

President Obama's first major decision on trade policy was to impose a tariff on tires from China. In reference to Obama, "he has pledged to 'crack down on China' and 'work to ensure that China is no longer given a free pass to undermine United States workers'" (Whoriskey & Kornblut). In response to this, China imposed a tax on poultry from the United States. "Both governments are facing domestic pressure to take a tougher stand against the other on economic issues" (Bradsher).

Considering China is the United States second largest trading partner, this situation is a temporary phase. If the countries are in a tariff contest, China and the United States will be mistaken when both economies decline further.

There will be significant impacts on international trade and shipping industries. With the United States and China being cream of the crop leaders in trade, with tariffs being placed, less trade transactions will be made. There will be a decline on imports and exports of goods which will inadvertently affect the shipping industry greatly.

As a past employee within the shipping industry, I witnessed something similar on a smaller degree which affected all aspects of the industry. The company I worked for acted as a liaison between the two companies doing business with one another: shipping companies and chemical companies. As the shipping company increased their rates to transport the chemicals, business began to decline. As a result of higher rates and fewer and fewer shipments, the company I worked for quickly went out of business, as well as the other companies revenue declines. An increase in rates, much like the tax impositions, will negatively affect all areas of trade and shipping.

While many countries are presently dealing with rough downfall economy wise, I feel these tax impositions are a temporary phase and will soon be lifted. Once the two countries visibly see the negative effects of the tariffs, they will be lifted.