

Trump's Tariffs: What Do They Mean for the EU?

Europe has options to either mitigate potential Trump tariffs, or perhaps even avoid them, say analysts.

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Former President Donald Trump speaks during a campaign rally at Williams Arena at Mingos Coliseum in Greenville, North Carolina, on October 21, 2024. Win McNamee/Getty Images



News Analysis

While experts are divided on how the European Union (EU) and its 27 members should handle the prospect of tariffs being imposed by President-elect Donald Trump's incoming administration, there is agreement that the continent will have to make adjustments politically and economically to avoid being left worse off.

Robert Tyler, a senior policy adviser at Brussels-based thinktank New Direction, believes there are ways for the European nations to stay on the new president's good side, but they will require flexibility that has largely eluded them in recent years.

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Tyler told The Epoch Times that the first major change for the European Union in terms of relations with the United States would be political rather than economic shift.



Trump is more interested in working with individual EU member states rather than the EU itself. We saw that during the last administration," Tyler said. "We saw that with the development of things like the Three Seas Initiative, there was a greater emphasis on this idea of working outside of EU structures and doing trade deals in the areas that EU doesn't have competency, in particular, on energy imports, for example, the liquefied natural gas."

The Three Seas Initiative is a forum of thirteen EU member states located between the Baltic Sea in the north, the Adriatic in the west, and the Black Sea in the east in Central and Eastern Europe, which aims to create a regional dialogue on questions affecting these countries and has been strongly supported by then-President Trump, who spoke at the organization's annual summit in Poland in 2017.

Campaigning in October, Trump issued a stern warning to the bloc during a rally in Pennsylvania, telling his supporters that there will be consequences if the trade imbalance continues.

“They don’t take our cars. They don’t take our farm products. They sell millions and millions of cars in the United States. No, no, no, they are going to have to pay a big price,” he said.

He has proposed tariffs ranging from 60 percent to 100 percent on Chinese imports and a universal tariff of up to 20 percent on imports from other countries.

Sebestyen Geza, head of the Economic Policy Centre at the Mathias Corvinus Collegium and an associate professor at Corvinus University of Budapest in Hungary, told The Epoch Times that he believes it is highly likely the new administration in Washington will use the threat of tariffs at the negotiating table but may not introduce them because Trump deployed this strategy before.

“In 2018, Donald Trump threatened to impose tariffs on European automobiles to compel the EU to reduce trade barriers and increase imports of U.S. soybeans and liquefied natural gas,” Geza said. “The following year, he announced plans for escalating tariffs on all Mexican imports to pressure Mexico into taking stronger measures against illegal immigration. Once he achieved his objectives, the tariffs were suspended.”



The logo of German car manufacturer BMW is fixed at the headquarters in Munich, Germany, on May 14, 2021. Matthias Schrader/AP Photo

Tyler warned that if the EU were to get into a tit-for-tat tariff war with Washington, it would be like a “death by a thousand cuts” for its 27 members.

“The EU is much more dependent on exporting to the U.S. than it is on importing things from the U.S. with the biggest losers in this being countries like the Netherlands, France, and Germany,” he said. “It would be things like the auto industry that take the biggest hit, as well as white household appliances, which tend to be manufactured in Central and Eastern Europe.”

He said that consumers in Europe are already “pretty stretched” meaning that any of these tariffs would prove “hugely inflationary” to the continent’s market.

Constantinos Saravakos, head of research at the Athens-based KEFIM economic thinktank and a fellow at the European Policy Information Center (EPICENTER) said that it would be sensible for the EU to lessen its dependence on the United States and seek free trade agreements

not only with Washington but also with other countries and economic areas around the world.

“European reliance on the U.S. has become increasingly problematic, altering both the global landscape and the traditional role the U.S. has played as a regulatory standard for Europe,” Saravakos said in an email to The Epoch Times.

Can the EU Avoid Trump’s Tariffs?

Tyler said that the market has changed a lot since the last time Trump was in power meaning there is significantly more demand for American energy after Europe largely cut itself off from Russian liquid natural gas (LNG) due to the war in Ukraine.

He said that this would not only help smooth relations with Washington but would also bring down energy costs in Europe, which is one of the biggest drivers of inflation on the continent.

On this, Tyler appears to agree with European Commission President Ursula von der Leyen.

When asked about how she would avoid Trump’s tariffs following an informal meeting of EU leaders in Budapest, Hungary, Von der Leyen said that as member states still buy significant quantities of Russian liquid natural gas, they can consider replacing it with American gas, “which is cheaper for us and brings down our energy.”

Tyler also urged the EU to specifically rethink its weapons procurement practices to ingratiate itself with the new regime in Washington.

Rather than focusing on developing European-made weaponry, such as the Eurofighter Typhoon fighter jet, the EU should make it easier for member states to buy “off the shelf” arms from America, Tyler said.

“This win[s] over the Trump administration in two ways,” he said. “Firstly, by buying American and ensuring American jobs, but secondly, showing that Europe is, again, serious about defense, one of Trump’s other complaints, especially regarding NATO.”

Saravakos takes a different view, saying that the EU should be reducing its reliance on the United States because Brussels has no control over what happens in Washington.

“Extreme political developments both within and outside the EU can hinder economic growth when they rely on factors beyond EU leadership’s control,” he said.

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Guy Birchall

Author

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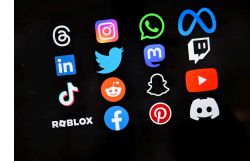
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