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# *E.U. to Offer Trade Proposals in Bid to Ease Tensions*

By **Ana Swanson**

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WASHINGTON — European negotiators on Wednesday will present several ideas to the Trump administration for easing a trade clash with the United States, including forging a new deal among the world’s biggest automobile exporters.

But these offers may fall short of appeasing President Trump, who has expressed skepticism at past trade pacts and branded the European Union as a “foe.”

As the president of the European Commission, Jean-Claude Juncker, meets with Mr. Trump in Washington on Wednesday, the two sides are pushing agendas that are increasingly at odds, threatening to turn allies into adversaries.

Trade is just part of the friction, with Mr. Trump seemingly determined to undermine a global system that has defined the United States’ relationship with Europe for decades. Europe and the United States now find themselves on opposite sides over the future of the international trading system, the Paris agreement on climate change and their historic military alliance through the North Atlantic Treaty Organization.

It may be hard to find common ground on trade.

In direct aim at European exporters, the Trump administration is weighing whether to impose expansive tariffs on foreign automobiles and auto parts that could roil trans-Atlantic supply chains and reshape the business ties on which some of the world’s largest countries depend. The administration has already hit Europe with penalties on its steel and aluminum shipments, while lodging deep criticism of the World Trade Organization.

Europe has responded by imposing its own taxes on American goods and preparing retaliatory measures should the administration go after the auto industry. It is also pushing ahead on forging deeper trade ties with other nations like Japan and China.



Mr. Juncker will be prepared to discuss an agreement to have major auto exporters slash their tariffs on foreign cars, or a trade deal between Europe and the United States on industrial goods, a European official said. Frederick Florin/Agence France-Presse — Getty Images

The businesses that depend on supply chains that cross the Atlantic have been caught in the middle of the trade conflict, with automakers on both sides sounding warnings. General Motors and Daimler, big employers in the United States, have said the tariffs could cause job losses.

Emboldened by a strong economy and a resilient domestic stock market, Mr. Trump has shown no signs of backing down.

“Tariffs are the greatest!” the president wrote on Twitter on Tuesday. “Either a country which has treated the United States unfairly on Trade negotiates a fair deal, or it gets hit with Tariffs. It’s as simple as that - and everybody’s talking! Remember, we are the ‘piggy bank’ that’s being robbed. All will be Great!”

“The European Union is coming to Washington tomorrow to negotiate a deal on Trade,” he wrote later in another tweet. “I have an idea for them. Both the U.S. and the E.U. drop all Tariffs, Barriers and Subsidies! That would finally be called Free Market and Fair Trade! Hope they do it, we are ready - but they won’t!”

In a briefing on Tuesday, a senior European official denied that the tariffs had made the bloc more willing to negotiate. But the official said the Europeans were eager to find a course of action that could release both sides from a “downward spiral” of tariffs and retaliation.

But he added that the Europeans had not yet received a clear indication of the Americans' primary goal, whether it was slashing tariffs on automobiles or reducing the United States trade deficit with Europe. He said people were struggling to understand the administration's negotiation strategy, and whether it would change its approach from one day to the next.

During his visit, Mr. Juncker is prepared to discuss two options for the trading relationship, the official said, both of which the Europeans have floated with the United States before. The first is an agreement that would have all major global auto exporters slash their tariffs on foreign cars. The second calls for a limited trade deal between Europe and the United States centered on industrial goods.

The president's criticism of Europe has often focused on its trade surplus in goods with the United States, as well as the 10 percent tariff imposed on American cars, compared with the 2.5 percent levied by the United States. Europeans counter that the United States has a 25 percent tariff on trucks and higher tariffs on many other goods.

If the European Union lowered its tariffs on cars from the United States, it would have to offer that same rate to other members of the World Trade Organization. So forging an agreement among the world's major auto producers would ensure that countries like Japan and South Korea made some concessions in return for expanded access to the European market, the official said.

Alternatively, the European Union would be willing to discuss a more limited free-trade deal with the United States that focused on industrial goods, the official said. Commerce Secretary Wilbur Ross previously proposed an agreement of this kind in talks with the European trade commissioner, Cecilia Malmstrom.

The official said these offers were contingent on the United States' removing its tariffs on steel and aluminum and not moving forward with measures on automobiles.

But some economists urged caution on the prospects of a deal. Mr. Trump has criticized past trade negotiations with multiple countries, saying he prefers bilateral talks. His administration has also shelved broader trade discussions that the Obama administration was carrying out with the European Union, which included a proposal to drop European car tariffs to zero.

Eswar Prasad, an economist at Cornell University, said Mr. Trump's tweets suggested that he was not in the mood to make concessions, meaning there is unlikely to be a clear path to a negotiated settlement.

"Trump is still looking for capitulation from the E.U. on U.S. demands rather than a compromise," Mr. Prasad said.

Jack Ewing contributed reporting from Geneva.

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