

Trump Risks Losing Washington's Closest Allies to Defend Megacorporations that Support Biden

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The [Wall Street Journal](#) said that the U.S. is preparing tariffs against a range of trading partners unless they back off proposals to impose taxes that would fall heavily on major American internet companies. The threat of tariffs is against many countries, including the entirety of the European Union, India, Indonesia, Turkey, and even Washington's most loyal allies like the United Kingdom and Brazil.

These countries became the target of U.S. President Donald Trump as they are about to impose taxes on U.S. internet giants accustomed to enjoying special tax privileges – particularly Google, Facebook, Amazon and Apple. However, in order to defend their unwritten privileges guaranteed in a neoliberal economic system, Trump is ready to seriously hinder relations with its closest allies to defend the interests of megacorporation's, making a mockery of his “America First” slogan.

Multinational companies record their income and financial statements in countries with minimum taxation regardless of the country in which they actually provided their services. Theoretically, this system can be used by any company, but historically it has been shown that the main beneficiaries of such systems are American companies. The problem is so acute that the informal international name of this tax is GAFA – Google, Amazon, Facebook and Apple.

If we look at France for example, they are requesting only €500 million a year, suggesting that the amount that has to be paid by these companies is not a big issue. The issue for the U.S. is defending the principle of free market neoliberalism. As early as 2019, French Economy Minister Bruno Le Maire responded sharply to criticism of this tax by stating that “France is a sovereign country, its decisions on tax matters are sovereign and will remain sovereign.”

The digital tax is a precedent for demonstrating true sovereignty, and it is because of this aspect that even Trump is willing to enter economic conflict with Washington's closest allies for the interests of companies that are in fact against Trump and support presidential candidate rival Joe Biden. It is a matter of defending American economic hegemony and neoliberalism, which is also to the interest of Trump's business ventures.

The U.S. has even imposed sanctions on the International Criminal Court in The Hague for investigating war crimes against American soldiers. According to [Deutsche Welle](#), Trump has ensured U.S.-based assets belonging to persons who will be participants in the International Criminal Court's proceedings against American employees will be blocked. Such persons will also be prohibited from setting aside money, and they and their families will be denied entry to the U.S.

In this context, threats against France to introduce prohibitive tariffs on French wine, cheese and luxury goods are quite common. This threat alone was enough to force France to postpone the introduction of the tax, setting the new date to the end of 2020. But the coronavirus pandemic has drastically changed the situation. The European Union and other countries need money to deal with the economic consequences of the pandemic. In addition, U.S. authority on the international stage has declined. Eventually, Washington may find itself in a situation where protecting American internet giants will require a real economic war with most of the world and could create a huge separation between Washington and its closest allies. If necessary, Trump will most likely do this, but such a policy has a high cost.

The European Union is about to set another precedent for demonstrating its sovereignty – with much more serious financial consequences. According to [The Wall Street Journal](#), the European Commission is preparing to formally charge Amazon with antitrust violations and using its dominant market position to copy successful European-made products and then sell their own cheap copies, depriving European companies of revenue from within their own market.

These are no longer taxes that are being introduced at low rates in anticipation of their future growth, but potential fines in the tens of billions of dollars and perhaps even administrative bans on certain activities in the European Union. In the future, most American information technology giants could easily be exposed to similar antitrust measures, creating a place for European companies in their own markets to prosper and grow.

It is clear that U.S. sanctions, tariffs and threats are still very powerful weapons. But every day, the number of those who want to test the power of this hegemon is increasing, and their attempts are becoming more daring and extensive. For this reason, there is a strong possibility that the American president will impose sanctions against his country's closest allies to get them back under U.S. economic control, but it is unlikely to be successful.

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