



U.S. INTERNATIONAL TRADE POLICY DURING THE TRUMP ADMINISTRATION: WILL TRADE WARS BENEFIT TÜRKİYE?

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In the second term of Trump, it has become a likely scenario that the U.S. will shift toward more protectionist trade policies, which could lead to a global trade war. Trade wars will pose a disadvantage for many countries, particularly China, whose economic growth is heavily dependent on exports. Could China's potential loss of market share nevertheless present an advantage for Türkiye? Our analysis aims to provide an answer to this critical question.

U.S. Foreign Trade Policy and Multilateral Rules

Since the end of the Second World War, the United States has been the major player in shaping the global trade system, institutions, and rules. Alongside its allies in Europe, Asia, North America, and other regions, the U.S. has led efforts to remove trade barriers and promote global trade liberalization (Chatham House, 2017:3)¹. However, in recent years, this U.S.-led liberal international order has diminished, not least due to the growing anti-trade sentiment among the American public.

Under both the Trump and Biden administrations, the past eight years have witnessed a more protectionist approach in the U.S. foreign trade policy. During his presidency (2017-2020), Donald Trump initiated a trade war with China, imposed tariffs on roughly \$360 billion in Chinese imports (Stein and Lynch, 2024)², and placed tariffs on most of its trade partners for products such as solar panels, washing machines, aluminum, and steel³ (Robinson and Thierfelder, 2024:724)⁴. The Biden administration has largely maintained these tariffs. There are ongoing discussions by both Republicans and Democrats to escalate the trade war with China, including revoking the latter's MFN (Most Favored Nation) status, which has the potential to further increase tariffs (ibid.). Both administrations have argued that tariffs are a crucial tool for protecting domestic industries from Chinese and other global competitors (Swanson, 2024)⁵.

¹ Marianne, S. Pettinger, "Trade Policy Under President Trump - Implications for the US and the World". Chatham House, 2023. <https://www.chathamhouse.org/2017/11/trade-policy-under-president-trump>.

² Jeff Stein, David J. Lynch, "Off the charts':How Trump tariffs would shock U.S., world economies". The Washington Post, October, 2024. <https://www.goldmansachs.com/insights/top-of-mind/how-investable-is-europe>.

³ See [York \(2024\)](#) for a detailed description of the evolution of recent US tariffs.

⁴ Robinson, S., & Thierfelder, K. (2024). US international trade policy: Scenarios of protectionism and trade wars. *Journal of Policy Modeling*, 46(4), 723-739.

⁵ Ana Swanson, "Harris and Trump Embrace Tariffs, Though Their Approaches Differ". *New York Times*, 2024. <https://www.nytimes.com/2024/08/27/us/politics/trump-harris-tariffs.html>.

The U.S. presidential campaign has flared up negotiations on international trade policy again, with U.S. Presidential Candidate Trump offering aggressive tariff measures in August 2024⁶ (Saussay, 2014:4)⁷. These include a baseline 10% import tariff on all foreign-made goods, a targeted 60% import tariff on Chinese goods, and a 100% tariff on all imported cars (Maruyama, Galvin and Reinsch)⁸.

For Trump, tariffs and protectionism are essential elements in achieving the growth target of the U.S. economy and permanently increasing domestic production. The industrial policy of the Trump era will focus on an approach that combines high tariffs with reducing the tax burdens on companies.

Global Implications

The Trump policies emphasized in this paper will certainly provoke a reaction from the U.S.'s trading partners. This is because it is clear that these proposed policy options will not align with the U.S.'s obligations under the World Trade Organization. The unilateral increase of tariffs in this way would result in a violation of multilateral trade rules. Therefore, it can be expected that the U.S. trade policies during the second Trump administration could trigger a trade war globally.

The most profound effect of Donald Trump's trade policies is expected to be on China's economy. As the U.S. is the top destination for China's exports, with so much trade at risk, UBS⁹ projects that a targeted 60% tariff on all imports from China would lower Chinese Gross Domestic Product by 2% to 3%. Also, with nearly 30% of its production dependent on the U.S., China's consumer electronics industry is the most vulnerable, followed by traditional manufacturing sectors. Given that China has been struggling with low consumer confidence, a troubled real estate sector, and below-average household spending, the impact of the Trump tariff proposals would come at an inopportune time for China (Kelter, 2024)¹⁰.

⁶ Read [Salama, Smith, and Torry \(2024\)](#) for key takeaways from Trump's economic speech.

⁷ Aurélien Saussay, "*The economic impacts of Trump's tariff proposals on Europe*". Grantham Research Institute on climate change and the environment, October, 2024.
<https://www.lse.ac.uk/granthaminstitute/publication/the-economic-impacts-of-trumps-tariff-proposals-on-europe>.

⁸ Warren Maruyama, Lyric Galvin, William Alan Reinsch, "*Making tariffs great again: Does President Trump have legal authority to implement new tariffs on U.S. Trading Partners and China?*". Centre for Strategic & International Studies, 2024,
<https://www.csis.org/analysis/making-tariffs-great-again-does-president-trump-have-legal-authority-implement-new-tariffs>.

⁹ "ElectionWatch 2024: Implications of a potential rematch". UBS, September 3, 2024.
<https://www.ubs.com/global/en/wealthmanagement/insights/chief-investment-office/us-elections/2024/the-economic-and-investment-implications-of-higher-tariffs.html>. s. 10.

¹⁰ Frederik Kelter, "*China's small manufacturers anguish over Trump's tariff plans*". *Al Jazeera*, 2024.
<https://www.aljazeera.com/economy/2024/11/4/chinas-small-manufacturers-anguish-over-trumps-tariff-plans>.

Trump's trade policy will also negatively affect Europe's economic growth. Goldman Sachs Global Investment Research¹¹ estimates a 1% decrease in Euro area growth, with impacts varying significantly across different member states: Germany could see a -0.23% drop in GDP – more than twice the EU-wide average – while France and Italy would both experience small impacts, with a -0.15% and 0.01% drop, respectively (Saussay, 2014).

Compared to China and the EU, countries with lower levels of trade with the United States, such as India, Indonesia, and Brazil, would experience less negative impacts. For India, Bloomberg Economics estimated that the country's GDP will be 0.1% lower by 2028 if Trump is re-elected in 2024 and implements the 10% universal tariff (Bhatia, 2024)¹².

As a result, the tariffs proposed by Donald Trump present risks¹³ to both the U.S. and global economies, with far-reaching consequences for transatlantic relations and global economic cooperation.

Implications for Türkiye

At first glance, as a country with an export-driven growth strategy, the onset of a trade war in the world would also be seen as a disadvantage for Türkiye.

Ultimately, the wave of unilateral protectionism that could be triggered by the policies of Trump administration will halt the growth of global trade and lead to the rising of protectionist barriers among developed country markets, one after another, and against each other. Also, a country like China, which has become a global production hub, will shift its production to other markets if it is excluded from the U.S. and EU due to high protectionism. In this scenario, countries like Türkiye will find their exports competing with Chinese exports in markets and regions where they may not have faced such competition before.

To assess the impact of this new conjuncture on Türkiye's overall export performance, a more detailed analysis will be needed. This will involve, on one hand, scenario planning for the conditions of a potential trade war and the possible contraction in global trade associated with it.

¹¹ Allison Nathan, Jenny Grimberg, Ashley Rhodes, "How investable is Europe?". Goldman Sachs, August 5, 2024, <https://www.goldmansachs.com/insights/top-of-mind/how-investable-is-europe>.

¹² Ruchi, Bhatia, "US elections: India is likely to see a small hit from Trump tariffs as threats grow". Chatham House, October, 2024. <https://www.bloomberg.com/news/articles/2024-10-11/india-likely-to-see-small-hit-from-trump-tariffs-as-threats-grow?embedded-checkout=true>.

¹³ Read the [open letter](#) by 23 Nobel Prize-winning economists outlining the risks a second Trump presidency could pose to the U.S. economy

This analysis focuses on the potential impacts on the U.S. market in order to contribute to the predictions in this new conjuncture. The primary assumption is based on the fact that, since the U.S. protectionist actions will be mainly directed at China, Chinese products will lose their competitiveness in the U.S. market more significantly compared to the exports of other countries. After all, an additional 60% tariff will be imposed on Chinese exports, while additional tariffs on other countries will be set at 10%. Consequently, domestic production will initially become more advantageous. At the same time, exports from third countries will gain a relative competitive advantage over Chinese exports. Therefore, under these conditions, which product groups exported to the U.S. could provide Türkiye with a competitive advantage? In which product categories could Türkiye gain market share from Chinese products that are losing their competitive edge?

A methodology has been developed to answer this question. According to this methodology, the export items of China and Türkiye have been analyzed based on the export figures to the U.S. in 2023. In the first stage, products have been selected where both China's and Türkiye's shares of total U.S. imports exceed 5%. The reason for this choice is primarily to identify product groups where both China and Türkiye hold a market share above a certain threshold in the U.S. market. For Chinese product groups that are likely to lose their competitive advantage, a certain level of market share must be maintained for Türkiye to gain a significant advantage. If China loses only a very small market share, it will not provide a trade advantage to Türkiye. On the other hand, to take China's place in the supply chains in the U.S. market, there will be a competitive race among the U.S.'s different trading partners. In this context, only exporters with market shares above a certain threshold—those who have already established supply chains in this target market and have reached a certain level of demand organization capacity—will have a higher competitive advantage.

In addition to this analysis based on the percentage shares of China and Türkiye's product groups in total U.S. imports, a similar analysis was conducted in the second stage based on absolute export values. From the exporter's perspective, the size of the potential economic opportunity in the U.S. market will depend not only on China's market share percentage but also on the absolute export value.

In line with this observation, product groups in which China's exports to the U.S. exceed \$2 billion and Türkiye's exports exceed \$20 million, as of the current situation, have been included in the analysis. In the final stage, by combining these two lists, Türkiye's export items that are likely to be advantageous in the U.S. market after the potential increase in tariffs on China's products are identified.

1. Products for which both China's share of total U.S. imports and Türkiye's share of total U.S. imports are above 5%

Product		Total U.S. Imports Millions of USD	China Market Share	Türkiye Market Share
5801	Woven Pile & Chenille Fabrics	212.0	50.13%	11.06%
5606	Gimp Yrn & Strip 5404/5405 Chen Yrn Loop Wale	58.5	45.78%	9.53%
5802	Woven Terry Fabrics; Tufted Tex Fabric	3.2	41.29%	8.32%
712	Vegetables, Dried, Whole, No Added Prep	257.5	35.97%	7.13%
3606	Ferrocium & Other Pyrophoric Alloys	26.1	33.61%	9.73%
6208	Women'S Or Girls' Slips Not Knit Or Crochet	443.7	29.44%	5.34%
5608	Knotted Net Of Twine ; Fish Net Of Textiles	50.4	25.65%	6.67%
5601	Text Wadding & Articles; Text Fibers Nov 5 Mm	177.9	24.19%	11.20%
5516	Woven Fabrics Of Artificial Staple Fibers	42.2	21.08%	6.40%
2606	Aluminum Ores And Concentrates	154.8	18.73%	6.15%
7607	Aluminum Foil	1.476,5	17.47%	6.98%
5605	Metal Yrn Whet O Nt Gimp Tex Yrn O Strip W/Metal	9.7	16.71%	17.12%
4006	Unvulcanized Rubber	19.3	16.55%	6.43%
6802	Worked Monument Stone & Art ; Granule	2.591,9	16.21%	12.52%
5515	Woven Fabrics Of Synthetic Staple Fibers	89.2	15.66%	16.22%
910	Ginger, Saffron, Tumeric, Thyme	391.9	14.86%	5.99%
5703	Carpets & Oth Textile Floor Coverings Tufted	1.007,4	14.34%	5.41%
5406	Manmade Filament Yarn Retail Pack	33.8	14.20%	76.39%
5407	Woven Fab Of Syn Fil Yn Incl Monofil 67 Dec	738.7	13.79%	9.16%
2621	Ash&Slag Nesoi, Inc Seaweed Ash	36.2	13.69%	18.08%
5408	Woven Fab Of Art Fil Yn Incl Monofil 67 Dec	22.6	13.11%	5.16%
813	Mixtures Of Nuts Or Dried Fruit	345.9	12.14%	24.03%
5511	Yarn Manmade Staple Fiber	145.0	11.31%	56.63%
4303	Articles Of Apparel Of Furskin	111.8	10.43%	14.75%
5207	Cotton Yarn Retail Packed	53.0	9.76%	17.03%
5401	Sewing Thread Of Manmade Filaments Retail Or Not	38.3	7.98%	6.66%
5702	Carpets & Oth Text Floor Cover Woven	1.539,9	7.69%	47.39%
2506	Quartz (Other Than Natural Sands)	62.3	7.41%	26.53%
5309	Woven Fabrics Of Flax	119.4	7.29%	5.17%
5211	Woven Cotton Fabrics Un85%Cot	36.0	6.39%	10.42%
7303	Tubes Pipes & Hollow Profiles Of Cast Iron	46.4	6.24%	7.59%
812	Fruit & Nuts, Not Now Edible	14.6	6.07%	21.75%
814	Peel, Citrus Or Melon, Fresh Or Dried	7.1	5.97%	5.98%
5209	Woven Cotton Fabrics Nu 85% Cot Wt Ov	128.8	5.41%	8.07%
5902	Tire Cord Fabric Of High Tenacity Yarn Nylon	315.4	5.16%	7.26%
2840	Borates; Peroxoborates	108.6	5.07%	77.63%

2. Products for which China's exports to the U.S. exceed 2 billion dollars by product category, and Türkiye's exports exceed 20 million dollars as of the current situation

Product	Total U.S. Imports Millions of USD	China Export Millions of USD	Türkiye Export Millions of USD
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		85,415		
8708	Parts & Access For Motor Vehicles		9,265	557
9401	Seats Dental	24,013	6,424	107
8516	Elec Water Space & Soil Heaters; Hair Dry	10,961	6,028	29
3926	Articles Of Plastics	12,978	5,772	34
9403	Furniture & Parts Thereof	24,793	5,600	119
3924	Tableware	7,180	5,548	27
8504	Elec Trans Static Conv & Induct	26,799	4,106	81
9801	Expts Of Repaired Impts; Impts Of Returned Expts	93,744	3,756	358
8481	Taps Cocks	16,941	3,372	172
8544	Insulated Wire Cable ; Opt Sheath Fib Cables	29,699	3,238	122
8414	Air Or Vac Pumps Compr & Fans; Hoods & Fans	14,370	3,195	56
8302	Hardware Fixtures	8,139	2,658	109
4202	Travel Goods, H&Bags	11,225	2,649	26
8703	Motor Cars & Vehicles For Transporting Persons	207,975	2,485	121
6110	Sweaters Pullovers	12,866	2,387	133
8418	Refrigerators Freezers ; Heat Pumps	13,144	2,217	235
8536	Electrical Apparatus For Switching Nov 1000 V	13,622	2,189	64
9018	Medical Surgical	37,379	2,158	29
6204	Women'S Or Girls' Suits Ensemb	9,647	2,140	252
8431	Parts For Machinery Of Headings 8425 To 8430	11,796	2,081	55
8413	Pumps For Liquids; Liquid Elevators	12,702	2,005	120
9404	Mattress Supports; Articles Of Bedding	4,232	2,002	22

3. Türkiye's export items that will be advantageous in the U.S. market after the likely higher customs tariffs imposed on China

712	Vegetables, Dried, Whole, No Added Prep
812	Fruit & Nuts, Not Now Edible
813	Mixtures Of Nuts Or Dried Fruit
814	Peel, Citrus Or Melon, Fresh Or Dried
910	Ginger, Saffron, Tumeric, Thyme
2506	Quartz (Other Than Natural Sands)

2606	Aluminum Ores And Concentrates
2621	Ash&Slag Nesoi, Inc Seaweed Ash
2840	Borates; Peroxoborates
3606	Ferrocium & Other Pyrophoric Alloys
3924	Tableware
3926	Articles Of Plastics
4006	Unvulcanized Rubber
4202	Travel Goods, H&Bags
4303	Articles Of Apparel Of Furskin
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5605	Metal Yrn Whet O Nt Gimp Tex Yrn O Strip W/Metal
5606	Gimp Yrn & Strip 5404/5405 Chen Yrn Loop Wale
5608	Knotted Net Of Twine ; Fish Net Of Textiles
5702	Carpets & Oth Text Floor Cover Woven
5703	Carpets & Oth Textile Floor Coverings Tufted
5801	Woven Pile & Chenille Fabrics
5802	Woven Terry Fabrics ; Tufted Tex Fabric
5902	Tire Cord Fabric Of High Tenacity Yarn Nylon
6110	Sweaters Pullovers
6204	Women'S Or Girls' Suits Ensemb
6208	Women'S Or Girls' Slips Not Knit Or Crochet
6802	Worked Monument Stone & Art ; Granule
7303	Tubes Pipes & Hollow Profiles Of Cast Iron
7607	Aluminum Foil
8302	Hardware Fixtures
8413	Pumps For Liquids; Liquid Elevators
8414	Air Or Vac Pumps Compr & Fans; Hoods & Fans
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8431	Parts For Machinery Of Headings 8425 To 8430
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8703	Motor Cars & Vehicles For Transporting Persons
8708	Parts & Access For Motor Vehicles
9018	Medical Surgical
9401	Seats Dental

9403	Furniture & Parts Thereof
9404	Mattress Supports; Articles Of Bedding
9801	Expts Of Repaired Impts; Impts Of Returned Expts