

**Trump tariffs****Donald Trump's go-it-alone trade doctrine shakes Paris summit**

'We're really where we were before the meeting, which is nowhere,' says one official at OECD annual meeting

**Peter Foster** in Paris

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Donald Trump may have been mocked as the president who “always chickens out”, but when world trade ministers gathered in Paris this week the message from Washington was clear: we are going it alone.

For the first time since Trump imposed his “liberation day” tariffs, the [OECD](#) annual meeting brought together a quorum of the world’s leading trade ministers in one place — and the collective challenge was clear.

While ministers queued up in public to defend and reform the multilateral “rules-based” system, behind closed doors, in the splendour of the OECD’s Parisian château, the mood was dark. Governments seem busier than ever cobbling together deals with Washington, but all outside a global system that is buckling under the strain.

“The US message was unmistakable: ‘We’ve got a big trade deficit we need to deal with; what matters is unilateral power, which we have,’ said a diplomat who attended meetings with the US trade representative Jamieson Greer. “This is the way the world is going to look, so you better get used to it.”

When a clutch of ministers later met to discuss reforming the [World Trade Organization](#), the 30-year-old global body that has become increasingly marginalised, the conversation was no easier.

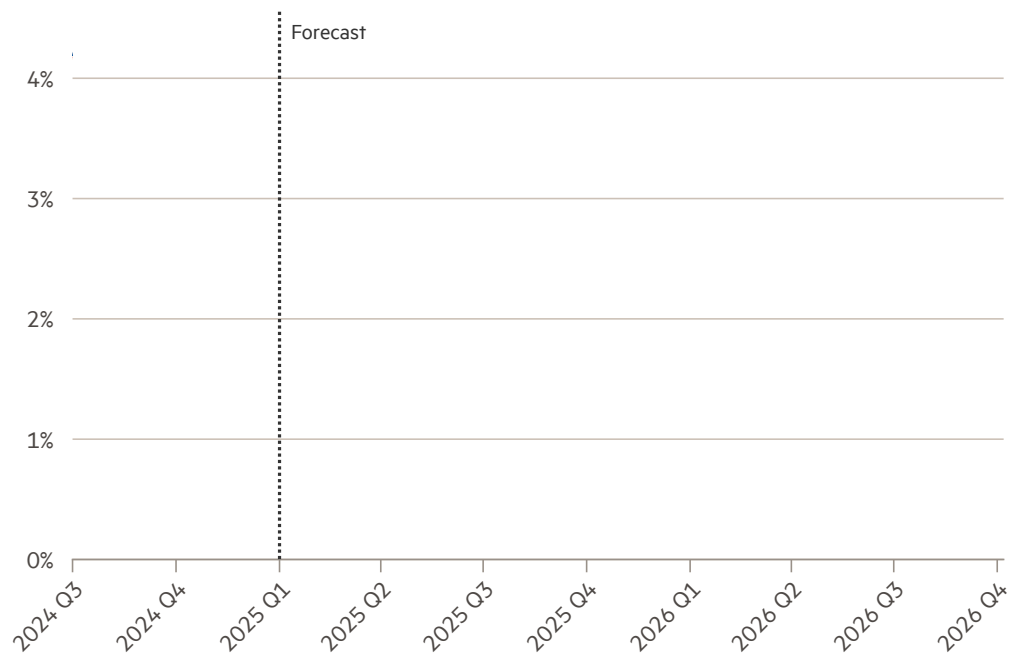
Rather than pitch what should change, the organisation’s director-general Ngozi Okonjo-Iweala asked those around the table to suggest where their governments might be willing to compromise.

Nobody spoke up, according to one attendee.

“We’re really where we were before the meeting, which is nowhere,” they said. “The US said that the multilateral process has not delivered and its unilateral approach is working, while India said the same as it’s been saying for the last 10 years, blocking reform.”

## OECD estimates trade volume growth to drop below 2% in latest projection

World trade volume growth, year-over-year (%)



FINANCIAL TIMES

Source: OECD

The US push to act unilaterally on tariffs and compel countries to cut deals has already rattled the world economy. The OECD warned that the Trump trade war risked sending global growth to its weakest levels since Covid-19, with the US suffering some of the largest hits to GDP.

“Weakened economic prospects will be felt around the world, with almost no exception,” the OECD said. Álvaro Pereira, its chief economist, warned that countries urgently needed to strike deals to lower trade barriers, or the repercussions would be “massive” for everyone.

However, the Trump administration has continued to signal its intent as it conducts multiple negotiations with trade partners hoping to avoid the “reciprocal tariffs” imposed in April, but suspended until July 9.

At the start of the week, the Office of the US Trade Representative dispatched letters with what US officials described as a “friendly reminder” that the deadline for offers to the White House was fast approaching.

Experts said that Trump’s desire to strike a series of nonbinding deals with individual nations, starting with the UK last month, posed profound questions about the viability of the WTO — another issue hanging over the Paris gathering.

The WTO’s dispute settlement system has been struggling to function since 2019 when the US decided to block the appointment of new appeal panel members, while efforts to resolve disputes over fishing and agricultural subsidies are perennially blocked.



Informal Ministerial Meeting at the OECD in Paris © Andrew McLeish

“By establishing a series of ‘deals’ that are nonbinding in nature, the US is suggesting that the trading system does not require strong multilateral commitments to function, nor a means to settle disputes,” said Inu Manak, trade policy fellow at the Council on Foreign Relations think-tank in Washington.

Calls to reform and modernise the 166-member WTO have gathered force in recent years but have so far made scant progress. The scale of that challenge was clear enough when 21 trade ministers, including Greer, discussed the WTO on the sidelines of the Paris conference.

While nobody took up Okonjo-Iweala’s offer to suggest what they would give up in a spirit of compromise, some argued that Trump’s return had at least given ministers the “necessary jolt” on reform. “It’s the argument that a good crisis should never go to waste,” one said.

They cited an indication from Greer that the US continued to back the WTO’s ecommerce moratorium, which is due to expire next year and stops customs duties being charged on electronic transmissions, as evidence that Washington remained engaged.

The day after the meeting, UK trade minister Jonathan Reynolds told an economic security conference in Brussels that the US approach was having a potentially catalytic effect. “What the US is doing is forcing a WTO round on the world, and using its force to do that, because they’re simply just talking about it,” he said.

Costa Rica’s trade minister Manuel Tovar Rivera, who chaired the main OECD meeting, added that there were signs of “good momentum” on some reform discussions.

And he pointed to Greer's decision to attend as another point of encouragement. "I went to Washington just the day after he was confirmed by the Senate, and asked him, 'Please, all the other trade ministers are coming here. Jamieson, I need you in Paris, we need to talk to each other'. And he delivered and he came."

Still, trade ministers interviewed by the Financial Times were realistic about the hard road to reform.

"There are significant sort of differences of opinion, particularly about the role of tariffs, and how you apply those tariffs," Australia's trade minister Don Farrell told the FT.

"I don't think we reached an agreement on how you might resolve these issues, but the widespread mood was that the organisation can't stay as it is. It has to change."

South Africa's trade minister Parks Tau said the US position at least recognised the need for elements of multilateralism. "The US said, 'look, we think that the system has been unfair to us and we need to reset, but it doesn't mean we don't need to have a framework of engagement'."

"What that looks like," he added, "is something that currently we are all guessing at."

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