

Trade Deficit Continues to Grow Under Trump's Watch

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The trade war initiated by President Trump is yet to yield positive results for the American economy. The United States' trade deficit [increased by about five percent](#) through the first three quarters of 2019 as compared to the same period last year. This is despite promises from the Trump administration that hiking tariffs on Chinese imports would shrink the trade deficit, which is the gap between the value of the country's imports and its exports.

With each new round of tariffs, the two largest economies are drifting further apart. Trade between the two countries has declined more than ever, and China has fallen from being United States' largest trading partner to [being its third](#), after Mexico and Canada. The trade war [has not bolstered American manufacturing and exports](#) either. In fact, businesses claim they have been hurt by the uncertainty it has created, and many [American companies have shifted their production facilities](#) to countries like Vietnam to avoid increasing tariffs.

In isolation, higher tariffs on Chinese imports have resulted in a [decline in the trade deficit with China](#). However, this decline has been largely offset by [imports from other countries](#) such as Mexico, Taiwan and Vietnam. At the same time, [retaliatory tariffs](#) from China, along with the European Union, India and Turkey, have negatively impacted American exports. As a result, Trump's tariffs have neither failed to reduce American demand for foreign goods, nor have they stimulated American exports. These factors combined have caused the country's overall trade deficit to grow.

President Trump has long believed that the trade deficit hinders economic growth and is a sign of weakness for the American economy. On the contrary, [some economists argue](#) that the trade deficit is not an accurate a metric to measure the health of the economy. If anything, they believe the increase in trade deficit is largely [because the American economy is growing fast](#), leading to greater



import and consumption of foreign goods by Americans. The widening of the trade deficit, they add, is a [product of a host of macroeconomic factors](#) such as the relative growth rates of countries, their investment flows, and the value of their currencies.

The Trump administration is now considering [rolling back tariffs on Chinese goods](#) as part of a truce to end the trade war. However, any definitive agreement hinges on [concessions from China](#), including large purchases of American agricultural products, rules to deter currency manipulation and provisions to protect intellectual property. While the economic pain appears to have softened President Trump's resolve, it is doubtful when a conclusive deal will be reached and whether it will make up for the damage already done.