Emperor's wardrobe malfunction

The illustration shows US President Donald Trump beside a picture of a taco — a food item that mirrors the catching acronym that stands for "Trump Always Chickens Out".
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OPINION

We are 18 months into the administration, and it is now possible to draw some conclusions about how Trump's trade policies are faring with other nations. The short answer is not as bad as you might think, but the important part of the story is the learning curve that has occurred and how Trump's targets have adapted as they have begun to better understand his tactics. Other countries have learned that while the emperor may still have some clothes, he is experiencing serious wardrobe malfunctions.

There was a joke going around during the 2016 presidential campaign that Democrats take Trump literally but not seriously, while Republicans take him seriously but not literally. Of course, now everyone has to take him seriously, but experience suggests the Republicans turned out to be more right than the Democrats.

Other countries are learning that lesson as well. What he says matters, but his threats are not always translated into reality. His tendency to back off his threats or scale down his actions has led to the joke of his second term: the TACO — Trump Always Chickens Out. That doesn't happen every time, but it has occurred often enough that other countries have stopped panicking, as they did when the Liberation Day tariffs were announced in April 2025, and have instead developed more refined responses. Similarly, the financial markets have begun to take his comments in stride, and reaction to some of his latest announcements, like the 50 percent tariff on Canadian imports, has been restrained.

Targeted countries, for the most part, have begun to understand his tactics: Threats are usually designed to create leverage by intimidating the other party, and they are not necessarily intended to be carried out. Often, these threats have been made without serious consideration of collateral damage or the full range of responses in the other country's tool kit. It is a bit like using GPS to plot a route for your travel, and then when you make a wrong turn, waiting while "recalculating" flashes on your screen and the system recommends a different path. The best recent example of that is Iran's closure of the Strait of Hormuz. A close second is China's export controls on critical minerals in response to Trump's tariffs. Both Iran and China pushed back in ways Trump apparently did not expect, which has forced him to recalculate.

Countries that have not openly pushed back have usually adopted a two-level strategy of surface acquiescence coupled with under-the-table subterfuge or delay. They sign agreements, allowing for Trump victory statements, but the actual text is more often an unenforceable framework than a binding legal document. That leaves plenty of room for reinterpretation and questionable compliance. Countries have sometimes been explicit about that, announcing after the agreement that they had not agreed to what Trump claimed or that they would not be able to comply. Others have conveniently forgotten their commitments and gone about their usual business. A CSIS analysis last year by Victor Cha and Andy Lim explored the loose ends of the agreement with South Korea.

Since the agreements, signed or not, are not legally binding or enforceable — and after the Supreme Court's decision last February invalidating the Liberation Day tariffs, new signings have slowed down — the administration's main response to failure or delay is more tariff threats, which simply starts the cycle over again.

This has happened with China, India, and most recently Brazil and Canada. When Trump is unhappy with the other country's response or thinks the negotiations are taking too long, he threatens more tariffs or launches new investigations that lead to more tariffs. In the case of Brazil, he carried out his threats, although with so many exceptions, the impact will be small. With Canada, he just backed off from his latest threat of 50 percent tariffs. CSIS scholars Christopher Gundermann, Hugh Grant-Chapman, and Diego Marroquín Bitar have published an excellent analysis of those tariffs.

Adding to the confusion are the tariff threats that were not credible from the beginning and were quickly forgotten — the most recent two being his threat against Canada for allowing smoke from its wildfires to drift across the US East Coast and his threatening Spain with tariffs over its lack of cooperation with his war with Iran — and actions that end up amounting to much less than they initially appeared. The paused 50 percent Canada tariffs, for example, affect less than 5 percent of Canada's imports, and one reliable estimate of the current actual average tariff rate is 11 percent, far less than threatened. Incidents like these have taught other countries that Trump generally uses only one of the tools in his diplomatic toolbox — tariff threats — whether or not they are appropriate or the best choice in each case, and also that he does not often follow through on his more extreme threats.

None of this is particularly surprising. Trump is trying to reorient the trading system to suit his concept of what is good for the United States, and his abrupt changes have created a predictable path: initial panic, followed by whining and complaining, negotiations, and then work-arounds designed to mitigate the effects of his threats and what has been negotiated. The result is a new equilibrium that accommodates some changes, pays lip service to other demands, and attempts to maintain as much of the status quo ante as possible. Trump, meanwhile, seems to tolerate the TACO joke in the belief that even when he backs off, he still ends up better than where he started. Saying the emperor has no clothes goes too far. There clearly have been wardrobe malfunctions along the way, but, as in the fable, other countries are growing adept at pretending while the parade passes by.

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A protester holds a sign in November 2025 as the US Supreme Court heards arguments on President Donald Trump's tariffs.
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