

European Union threatens retaliation against Trump tariffs

Alex Lantier
3 April 2025

European Union (EU) officials responded to global tariffs imposed by the Trump administration yesterday by moving to impose tens of billions of euros in tariffs on US products. With Washington now imposing a 20 percent tariff on all EU goods and a 25 percent tariff on European auto exports, US-EU ties are suffering a historic breakdown, and a trade war is being set into motion, threatening unprecedented attacks on workers in America, Europe and internationally.

EU Commission President Ursula von der Leyen spoke this morning from Uzbekistan, where she is attending a Central Asia-EU summit, appealing to Washington for talks while threatening a first raft of €26 billion in EU tariffs. Asking Trump to “move from confrontation to negotiation,” she said, “We are already finalizing a first package of countermeasures in response to tariffs on steel. And we are now preparing for further countermeasures to protect our interests and our businesses if negotiations fail.”

Vast numbers of goods and jobs are at stake. US-EU trade reached €1.6 trillion in 2023, including €851 billion in goods and €746 billion in services. While Europe ran a €153 billion trade surplus in goods, mainly in cars, machinery, aerospace and pharmaceuticals, it ran a €109 billion deficit in services, driven mainly by purchases of services by US banks and tech firms. The United States and the EU have invested over €5 trillion in each other’s financial markets.

The EU’s first wave of tariffs target US goods, including jeans, Harley-Davidson motorcycles, steel, aluminum and agricultural goods. The EU may also invoke its so-called Anti-Coercion Instrument (ACI), a 2023 law to coordinate trade war measures against countries the EU considers are seeking to economically coerce it. This would let EU countries cut payments to US banks and tech firms for financial services or intellectual property rights.

For now, uncertainty prevails in European ruling circles as to what sort of deal they can negotiate with Trump and how quickly and deeply trade war measures will undermine Europe’s economy.

Dutch bank ING estimated that a 25 percent US tariff would cut 19 percent of EU goods exports to the United States. The value of these lost sales, at around €100 billion, is 0.87 percent of EU Gross Domestic Product (GDP). However, there would be far broader economic knock-on effects as workers in affected industries are fired, their income and purchasing power collapse, and the US and EU potentially impose further rounds of tariffs on each other. ING said it is “impossible” for now to quantify the economic collapse the “tariff tsunami” will cause.

Financial analysts are raising concerns over German car exports, with tariffs expected to largely price them out of US markets. “Tariffs on automotive exports present a major challenge for Germany’s economy,” said Daniel Parker of Capital Economics. “Stuttgart, Upper Bavaria, and the Braunschweig region—which includes Wolfsburg—are likely to suffer the most pronounced impacts.” Auto plants and parts suppliers in Germany and across Europe, notably in Slovakia, Hungary and Austria, would also be badly hit.

EU officials, together with broad sections of the European corporate and political establishment, are calling on Trump to come to reason and grant a deal reconciling US and European interests.

EU Council President and former Portuguese Prime Minister António Costa told Euronews:

[US-EU] trade relations represent 30 percent of global trade [and] 40 percent of global GDP, so it won’t just affect Europe and the United States, it will affect everyone. So it’s a big mistake. ... We

must respond in a firm but also smart manner. That means we must reach a negotiated solution ... in the common and mutual interest of the United States and Europe.

Whatever deals the EU may make with Trump, however, they will not restore the US-European alliance and economic equilibrium as it existed in the decades after World War II. Not only do US and European imperialist interests clash, but trade war measures will vastly intensify economic hardships facing workers on both sides of the Atlantic.

The Trump administration's foreign policy is indubitably hostile to Europe. Beyond its tariffs, it is threatening to take Greenland from Denmark and aims to plunder hundreds of billions of dollars of Ukrainian mineral resources that the EU hoped to also seize in the Ukraine-Russia war. However, the US-EU conflict does not flow simply from the mindset of America's far-right president but from objectively rooted interimperialist contradictions between America and Europe.

Trump's trade war marks an eruption of US-European tensions that twice in the 20th century exploded into world wars. His trade war aims to address America's relative economic decline, reducing its deepening budget and trade deficits, while defending US military dominance by consolidating US military supply chains. The EU powers, on the other hand, have been discussing for nearly a decade how to consolidate their industry and build European military forces ultimately to rival America's.

While governments on both sides of the Atlantic are formally preparing for negotiations, hostile statements are mounting on both sides. Yesterday, acting German Economy Minister Robert Habeck denounced Trump's tariffs, comparing them to the Russian invasion of Ukraine that the EU opposed militarily. He said the tariffs recall "the beginning of our time in office, especially with the war of aggression against Ukraine and the threatening situation with natural gas."

Yesterday, US Secretary of State Marco Rubio met with NATO foreign ministers in Brussels, who agreed on a target of spending 5 percent of GDP on the military—which would require savage social attacks on workers in Europe. However, US officials reportedly objected to EU plans to build up its defense industry with an €800 billion rearmament package, by blocking EU purchases of US weapons systems. European diplomats

demanded to be consulted on US plans to move weapons systems out of Europe to the Pacific to target China.

French Foreign Minister Jean-Noël Barrot had, however, traveled to China last week, seeking closer ties with Beijing on trade policy. He asked his Chinese counterpart, Wang Yi, to help end the tariffs China imposed on French alcoholic beverages after France voted for EU tariffs on Chinese electric vehicles and to pressure Moscow to include EU powers in the Ukraine negotiations. Wang called for "multilateralism over unilateralism" in world affairs, while Barrot said that "a number of major principles, particularly those of multilateralism, are being shaken."

While conflicts are mounting between the imperialist powers, workers on both sides of the Atlantic face similar prospects of mounting attacks on their basic social and democratic rights. The first stage of the trade war threatens US workers with devastating price increases and layoffs, while European workers face vast job losses. The EU estimates that 5 million jobs in Europe depend on exports to the United States, while 2.4 million US jobs depend on exports to Europe.

The trade war is confronting the working class with the fundamental incompatibility of modern economic life and globalized productive forces with the capitalist nation-state system. Faced with the coming social and economic onslaught, it is critical to reject attempts by the bourgeoisie to divide the working class along national lines, by pressing workers to support their own capitalist government's trade war policies.

Explosive class battles will emerge as workers oppose the social attacks flowing from the trade war and militarization. The critical question is unifying these struggles across national lines, in particular, by uniting American and European workers in a socialist struggle by the working class to take control of economic production out of the hands of the rival capitalist oligarchies and instead subordinate it to social need, not private profit.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact