

US-EU tariff talks resume after Trump blew up negotiations with threat of 50 percent hike

Nick Beams
26 May 2025

Negotiations between the Trump administration and the European Union (EU) on the tariffs imposed by the US on April 2 have resumed, although they could blow up again at any time.

The resumption of talks came after European Commission President Ursula von der Leyen initiated a phone call with US President Trump following his declaration on Friday that the US would impose a 50 percent tariff on all European goods from June 1.

The content of the discussions with von der Leyen is not known, but Trump, as is usual, gave the impression that the EU had given ground.

“She said she wants to get down to serious negotiation,” Trump told reporters. “We had a very nice call. She said we will rapidly get together and see if we can work something out.”

An economic advisor to Trump, Stephen Moore, said it was a “promising sign” that the EU was “ready to negotiate.”

For her part, von der Leyen said the EU was ready to advance the tariff talks “swiftly and decisively,” but the US had to return to the 90-day period of negotiations announced on April 9, following its “liberation day” announcement of the so-called “reciprocal tariffs” on April 2.

The initial tariff announced on that day was 20 percent. But Trump upped the rate to 50 percent and advanced the day to June 1 in a social media post. The EU, he said, had been “very difficult to deal with” and “our discussions with them are going nowhere.”

Trump said he was “not looking for a deal.” “I mean, we’ve set the deal. It’s at 50 percent.” He added that he “didn’t know” if the EU could avoid the tariff hike, but said there could be a “little bit of a delay” if European companies “committed to moving manufacturing to the US.”

“We’re going to see what happens. But right now, it’s going on June 1, and that’s the way it is.”

Treasury Secretary Scott Bessent, who sometimes appears to play the role of “good cop” to Trump’s “bad cop,” said the announcement was “in response to the EU’s pace” and that “I would hope this would light a fire under the EU.”

Bessent has claimed that while other countries are negotiating with the US in “good faith,” the EU is not.

Trump has regularly denounced the EU as being “worse” than China and that the organization was established to “screw” the US.

The announcement came as a shock to EU officials who had expressed what the *Wall Street Journal* (WSJ) called “cautious optimism” on the talks after the two sides had exchanged documents outlining some of the issues under discussion, while acknowledging that “they remain far apart in their positions.”

In a social media post following the 50 percent threat by Trump, EU Trade Commissioner Maroš Šef?ovi? said the EU was committed to securing a deal that worked for both sides, but that trade between them “must be guided by mutual respect, not threats,” and that “we stand ready to defend our interests.”

The main points at issue go beyond the immediate question of reducing the trade surplus the EU enjoys with the US. One of the chief targets in the threats and negotiations from the US side is the European Value Added Tax, which it claims discriminates against American goods.

EU agricultural subsidies are another issue in US demands. But before the latest Trump threat, the EU economics commissioner Valdis Dombrovskis told the WSJ that both issues were off the table.

“We do not see any possibility to move away from our value-added tax,” he said, and that he had told

Bessent of the bloc's position.

The position of the EU is that the VAT is not trade-distorting, as claimed by the US, but is the equivalent of sales taxes in the US.

Likewise, with agricultural subsidies, which he said had been found by the World Trade Organization to be “not trade-distorting” and therefore should not be included in any tariff discussions.

Another major issue is what action the EU is prepared to take against China—which remains the central target in the US economic and trade war.

Von der Leyen has indicated the EU is prepared to cooperate with the US on China. But what precisely that would involve is by no means clear under conditions where there are divisions within the bloc itself. This was revealed in the imposition of EU tariffs against Chinese electric vehicles, which was opposed by Germany and its major auto companies.

Citing “people familiar with the discussions,” the WSJ reported: “The US has so far not secured a commitment from EU leaders to place new tariffs on Chinese industries, a priority for Trump administration officials who are pushing to ratchet up trade pressure on Beijing.”

The kind of action the US is demanding was at least partially revealed in the agreement with Britain in which the Starmer government agreed to act in accordance with US “national security interests”—the code phrase for measures against China—and agreed to move towards imposing tariffs on Chinese steel.

Even if negotiations continue, the Trump regime may well decide to go ahead with the 50 percent hike. This will bring major retaliation by the EU because of the devastation it would inflict across Europe, delivering what the *Financial Times* described as “hammer blows to key manufacturing sectors, including autos, aerospace, chemicals, and other goods.”

The US is the EU's largest export market, accounting for 20 percent of its foreign markets and worth more than €530 billion (\$US604 billion) in 2024.

Germany, Ireland, Italy and France are the leading exporters by country. Ireland could be the hardest hit because it is the site of many pharmaceutical companies, including from the US, that have located there because of its low tax regime.

Trump has said that Ireland has “got the entire US pharmaceutical industry in its grasp” and that “we

don't make our own drugs, our own pharmaceuticals anymore. The drug companies are in Ireland and they are in lots of other places—China.”

According to the research firm Capital Economics, a 50 percent US tariff on the EU would result in a 4 percent decline in GDP for Ireland. Germany's GDP would contract by 1.5 percent, Italy's by 1.2 percent, France's by 0.75 percent, and Spain's by 0.5 percent.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact