Trump, EU escalate tariff war as US-European conflict mounts over Greenland

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Major political crises inevitably produce turning points in which essential conflicts and issues, long hidden, emerge. The Trump administration's conflict with the European imperialist powers over control of Greenland is reaching this point.

For over a decade, a period that included Trump's first term in office and his launching of a global trade war in his second, European powers have reacted to criticism from Washington by boosting their military power. They slashed social spending by hundreds of billions of euros, impoverishing workers to pour funds into European armies and the Ukraine-Russia war. European officials called to improve relations with the United States by ensuring Europe did a fair share of spending on the NATO alliance.

Trump's demands for a US takeover of Greenland from its status as an autonomous region of Denmark—after his illegal January 3 invasion of Venezuela to kidnap President Nicolas Maduro, and his threats to bomb Iran for regime change—are shattering this narrative. It is ever clearer that US-European relations are teetering on the brink of collapse, amid a deepening trade war that threatens potentially violent conflict between the NATO powers.

Last week, as Trump demanded US control over Greenland—supposedly to protect its strategic locations and minerals from Russia and China—seven European countries (Finland, France, Germany, Norway, the Netherlands, Sweden, the UK) sent a few dozen soldiers to the island. The operation posed no meaningful threat to the United States and was accompanied by pledges of loyalty to "Euro-Atlantic security" and NATO. However, the operation did not reassure, but rather enraged the US president, who is seeking not an alliance, but world hegemony.

On Saturday, Trump denounced the deployment on his Truth Social network, stating: "This is a very dangerous situation for the Safety, Security, and Survival of our Planet. These Countries, who are playing this very dangerous game, have put a level of risk in play that is not tenable or sustainable."

Trump threatened to impose further tariffs on European countries opposing the sale of Greenland to Washington, which would rise from 10 to 25 percent if no deal was reached. Coming atop existing 10 percent tariffs on British and 15 percent tariffs on EU products, this could collapse trade between America and Europe, the world's two largest trade blocs, with devastating implications for the global economy.

Trump's threats provoked consternation and denunciations in European ruling circles. The seven governments who had participated in the deployment issued a joint statement with Denmark, defending their operation and threatening Trump with a collapse in US-European relations.

"As members of NATO, we are committed to strengthening Arctic security as a shared transatlantic interest. The pre-coordinated Danish exercise 'Arctic Endurance' conducted with Allies, responds to this necessity. It poses no threat to anyone," it said, adding: "Tariff threats undermine transatlantic relations and risk a dangerous downward spiral. We will continue to stand united and coordinated in our response."

Despite London's "special relationship" with Washington and its non-EU status since Brexit, UK Prime Minister Keir Starmer issued his own statement criticizing Trump. "Applying tariffs on allies for pursuing the collective security of NATO allies is completely wrong," he said. "Our position on Greenland is very clear: it is part of the Kingdom of Denmark and its future is a matter for the Greenlanders and the Danes."

EU officials took several emergency decisions. The European Parliament suspended negotiations on a planned EU-US trade deal. A meeting of European ambassadors last night in Brussels imposed a pre-planned package of €93 billion in retaliatory tariffs on US products. European Council President Antonio Costa announced an emergency EU summit at the end of the week to discuss further measures.

"Trump will not get duty-free transit of his American products into the European market," said Manfred Weber, the president of the right-wing European People's Party

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coalition in the European Parliament. Boasting that he had put the US-EU trade deal "on ice," Weber added: "Going forward, we are not powerless."

Weber added that Berlin could support French President Emmanuel Macron's call to invoke the EU's Anti-Coercion Instrument (ACI) against the United States. "All options are on the table. That is a possibility we have," he said. The ACI, or "trade bazooka," lets the EU ban US firms from European government contracts (including defense), cut payments to US financial and tech firms for their services in Europe, and suspend intellectual property payments to US companies.

A mortal crisis of the global capitalist system is underway, as the traditions and institutions that previously determined economic and military relations between major capitalist powers for decades collapse. Workers internationally face the danger of trade and financial crises erupting from a renewed tariff war. Moreover, given Washington's ever more aggressive foreign policy and Europe's accelerating rearmament, this could escalate into military conflict between the major NATO powers.

Washington is far better armed than its European "allies" and can exploit the European powers' economically suicidal foreign policy. They enthusiastically joined the Biden administration's stoking of war with Russia in Ukraine in 2022. They thus cut off their access to Russian and Eurasian energy and raw materials and made themselves dependent on more expensive imports of US energy, even as Trump waged trade war against them.

However, the European imperialists are also well aware of key vulnerabilities of US imperialism: its industrial weakness; the indebtedness of the US government, which issues trillions of dollars in US Treasury debt; and its reliance on the US dollar's global role to prop up its stock market.

Indeed, while Beijing has shifted out of the dollar and steadily cut its holdings of US Treasury debt, Europe kept adding to its Treasury holdings. Financial entities in Europe hold over $3 trillion in US Treasury debt, led by Britain ($865 billion), Belgium ($466 billion), Luxembourg ($421 billion), France ($376 billion) and Ireland ($340 billion). They thus are in the absurd situation of financing a government waging trade war against them and threatening to seize their territory.

Last year, however, key European banks like HSBC, Standard Chartered and BNP Paribas joined China's Cross-Border Interbank Payment System (CIPS), which lets them finance international trade via currency swaps, thereby evading the SWIFT system and the US dollar. There were also growing rumors of European threats to retaliate against Trump by dumping the dollar so as to trigger a sovereign debt crisis and a financial crash in the United States.

In December, in an article titled, "Is Europe ready to pull the trigger?", India's *Economic Times* reported: "European leadership has begun weighing what some describe as a 'nuclear option': the mass liquidation of US Treasury securities held by European governments." Britain's *Express* daily explained this "nuclear option" as follows:

> European leaders are considering adopting extreme countermeasures … designed to unleash economic chaos in the US. The alleged plan involves dumping trillions in US government debt owned by European states. A rapid sell off would likely cause a crash in the value of the US dollar, create a liquidity crisis across the banking system and cause a huge spike in borrowing costs. It would also lock the American financial sector into a paralysis more severe than the 2008 crisis.

Neither Trump's plans for US global hegemony and conquest nor European imperialist plans for rearmament and global financial war offer anything to the working class, however. On both sides of the Atlantic, governments are pressing ahead with militarism, social austerity and repression in defiance of mass working class opposition. The decisive question is and remains unifying the working class in all the NATO countries and internationally in an international struggle against imperialist war and the capitalist system.

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