

Trump's been snookered by China

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As the New York Times has noted in an email this morning:

[China has suspended exports](#) of certain rare earth minerals and magnets that are crucial for the world's car, semiconductor and aerospace industries. The move is in retaliation for President Trump's sharp increase in tariffs.

The metals and the special magnets made with them can now be shipped out of China only with special export licenses. But Beijing has barely started setting up a system for issuing the licenses. Industry executives said that supplies of minerals and products outside the country could run low.

This is the obvious response to Trump's tariffs on their part.

There are items such as these where China has an absolute advantage over the USA. This is not a competitive advantage, *per se*. It is an absolute advantage because it has what the US needs, and the US has none of it. More than that, the US has no choice but to buy this stuff, because in the modern world of deeply integrated supply chains creating exceedingly complicated products, production processes will grind to a halt with major consequences within the USA itself.

China has struck at the US Achilles heel. It is not imposing tariffs by doing this. It is simply refusing to sell. This is the ultimate transactional rebuff to a President who thinks himself entirely transactional. There is no transaction to make if China chooses not to take part in the process, as it is signalling it might do.

Of course, there is a cost to China from doing this. But it is not high. After all, these minerals can be sold by it later. They will not go off. It might lose cash flow, but it does not need that. What it wins is near-total strategic advantage.

Trump did not, very obviously, see that one coming. He has been well and truly outmanoeuvred here. Keep this up for a few months, and the US will be doing whatever China demands. It's an issue that has been discussed on this blog and in comments to it before. So why didn't Trump know this might happen? Maybe he really is a bear with a

very small brain.

His latest medical might say Trump's fit to be President and not impaired in any way. But maybe he never had the capacity to do this job. That's just a thought. Unless you can see the big picture, you cannot govern. Trump does not have that capacity. The UK is riddled with politicians of that ilk. It's a skill our education system does not teach or encourage. No wonder we're in a mess.