

Paying for the “Great Wall”: Trump Considering 20% Import Tax on Mexican Products

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He may have the same idea in mind for China, perhaps other countries, risking a potentially devastating trade war – the last thing America’s fragile economy needs.

Taxing Mexican imports appears to be Trump’s way of paying for his ill-conceived great wall. According to White House press secretary Sean Spicer, “(w)hen you look at the plan that’s taking shape now, using comprehensive tax reform as a means to tax imports from countries that we have a trade deficit (with) like Mexico.”

“If you tax that \$50 billion at 20% of imports – which is by the way a practice that 160 other countries do – right now our country’s policy is to tax exports and let imports flow freely in, which is ridiculous.”

“By doing it that way, we can do \$10 billion a year and easily pay for the wall just through that mechanism alone. That’s really going to provide the funding.”

Border taxes would mean higher prices for US consumers. Spicer claiming it’ll increase wages for American workers is pure nonsense. Taxes and wages are separate issues, unrelated to each other. Trump’s notion is just a proposal, not policy so far, other options being considered.

If instituted, affected countries will retaliate, a lose-lose proposition. According to National Retail Federation senior vice president for government relations David French, retail businesses will see huge tax increases, certain to be passed on to consumers.

Mexican President Enrique Pena Nieto cancelled his scheduled White House visit next week over Trump insisting his government pay for the ill-conceived great wall.

Imposing a border tax further complicates relations. Spicer said lines of communication will be kept open. A future meeting between both leaders will be scheduled.

Nieto said he’s willing to work with Trump “to reach agreements that benefit both nations.” Millions of jobs are linked to bilateral trade.

Mexico is America’s third largest trade partner after Canada and China. Around 80% of its exports are for the US market. Anything disrupting trade hurts both countries, their economies and consumers.

Mexico’s economy minister Ildefonso Guajardo said his country will “mirror” actions by

Washington. According to possible 2018 Mexican presidential candidate Margarita Zavala, wife of former president Felipe Calderon:

“When we are talking about building a wall, about deporting migrants, about eliminating sanctuary cities, about threatening to end a free-trade agreement, or to take away factories, we are really talking about causing human suffering.”

“And after today, without a doubt, it is very difficult to negotiate from behind a wall.”

Addressing a GOP policy retreat in Philadelphia yesterday, Trump said “(t)he president of Mexico and myself have agreed to cancel our planned meeting” next Tuesday. “Unless Mexico is going to treat the United States fairly, with respect, such a meeting would be fruitless.”

Respect works both ways. It requires bilateral cooperation and fairness, polar opposite how America operates.

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