

Trump's Tariff Policy as a Catalyst of Deglobalization

Vikash Kumar

PG, Student at Central University of Ker International Relation and Politics

Abstract

Donald Trump's tariff policy marked one of the most significant departures from the post-Cold War era of liberal economic globalization. Through aggressive use of unilateral trade actions—especially Section 232 tariffs on steel and aluminum and Section 301 tariffs targeting more than \$300 billion in Chinese goods—the Trump administration disrupted long-standing supply chains, provoked retaliation from major trading partners, and accelerated a structural shift toward deglobalization. This paper examines the historical context of Trump's protectionist turn, evaluates the economic consequences for U.S. consumers and industries, analyzes the global reactions from allies and rivals, and studies the broader implications for international trade architecture. The study argues that Trump's tariff regime acted as a catalyst for fragmentation of global production networks, reshoring and nearshoring trends, and heightened geopolitical competition in trade policy. While globalization persists in modified forms, Trump's tariffs have left a lasting imprint on global economic governance and set new precedents for future U.S. trade strategies.

Keywords: Trump Tariffs; Deglobalization; Section 232; Section 301; Trade War; U.S.–China Relations; Protectionism; Global Supply Chains; Inflation; Retaliatory Tariffs; USMCA; Steel and Aluminum Tariffs; Global Trade Fragmentation; Economic Nationalism.

Introduction

The era of rapid globalization that defined the late twentieth and early twenty-first centuries led to deep economic integration, interconnected supply chains, and unprecedented growth in cross-border trade. However, by the mid-2010s, concerns over trade deficits, deindustrialization, and domestic job losses began reshaping political narratives in the United States. Donald Trump's rise to the presidency in 2016 marked a decisive turning point in American trade policy. With the "America First" agenda at its core, the Trump administration challenged decades of bipartisan support for free trade, arguing that globalization had harmed U.S. manufacturing and undermined national economic security.

Trump's withdrawal from the Trans-Pacific Partnership, renegotiation of NAFTA into USMCA, and imposition of broad tariffs signaled a new protectionist orientation. The most consequential actions were the 2018 Section 232 tariffs on steel and aluminum, framed as national-security measures, and the sweeping Section 301 tariffs on Chinese imports, which ignited a prolonged U.S.–China trade war. These measures not only redefined America's relationships with long-standing allies such as Canada, Mexico, and the European Union but also destabilized decades-old supply chains that had facilitated global economic efficiency.

As tariffs increased costs for manufacturers, disrupted trade flows, and reshaped sourcing strategies across industries, economists began describing the global economic environment as entering a phase of “deglobalization.” This shift was characterized by rising protectionism, reshoring of production, fragmentation of supply chains, and geopolitical use of trade as a strategic tool. Trump’s policies accelerated this trend by highlighting the vulnerabilities of deeply interconnected supply networks and encouraging firms to relocate production to alternative countries or back to domestic markets.

This paper analyzes Trump’s tariff policy as a catalyst for these emerging deglobalization patterns. It evaluates the domestic economic effects, the retaliatory responses from major trading partners, and the broader shifts in global supply networks. By situating Trump’s tariffs within the larger geopolitical landscape, the study provides a comprehensive understanding of how trade policy can influence global economic structures and reshape international political economy in the twenty-first century.

Historical and Political Context

By the early 2010s the era of “hyper-globalization” – with sharply falling trade barriers and integrated supply chains – had elevated living standards worldwide. Nonetheless, many policymakers began expressing frustration with globalization’s effects. President Donald Trump’s “America First” platform explicitly rejected the status quo, blaming trade deficits and foreign competition for domestic economic pain. In practice, Trump’s administration moved decisively to roll back liberal trade policies. Within months of taking office he withdrew the United States from the Trans-Pacific Partnership and renegotiated NAFTA into the USMCA, and soon launched a broad trade war against China (Daniele). These actions marked a sharp departure from decades of liberalization and signaled a new protectionist stance. Indeed, analysts observe that Trump’s trade agenda represented a “significant shift toward deglobalization,” with protectionist measures (including tariffs on China and other partners) accelerating a fragmentation of global production networks (Daniele).

Global supply chains once depended on the efficient flow of parts and products through ports and railways. Under the old paradigm, manufacturers optimized production by sourcing inputs from the world’s lowest-cost locations – a setup epitomized by container ships like this one. As one study notes, that “decades-long practice of sourcing parts and components from the regions where they are produced most efficiently has been upended” by recent policy shifts (Rockwell). In short, Trump’s abrupt tariff policy disrupted the long-standing global supply loop, injecting uncertainty into the very system that had powered economic growth for decades.

Major Tariff Policies under Trump

Steel and Aluminum (Section 232): One of Trump’s first major trade actions was invoking Section 232 of the Trade Expansion Act (a 1962 national-security provision) to impose 25% tariffs on imported steel and 10% on aluminum in March 2018 (WISHMAN). These metal tariffs hit long-standing allies hard. Canada was the No. 1 steel supplier to the U.S. and Mexico No. 3 (WISHMAN) and both countries immediately protested, along with the EU, Japan and other partners. As the Associated Press reported, the 2018 steel and aluminum duties “provoked outrage” in Canada and Mexico and prompted retaliatory levies on American products from whiskey to jeans (WISHMAN). For example, Canadian officials warned that dismantling North American steel and aluminum supply chains would be “antithetical to North American economic security” (Bayer et al.). These early tariffs already signaled a willingness to abandon decades

of cooperation: as one industry group noted, allies “resented being hit with trade sanctions and labeled [them] threats to U.S. national security” (WISHMAN).

Tariffs on China: Trump’s most consequential tariffs targeted China. Beginning in mid-2018 the administration imposed Section 301 duties (mostly 10–25%) on a series of Chinese imports totaling well over \$300 billion per year in U.S. purchases. These tariffs covered electronics, machinery, consumer goods and more. China immediately retaliated with its own tariffs on American exports like soybeans and cars. By early 2019 roughly half of all Chinese imports to the U.S. faced elevated duties, and both sides threatened even higher rates. (For example, in a later escalation Trump announced raising tariffs to as much as 125% on certain categories, prompting China to counter with tariffs on 84% of U.S. products (Davidson). The U.S.-China trade conflict became a tit-for-tat tariff war. Importantly, the scale of these measures was historically large: economists note that average U.S. tariffs jumped from about 2% to roughly 25–30% under Trump, rates not seen since the 1890s. (Dimitri B. Papadimitriou, Giuliano Toshio Yajima, and Gennaro Zezza). Although some studies observe that the tariffs primarily *redirected* trade (one IMF analysis finds that the 2018 U.S.-China tariffs led affected goods to be imported from third countries, rather than eliminating trade) (PINELOPI K. GOLDBERG, TRISTAN REED). The disruption to supply chains and market confidence was profound. In sum, Trump’s China tariffs – combined with the steel and aluminum duties – turned trade relations with both an economic superpower and U.S. allies into confrontations.

Other Trade Measures: Beyond steel and China, the administration also imposed various other tariffs and quotas. In 2018–2019 Trump placed 20–50% duties on imported washing machines and solar panels, threatened auto tariffs (via another Section 232 action) and used a blanket 10% tariff on hundreds of additional products from many countries. These steps, and the eventual scrapping of exemptions on earlier duties, extended protectionism into diverse sectors. Although some measures were later rolled back or limited by courts, the overall picture was one of sustained U.S. trade restrictions.

Domestic Economic Impact

Economists largely agree that the tariffs acted as taxes on American businesses and consumers. Higher import duties drove up input costs throughout the economy. The U.S. The International Trade Commission found that in 2021 alone, downstream manufacturers (those using steel and aluminum as inputs) lost nearly \$3.5 billion of production due to the tariffs – effectively canceling out the \$2.3 billion gain by domestic steel and aluminum producers (WISHMAN). In other words, any benefits to the metal mills were offset by losses for factories, construction firms and other users of those metals. Similarly, a major academic study of Trump’s first-term tariffs concluded that while perhaps 1,000 jobs were created in protected industries, about 75,000 jobs were destroyed elsewhere in manufacturing (WISHMAN). As PIIE trade expert Gary Hufbauer summed up, the net effect of these tariffs “was to reduce U.S. manufacturing employment” (WISHMAN).

Consumers faced the pain as well. With import taxes, retail prices on many goods rose. Analysts warn that without exception, tariffs “raise inflation” and slow GDP growth. (Dimitri B. Papadimitriou, Giuliano Toshio Yajima, and Gennaro Zezza). A PIIE study of the 2025 round of tariffs predicted that U.S. economic growth would decline and inflation would rise sharply under prolonged trade barriers (Warwick J. McKibbin). The Federal Reserve also fretted that Trump’s policy would exacerbate cost-push inflation, leading to monetary tightening. In short, by intervening in supply chains, Trump’s tariffs functioned like a regressive tax on U.S. producers and consumers. A survey of economists found virtually no support for

such tariffs – even staunch free-trade advocates opposed them as counterproductive (PINELOPI K. GOLDBERG, TRISTAN REED).

Reactions of Major Trade Partners

Everywhere Trump turned, trading partners hit back. In 2018–2019 China unleashed its own tariffs on U.S. farm goods and other exports. Beijing denounced the U.S. actions as “unjustified” and warned that the trade war “will end in failure” for the United States (Davidson). China’s commerce ministry called for dialogue on the basis of “mutual respect,” but its president’s office made clear it would not cower to U.S. pressure (Davidson). The WTO itself cautioned that the U.S.-China tariff battle could cut bilateral goods trade by as much as 80%, “severely damag[ing] the global economic outlook” (Davidson).

American allies also recoiled. After Trump raised steel tariffs to 50% in 2025, the European Commission publicly “strongly” regretted the move and warned it would retaliate if necessary (Bayer et al.). EU officials noted that higher U.S. duties merely “add further uncertainty” and hike costs on both sides of the Atlantic (Bayer et al.). Canada’s Chamber of Commerce called the steel/aluminum tariffs “antithetical to North American economic security,” emphasizing that breaking up the continent’s integrated supply chains “comes at a great cost to both countries”(Bayer et al.). Australia’s trade minister likewise condemned the hikes as “unjustified and not the act of a friend” (Bayer et al.). In response, the EU, Canada and Mexico enacted retaliatory tariffs on dozens of U.S. exports (from motorcycles to agricultural products), and even threatened duties on autos in some disputes. All told, the Trump tariffs provoked a cycle of countermeasures: allies targeted U.S. farm, auto and consumer exports, escalating a global trade fight.

Effects on Global Supply Chains

Tariffs undercut the “just-in-time” supply networks that spanned the globe. Already by 2019 U.S. officials and business leaders were warning firms to “immediately start looking for an alternative to China” (GeneM.Grossman). Economists document that this rhetoric was borne out: after the tariffs began, U.S. import data show a clear shift of sourcing from China toward other Asian economies. One study observes “the relocation of U.S. import sourcing... is visually clear” – Chinese import shares fell sharply as a 13-country “Other Asia” group gained market share (GeneM.Grossman). In practice many companies rerouted orders. Supply-chain executives report that the new duties “impacts forecast accuracy, leading companies to pause or cancel orders” (Engelland). For example, one importer originally shipped goods through the U.S. and then into Canada; to avoid a second round of tariffs, the firm switched to bringing products directly into Canada (Engelland). In another case a manufacturer that had built a Mexican plant (expecting that tariffs on Chinese inputs would stay limited) was caught off-guard when Mexico became a tariff target, forcing it to redirect output to Latin American markets (Engelland).

For goods moving through China’s giant ports, the tariff-driven realignment has been stark. Analysts note that the period of tariff volatility effectively “demolished” traditional trading rules, rendering the landscape “deeply uncertain” (Rockwell). In this environment firms scramble to “arbitrage tariff differentials” – routing shipments through countries facing lower duties – and to cleanse supply chains of high-risk inputs. Bloomberg reports that trade in products targeted by tariffs actually grew elsewhere: as the IMF notes, American and Chinese tariffs “did not reduce trade” overall, but rather caused affected goods to be sourced via other markets (PINELOPI K. GOLDBERG, TRISTAN REED). For example, some U.S. buyers turned from Chinese suppliers to producers in Vietnam, Taiwan and elsewhere,

reshaping Asia's trade corridors. In effect, the Trump tariffs accelerated a regionalization of supply networks: inputs once freely shipped from China or Europe into U.S. factories now often travel circuitous routes (or originate in North America) to skirt barriers.

The cumulative impact is higher costs and less efficiency in global supply chains. Companies have had to build bigger inventories, qualify new suppliers, and in some cases even duplicate manufacturing facilities abroad. A recent analysis found that shifting hardware production out of China raised costs by as much as 20% for some products (Phillips). Overall, the tight focus on domestic sourcing has reduced the economies of scale that cross-border trade once provided. As one chief executive put it, the tariff measures turned supply chains into a "broken loop" – undermining the very system that had driven decades of productivity gains (Engelland).

Deglobalization and Future Trade Policy

Trump's tariff campaign is widely seen as emblematic of a broader **deglobalization** trend. Policymakers and analysts point to rising trade barriers, shrinking foreign investment and more localized supply chains as hallmarks of this shift ("The Evolution of Deglobalization"). In many countries – including the U.S. – the rhetoric of national security and "reshoring" has become prominent. For example, the 2022 U.S. CHIPS and Science Act and its European counterpart were explicitly enacted to onshore critical industries like semiconductors in the face of supply disruption ("The Evolution of Deglobalization"). The S&P Global intelligence report observes that concerns over interdependence have led nations to consider "more insular" trade policies, including strategies like nearshoring and even "friendshoring" to trusted allies ("The Evolution of Deglobalization").

Critics worry that the new U.S. approach could permanently fragment trade. As one economist notes, Trump's tariffs effectively reintroduced 19th-century levels of protection: by 2025 average American import tariffs might hit ~30%, compared to about 2–3% in the immediate pre-Trump era (Dimitri B. Papadimitriou, Giuliano Toshiro Yajima, and Gennaro Zezza). Such high barriers, if maintained, could reshape global production networks for years. Indeed, a detailed analysis concludes that Trump's first-term trade policies "played a pivotal role in accelerating the fragmentation of global production networks" and gave rise to a "new trajectory" of shifting supply chains away from China (Daniele). In practice this has meant more regional supply hubs (e.g. in Southeast Asia or North America) and less reliance on global, China-centric value chains.

Yet it remains unclear how permanent these changes will be. The International Monetary Fund emphasizes that even after the 2018–19 tariff war, total world trade rebounded and many nations continued to pursue integration. IMF economists note that trade tensions primarily *reallocated* commerce (so that, for instance, other Asian exporters picked up the slack from China-US trade) rather than causing a sharp collapse in global trade volumes (PINELOPI K. GOLDBERG, TRISTAN REED). Likewise, despite the upheaval, many countries went on to negotiate new trade pacts (for example, ASEAN, the African Continental Free Trade Area, and CPTPP expansion talks moved ahead even amid the Trump tariffs (PINELOPI K. GOLDBERG, TRISTAN REED). This suggests that while nationalism is ascendant, globalization has not been irreversibly reversed – at least so far.

Looking ahead, the future of U.S. trade policy may blend restraint with continuity. PIIE trade expert Alan Wolff argues that an incoming Congress and administration would be unlikely to abandon all tariffs overnight (Wm). Instead, they might gradually roll back the broad, untargeted tariffs while preserving the bilateral agreements Trump secured. In this view, any tariff removal would be carefully phased, balancing

the concerns of domestic constituencies. Notably, Wolff predicts that some form of U.S. bias against Chinese imports is likely to remain until “convergence in policy” with China is achieved (Wm). In other words, even if the United States moves back towards freer trade, the precedent of using national-security tariffs has become entrenched, and future presidents may wield that tool selectively.

Conclusion:

In summary, the Trump administration’s tariff policies have acted as a potent catalyst for deglobalization pressures. Domestically, they raised costs for American consumers and businesses while delivering only modest gains to protected industries (WISHMAN). Internationally, they provoked retaliation and undermined trust with allies (Bayer et al.). Crucially, by disrupting established supply chains, the tariffs forced companies and countries to rebuild their networks on a more regional or national basis (Engelland). Whether this trend continues depends on future policy choices: the structural inclination toward caution (and the memory of disruptions) suggests that the world may not simply revert to pre-2017 openness. At minimum, Trump’s trade war has left an enduring imprint on the global economic order, raising difficult questions about how nations balance the gains from integration against the pull of protectionist pressures.

References

1. Bayer, Lili, et al. “EU threatens countermeasures over Trump's steel tariffs hike.” *Reuters*, 31 May 2025, <https://www.reuters.com/markets/commodities/eu-commission-strongly-regrets-announced-increase-us-steel-tariffs-2025-05-31/>. Accessed 5 December 2025.
2. Daniele, Schilirò,. “Tariffs and deglobalization. Is globalization going backwards?” *Munich Personal RePEc Archive*, 20 October 2025, https://mpra.ub.uni-muenchen.de/126326/1/MPRA_paper_126326.pdf. Accessed 5 December 2025.
3. Davidson, Helen. “China says Trump's trade war 'will end in failure' as Beijing tariffs take effect.” *The Guardian*, 10 April 2025, <https://www.theguardian.com/world/2025/apr/10/us-china-trade-war-intensifies-as-beijings-tariffs-come-into-effect-after-trump-pause>. Accessed 5 December 2025.
4. Dimitri B. Papadimitriou, Giuliano Toshiro Yajima, and Gennaro Zezza. “Trump’s Tariffs: Ending Globalization.” *levyinstitute*, 21 APRIL 2025, levyinstitute.org.
5. Engelland, Bryce. “The global supply chain’s reaction to the Trump tariffs: Crash, maneuver & stand-by.” *Thomson Reuters*, 14 April 2025, <https://www.thomsonreuters.com/en-us/posts/corporates/supply-chains-reaction-tariffs/>. Accessed 5 December 2025.
6. “The Evolution of Deglobalization.” *S&P Global*, <https://www.spglobal.com/en/research-insights/market-insights/geopolitical-risk/evolution-of-deglobalization>. Accessed 5 December 2025.
7. GeneM.Grossman. “When Tariffs Disrupt Global Supply Chains.” *PRINCETON.EDU*, PRINCETON.EDU, FEBUARY 2023, <https://www.princeton.edu/~grossman/When%20tariffs%20disturb%20global%20supply%20chains.pdf#:~:text=August%202019%2C%20President%20Trump%20advised,chains%20took%20place%20in%20response>.
8. Phillips, Stephen. “Tariffs Are Reshaping Tech Functions as Deglobalization Accelerates.” *Bain & Company*, <https://www.bain.com/insights/tariffs-are-reshaping-tech-functions-as-deglobalization-accelerates/>. Accessed 5 December 2025.

9. Phillips, Stephen, et al. "Tariffs Are Reshaping Tech Functions as Deglobalization Accelerates." *Bain & Company*, <https://www.bain.com/insights/tariffs-are-reshaping-tech-functions-as-deglobalization-accelerates/>. Accessed 5 December 2025.
10. PINELOPI K. GOLDBERG, TRISTAN REED. "Growing Threats to Global Trade." *International Monetary Fund*, JUNE 2023, <https://www.imf.org/en/publications/fandd/issues/2023/06/growing-threats-to-global-trade-goldberg-reed>. Accessed 5 December 2025.
11. Rockwell, Keith. *Trump 2.0 tears apart global supply chains*. EAST ASIAN FORUM, 17 SEPTEMBER 2025.
12. "Tariffs and deglobalization. Is globalization going backwards?" *Munich Personal RePEc Archive*, 20 October 2025, https://mpra.ub.uni-muenchen.de/126326/1/MPRA_paper_126326.pdf. Accessed 5 December 2025.
13. Warwick J. McKibbin. "The global economic effects of Trump's 2025 tariffs." *Peterson Institute for International Economics*, 25 June 2025, <https://www.piie.com/publications/working-papers/2025/global-economic-effects-trumps-2025-tariffs>. Accessed 5 December 2025.
14. WISHMAN, PAUL. "Trump once again slaps taxes on foreign steel, aluminum, a move that proved costly in his first term." *AP*, 11 FEBRUARY 2025, <https://apnews.com/article/trump-tariffs-steel-aluminum-jobs-mexico-canada-89815eeb12ff28b83f5b855ca44f1820#:~:text=In%20slapping%20duties%20on%20steel,other%20countries%20national%20security%20grounds>.
15. Wm, Alan. "What is the likely future for Trump's tariffs?" *Peterson Institute for International Economics*, 29 July 2025, <https://www.piie.com/blogs/realtime-economics/2025/what-likely-future-trumps-tariffs>. Accessed 5 December 2025.