



Liberation Day's 'Kind Reciprocal' Tariffs

Canada and Mexico have been excluded from the long-awaited “reciprocal tariffs” announced by President Trump on April 2, 2025. This controversial measure, which took the world by surprise given its global scope and the countries targeted, provides for a base tariff rate of 10% for all countries, which will take effect on April 5. In addition, some countries will face additional tariffs on April 9, calculated on the basis of both tariffs and non-tariff barriers (NTBs).

President Trump invoked the *International Emergency Economic Powers Act of 1977*, the same law he used to impose fentanyl tariffs on Canada, Mexico, and China. Many countries were shocked by the rate they faced and expected a complex calculation given the inclusion of tariffs, NTBs, and other trade obstacles. However, the resulting duty ultimately boiled down to a simple division between the value of a country's trade surplus and the total value of its exports, of which the US only considers half.

For example, Switzerland, which imposes near-zero tariffs on almost all of its US imports, was subject to a 31% tariff, higher than that of the EU (20%), whose member-countries, Germany and France, apply an average tariff rate of 2%. The same is true for Japan, which called the US reciprocal tariff action extremely regrettable given its average tariff rate of 2% and it is now subject to a 24% US tariff. Asian countries, including China (34%), Indonesia (32%), Thailand (36%), Vietnam (46%) and Cambodia (49%), will pay a heavy price for President Trump's "kind reciprocal" tariffs.

The beginning of a vast trade war?

Global retaliation from impacted countries was expected, but the US claimed that more than 50 countries are willing to negotiate first. Prior to the April 2 announcement, some countries, such as Vietnam and India, lowered their tariffs on American products, but without success.

On April 9, President Trump announced a three-month suspension of the reciprocal tariffs for all countries except China. Beijing was the only capital that decided to retaliate immediately by imposing a 34% tariff on all US goods.

This has led to an escalation between the two economic powers. After Beijing announced its response (34%), Donald Trump raised tariffs on Chinese products to 104% and China retorted with an 84% tariff. On April 11, the trade war reached a new level with tariffs of 145% on the US side and 125% from China.

Beijing, however, announced that it was stopping the increases and was ready to enter into negotiations with the US. China meanwhile, decided to diversify its trading partners to no longer depend on the American market for its exports.

What about the WTO?

The WTO Secretariat is closely monitoring and analyzing the Trump administration's trade measures, given their potential impact on the economy and the global trading system. If this triggers a global trade war, the consequences would be disastrous for international trade. The WTO therefore recommends that Members exercise caution in their retaliatory measures.

“I'm deeply concerned about this decline and the potential for escalation into a tariff war with a cycle of retaliatory measures that lead to further declines in trade,” said the WTO Director-General Dr Ngozi. The WTO is calling on Members to manage the resulting pressures responsibly to prevent the proliferation of trade tensions.

“The uncertainty around global trade has reminded many Members why they value the WTO as a bedrock of predictability in the global economy – and as a platform for dialogue and cooperation on trade,” Dr Ngozi stressed on April 10.

A group of so-called “Friends of the System” also issued a communication in support of the rules-based multilateral trading system, reaffirming “the central and indispensable role of the organization at the core of the rules-based multilateral trading system, which provides a predictable, transparent, non-discriminatory and open global trading system.”

However, Dr Ngozi also believes the current situation has created an opportunity to “change the system for the better.” She claimed that a WTO “reform agenda” should be seen as an important opportunity to improve what does not work and position the WTO for the future by tackling reform discussion on the organization’s monitoring and transparency, negotiations, and dispute settlement functions.

The WTO Director-General added that these discussions should start in Geneva and culminate with a ministerial debate and endorsement of a way forward at the 14th WTO Ministerial Conference (MC14) to be held in Yaoundé, Cameroon, on March 26-29, 2026.

The US, for its part, has decided to suspend its budgetary contributions to the WTO, in line with Donald Trump's February 4 executive order mandating a biannual review of all US contributions to international organizations. As a result, the WTO's 2024 budget, which stands at nearly 205 million Swiss francs, has been reduced by 23 million.

Although the US cannot chair the organization's various bodies or receive documentation from it, many believe it would end up paying its bill at the WTO, pointing to the fact that the Trump administration appointed a US ambassador, Joseph Barloon, to the institution, which demonstrates a certain willingness to maintain dialogue.

That said, unlike the WHO, the US has no plans to withdraw from the organization, hoping to reform its dispute settlement body and negotiating arm. It wants to make the WTO “more relevant and viable in light of current realities” through “meaningful reform” that will allow countries like China, Mexico, and Saudi Arabia to graduate from their current status as developing countries, which allows them to benefit from special and differential treatment provisions.

Agriculture negotiations to resume

As expected, Pakistani Ambassador Ali Sarfraz Hussain was confirmed as Chair of the Committee on Agriculture in Special Session (CoASS) at the negotiating group's first meeting on April 1. Ambassador Hussain intends to begin his term with a series of bilateral and group consultations to discuss the best way forward with key Members and group coordinators over the coming days.

Given the current state of global food security, agriculture should be a central focus of the MC14. “An outcome at MC14 should be a pragmatic step forward. With limited time remaining, we must concentrate on what is both achievable and truly meaningful,” the Chair emphasized on April 1.

An informal meeting of the CoASS is scheduled for April 23 and 24.

Geneva Watch is published monthly by Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada, Canadian Hatching Egg Producers, and Egg Farmers of Canada to report on the various events occurring in Geneva, especially on agriculture.

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