

# REPORT: Australia's Response to U.S. Transactional Trade Strategies

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## Assertive Diplomacy: Australia's Response to U.S. Transactional Trade Strategies

**Abstract:** The U.S. has adopted an increasingly transactional approach to trade and diplomacy, leveraging tariffs, regulatory pressure, and unpredictable policy shifts to extract short-term gains.

This report analyses the implications of this approach for Australia and proposes a set of firm counterstrategies, including targeted taxation the advertising, intellectual property (IP) and license revenue of global digital platforms. By maintaining a strong diplomatic stance and engaging with international partners, Australia can safeguard its economic and strategic interests while ensuring a balanced and sustainable trade relationship with the U.S.

### Why This Matters to Telco, IT and Media

The current shift in U.S. trade policy presents a rare opportunity for Australia's telecommunications, media, and technology (TMT) sector to reshape its approach to digital imports.

For years, U.S. tech giants have benefited from **low or no taxation** on digital services in Australia, but with the U.S. adopting an increasingly aggressive trade stance, **counterclaims for fairer tax treatment become more politically viable**. As American protectionism escalates, **Australia has a stronger case for adjusting its policies on digital service imports**, ensuring that global tech firms contribute equitably to the local economy.

At the same time, **Australian public sentiment toward the U.S. is shifting**, making it politically easier for the government to take a firmer stance. With more Australians favoring a more independent foreign policy, there is growing support for policies that reduce reliance on the U.S. and prioritize local economic interests. This moment offers the TMT sector a strategic **window to push for regulatory and tax reforms**, bringing the treatment of digital imports in line with traditional industries.

### Australia's Shift: From Steady Ally to Strategic Player

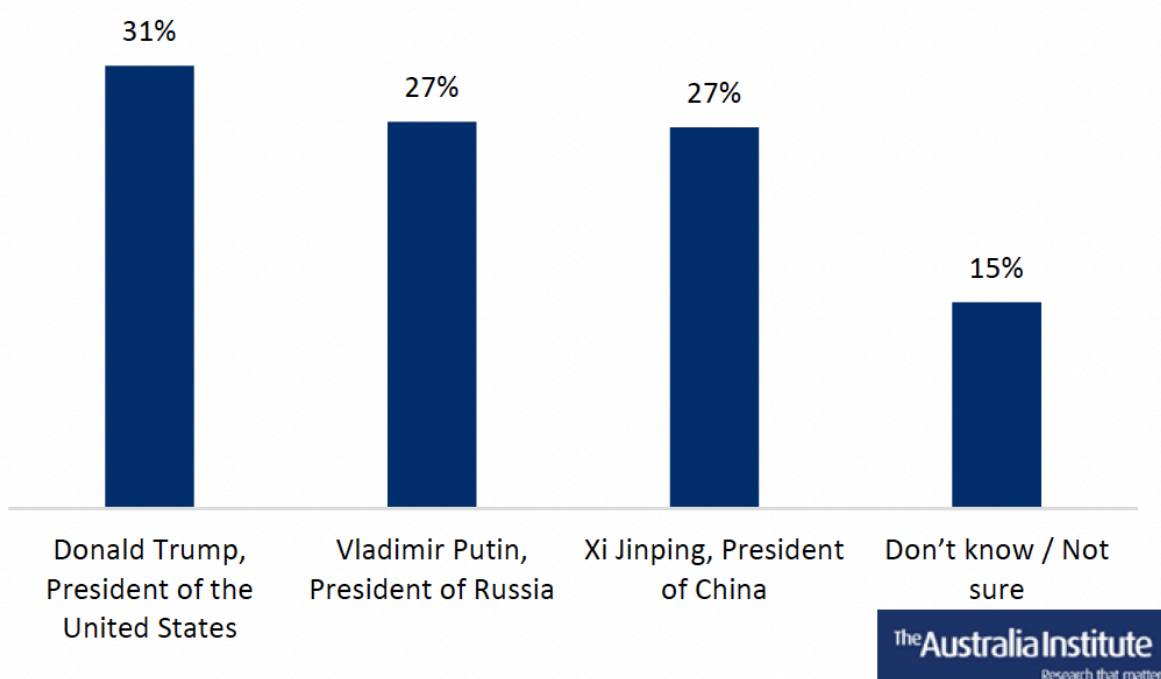
For over 70 years, Australia has maintained a highly consistent and predictable approach in its relationship with the U.S., built on deep trust and strategic alliance. However, the emergence of Trump's bolder, more transactional approach to trade and diplomacy has fractured this trust, exposing Australia's concentration risk in its reliance on the U.S. market. In response, Australia must adopt a more assertive stance, actively diversifying its trade partnerships and reducing economic dependence on a single ally. As Trump himself has demonstrated, having viable alternatives is key to maintaining negotiating strength. This means stepping

forward—not standing back—by engaging in a more strategic and bold approach, just as key allies like Canada, the UK, and France have swiftly done in response to shifting U.S. policies.

### Shifting Public Sentiment: Australia’s Growing Skepticism Toward the U.S.

Recent findings from *The Australia Institute* highlight a significant shift in Australian public opinion regarding the U.S.–Australia alliance under President Donald Trump. A survey of 2,009 Australians reveals deep concerns about Trump’s impact on global stability and Australia’s security. **Thirty-one percent of Australians view Trump as the greatest threat to world peace**, surpassing both Vladimir Putin (27%) and Xi Jinping (27%). This perception is particularly pronounced among women, with **56% feeling less secure in Australia** since Trump’s election, compared to just 13% who feel more secure. Additionally, **more Australians prefer a more independent foreign policy (44%) over a closer alliance with the U.S. (35%)**, reflecting growing unease about reliance on an increasingly unpredictable ally. Confidence in U.S. support is also wavering—**nearly half (48%) of Australians do not believe Trump would defend Australia’s interests if the country were threatened**, while only 16% are very confident he would. Overall, **51% of Australians believe Trump’s election has been bad for the world**, double the number who see it as a positive development (25%). These findings suggest that Australia must rethink its strategic positioning and trade relationships in response to shifting public sentiment and the evolving U.S. foreign policy landscape.

### The greatest threat to world peace?



Source: The Australia Institute surveyed a nationally representative sample of 2,009 Australians about President Donald Trump, security and the US–Australian alliance.

## Predictable Unpredictability: The Method Behind the Chaos

While Trump's negotiation tactics often appear erratic, they follow a clear and consistent playbook rooted in *The Art of the Deal*. His approach relies on leverage, brinkmanship, and the perception of unpredictability to force opponents into concessions. Once understood, his strategies become highly predictable. The following quotes from his book illustrate the guiding principles behind his trade and tariff decisions:

### Trump's negotiating principles



**#1 NATIONAL BESTSELLER**

**TRUMP**  
**THE ART OF THE DEAL**

**DONALD J. TRUMP with TONY SCHWARTZ**

"Trump makes one believe for a moment in the American dream again." —The New York Times

**"The worst thing you can possibly do in a deal is seem desperate to make it."**

This highlights the importance of maintaining leverage and being willing to walk away, a tactic Trump frequently used in trade negotiations.

**"Use your leverage. Don't make deals without knowing the market."**

Trump consistently applied this principle in tariff negotiations, using the size of the U.S. economy as leverage against trade partners.

**"I fight when I feel I'm getting screwed, even if it's costly and difficult and highly risky."**

This reflects his aggressive stance in trade wars, where he escalated disputes despite potential economic downsides.

Source: Venture Insights

### Applying The Art of the Deal to Tariffs

Donald Trump's approach to tariffs and trade negotiations closely mirrors the principles outlined in his book *The Art of the Deal*. His strategy is built on leverage, unpredictability, and aggressive positioning to maximize perceived gains. By imposing tariffs, threatening walkaways, and framing negotiations as zero-sum battles, Trump has sought to force trading partners into concessions. The table below highlights how his core negotiation strategies have been applied to U.S. trade policy, particularly in tariff disputes.

## Trump negotiating strategies

Trump's Negotiation Strategy (from The Art of the Deal)	Application to Tariffs & Trade Policy
Think Big – Set ambitious goals to maximize leverage.	Imposed broad tariffs on major economies (China, EU, Canada, Mexico) to push for better trade terms.
Use Leverage – Identify and exploit weaknesses in the opponent's position.	Leveraged the U.S.'s large consumer market to pressure countries into renegotiating trade deals.
Enhance Unpredictability – Keep opponents guessing to gain an advantage.	Frequently shifted policies (announcing tariffs, delaying them, then reimposing them) to create uncertainty.
Fight Back Hard – Never show weakness; escalate when challenged.	Doubled down on tariffs when countries retaliated, leading to extended trade wars with China.
Maximize Perception – Control the media narrative to strengthen the negotiating position.	Used Twitter and public statements to frame tariffs as necessary for "America First" and economic fairness.
Create Win-Lose Scenarios – Frame negotiations as zero-sum to extract better terms.	Presented tariffs as a way to “win” by forcing trading partners to concede to U.S. demands.
Walk Away if Necessary – Be willing to leave the table to pressure opponents.	Withdrew from the Trans-Pacific Partnership (TPP) and threatened to exit NAFTA unless renegotiated (resulting in USMCA).
Apply Pressure and Deadlines – Force quick decisions by creating a sense of urgency.	Set tight deadlines on trade deals (e.g., NAFTA renegotiation) and threatened escalating tariffs if terms weren't met.
Make a Deal Only If It's a Good One – Avoid bad agreements, even if it means no deal.	Maintained high-stakes confrontations (e.g., China trade war) rather than settling for partial compromises.
Hit Back Harder – Respond to opposition with even stronger countermeasures.	When China retaliated against U.S. tariffs, he escalated further instead of backing down.

Source: Trump, “The Art of the Deal”, Venture Insights

## Australia's Positioning in a Transactional Environment

To mitigate the risks posed by the U.S.'s unpredictable trade tactics, Australia must adopt a strategy that balances economic resilience with diplomatic leverage:

- targeted taxation on U.S.-based platforms that now dominate our advertising and intellectual property markets
- diversifying trade partnerships
- strengthening alliances with like-minded nations
- implementing selective regulatory measures to protect key industries.

These approaches will ensure that Australia maintains its economic sovereignty while minimizing exposure to external trade pressures.

### Australia's counterposition options

<p>Taxation on Intellectual Property and Licensing</p>	<ul style="list-style-type: none"> <li>● Many U.S. firms, particularly in technology, entertainment, and pharma, derive significant revenue from IP and licensing agreements in Australia.</li> <li>● Introducing targeted taxation on U.S. IP usage could act as a counterweight to tariffs or trade restrictions imposed on Australian industries.</li> <li>● Example: A levy on U.S. tech platforms' local advertising revenue could ensure equitable contributions to the Australian economy.</li> </ul>
<p>Strengthening Alternative Trade Partnerships</p>	<ul style="list-style-type: none"> <li>● Expanding trade agreements with the EU, ASEAN, and emerging economies reduces dependency on the U.S. market.</li> <li>● Pursuing deeper integration with regional trade blocs, such as the CPTPP, to offset any U.S. disruptions.</li> </ul>
<p>Coordinated Diplomatic Push with Allies</p>	<ul style="list-style-type: none"> <li>● Working closely with Japan, the EU, and Canada to present a unified front against aggressive trade policies.</li> <li>● Engaging in strategic dialogue to emphasize the risks of a zero-sum approach to trade relations.</li> </ul>
<p>Selective Retaliation in Key Sectors</p>	<ul style="list-style-type: none"> <li>● Using regulatory tools to ensure that Australia's domestic market remains competitive against U.S. interests that exploit policy loopholes.</li> <li>● Strategic barriers on foreign acquisitions in critical sectors (e.g., technology, agriculture) to protect long-term economic interests.</li> </ul>

Source: Venture Insights

## The US' Current Approach and Key Considerations for Australia

The US approach has many potential risks and possible considerations for Australia to consider.

### Key Considerations for Australia

Issue	Impact of Trump's Approach	Key Considerations for Australia
<b>Retaliation and Economic Blowback</b>	Trump's tariffs have triggered countermeasures from major trading partners, harming key U.S. industries like agriculture and manufacturing.	Australia must prepare for potential trade disruptions and ensure its industries are not caught in crossfire, particularly in sectors like agriculture and mining. Diversification of export markets is critical.
<b>Weakening of Alliances and Global Influence</b>	U.S. allies have responded by strengthening trade relationships with other partners, reducing reliance on the U.S.	Australia should reinforce its regional and global alliances, including deeper ties with ASEAN, the EU, and China, to maintain trade stability and leverage alternative markets.
<b>Market Instability and Business Uncertainty</b>	Rapid shifts in trade policy create uncertainty for investors and businesses, discouraging long-term planning.	Australia must adopt a flexible trade strategy that minimizes exposure to U.S. volatility. Clear and predictable policies will help businesses plan for changing conditions.
<b>Risk of Self-Inflicted Economic Harm</b>	Instead of strengthening the U.S. economy, trade wars have led to increased costs for consumers and economic slowdowns.	Australia should avoid similar short-term protectionist policies and focus on long-term trade stability to ensure continued economic growth.

Source: Venture Insights

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