation. Allies can also use media platforms to engage with U.S. policymakers and citizens, framing their position in ways that resonate with the American electorate's broader interests.

Israel, for example, has historically done well in shaping its narrative through public diplomacy, garnering support from both the American public and key political figures. Similarly, European countries can use their position as long-standing allies of the U.S. to stress the importance of maintaining a cooperative and stable relationship, even if trade disputes loom large.

Prepare for Political Uncertainty

Finally, U.S. allies should prepare for political instability not only in trade policy, but also in broader diplomatic relations. The Trump administration has shown that long-established norms can be rapidly upended. Allies should therefore prepare for possible shifts in U.S. foreign policy, with contingency plans in place to mitigate the risks

associated with future administrations, whether they continue Trump's approach or pivot to a more traditional foreign policy stance.

This means investing in intelligence gathering, scenario planning, and flexible foreign policy strategies that can adapt to changing political landscapes, particularly in Washington. Allies should ensure they have the agility to engage with any future administration, regardless of whether it is a continuation of Trump's policies or a shift toward a more multilateral, diplomatic approach.

Balancing Engagement and Independence

Ultimately, the advice for U.S. allies in this period of uncertainty is to balance proactive engagement with strategic independence. While maintaining a close relationship with the U.S. remains important, countries must avoid being hostage to unpredictable U.S. policies. By diversifying their economic partnerships, strengthening regional alliances, and maintaining a high level of diplomatic engagement, U.S. allies can better position themselves to weather the turbulence ahead. As one might say, ***"If you can't predict the storm, at least make sure your boat's sturdy enough to ride it out."***



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