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## **EU'S RETALIATORY TARIFFS ON US PRODUCTS COME INTO EFFECT**

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22.06.2018

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Deutsche Welle (22 June 2018)

The EU has officially imposed tariffs on US jeans, motorbikes, bourbon and other items in response to a similar move from the US. The measures have some experts worried the world could be heading toward a trade war.

European Union retaliatory tariffs on US goods came into force on Friday, in response to US tariffs on steel and aluminum.

The EU said it has no choice after failing to secure an exemption to US President Donald Trump's tariffs, but the response has raised fears of a global trade war.

### **What the EU is targeting**

The tariffs target \$3.4 billion (€2.9 billion) worth of American imports including:

- Steel products such as bars and rods, rolled steel, stainless steel, wire, tubes, chain, pipes and scaffolding, as well as kitchen appliances, ovens, ladders and washbasins.
- Clothing and textiles such as jeans, men's leather shoes and bed linens.
- Eye make-up and lipstick.
- Motorbikes and mopeds "with reciprocating internal combustion piston engines" of 500 cc capacity as well as some boats, yachts, canoes and rowboats.
- Food products including maize, rice, cranberries, cranberry juice, orange juice, sweetcorn and peanut butter.
- Vice products such as bourbon, whiskey, cigarettes, cigars, cheroots (a type of thin cigar) and other types of tobacco.

### **Symbolic political impact**

European Commission President Jean-Claude Juncker said on Thursday the US tariff decision "goes against all logic and history." "Our response must be clear but measured. We will do what we have to do to rebalance and safeguard."

European Commission Vice President for Trade Jyrki Katainen said: "If we chose products like

Harley Davidson, peanut butter and bourbon, it's because there are alternatives on the market. We don't want to do anything that would harm consumers. What's more, these products will have a strong symbolic political impact."

EU Trade Commissioner Cecilia Malmstrom said: "We are always open to talk with the US. The whole EU is based on the idea that we talk." She described the tariffs as "illegal" as they contravened World Trade Organization (WTO) rules.

"We have a trade war □ and it's an escalating trade war," SEB chief economist Robert Bergqvist told AFP news agency. "All these kind of things going on right now could trigger that kind of behavior and initiate a correction in the stock markets, and that could also trigger a slowdown in the global economy."

### **More than a trillion euros in trade**

The European Union is the US' largest export market, accounting for about one-fifth of all US exports. Similarly, one-fifth of EU exports go to the United States. EU-US trade in goods and services was □□□□□□ billion in 2017. The EU imported □□□□□ billion in goods from the US, and exported €375.8 billion.

Opening salvo of trade war: The tariffs will likely do little to quell Trump's aggressive policies on trade as he attempts to reduce perceived imbalances. Trump has already said he is considering tariffs on cars, which would place hefty economic pressure on EU-stalwart Germany.

Why these goods? The goods represent an almost caricatured depiction of the United States, but they are also targeted to inflict maximum political pain in regions of the US that voted for Trump as well as lighting a fire under the Democrats who have so far been unable to reign in the Republican trade moves.

The other fronts: The EU is just one bloc retaliating to US trade aggression. In two weeks, the US will impose tariffs on \$34 billion of Chinese goods and Beijing has vowed reciprocal tariffs on soybeans and other farm products. India and Turkey have already targeted US products ranging from rice to autos to sunscreen.

aw/sms (AFP, AP, dpa, Reuters)

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