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## EU AND US KISS AND MAKE UP ON TRADE

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The US will not impose tariffs on EU cars and might take back ones on steel and aluminium, but the EU will buy more US soybeans and gas, according to a deal in Washington on Wednesday (25 July).

"We met right here at the White House to launch a new phase in the relationship between the United States and the European Union - a phase of close friendship, of strong trade relations," US leader Donald Trump said, unveiling the accord next to European Commission president Jean-Claude Juncker.

The US would not do anything "against the spirit of this agreement", Trump said, alluding to his previous threat on EU car tariffs.

"We will also resolve the steel and aluminium tariff issues," he added, reconsidering his attack, in March, on EU metals exporters.

In return, "the European Union is going to start, almost immediately, to buy a lot of soybeans \* from our farmers," Trump said.

The EU will also become "a massive buyer" of US liquid natural gas, he said.

"We agreed today, to work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods," he went on.

Details of the new trade deal were to be negotiated by "an Executive Working Group of very intelligent people on both sides", Trump explained.

There was an "understanding", the EU's Juncker said, that "as long as we're negotiating, unless one party would stop the negotiations, we will hold off further tariffs [on cars]".

The deal came amid fears that Trump was going to escalate his EU trade war and, more profoundly, that he wanted to harm the EU and Nato.

The US president had called the EU his "foe", threatened to quit Nato, praised Brexit, and taunted Germany in the run-up to Wednesday's summit.

"Tariffs are the greatest!", he had also tweeted on Tuesday, lending the outcome a magical quality.

"A breakthrough has been quickly made that nobody thought possible!", he tweeted on Wednesday.

### **Gentlemen's agreement**

It remains to be seen if the surprise deal, which came together in just three and half hours of talks, will stand the test of time despite Juncker and Trump's "understanding".

Wall Street stocks rose on the announcement and Germany's economy minister, Peter Altmaier, said: "Breakthrough achieved that can avoid trade war and save millions of jobs".

But Trump has form in doing U-turns, and U-turns on U-turns, on his own commitments.

The EU commission chief betrayed some scepticism in a remark at a speech in the US capital later the same day.

"Everything is more or less OK," he said at the CSIS, a US think tank.

Heiko Mass, Germany's foreign minister, also reacted cautiously.

"It [Juncker's deal] has made a positive result more likely in the whole discussion between the European Union and the United States in terms of free trade or protectionism," Mass said in Seoul on Thursday.

### **'Against all logic'**

Juncker, at the CSIS, also highlighted how far Trump had deviated from the norm in transatlantic relations.

"The idea that imports of steel or aluminium from your closest ally could threaten the national security of this country [as Trump had claimed] - this goes against all logic and against all history," Juncker said.

Trump had also claimed the EU had a \$150bn trade surplus with the EU, but Juncker corrected him, saying it was \$50bn less due to a US surplus in services.

The commission chief even risked saying that Trump had made "a major concession" on tariffs, testing the president's thin skin, the Reuters news agency reported.

He also flattered the US commander-in-chief, however.

The two men kissed for cameras at the White House.

"This was a good, constructive meeting. Thank you, Donald," Juncker said in the Rose Garden.

"I came to Washington today not to give unsolicited advice but to offer increased cooperation. We will always keep dialogue open," he also said at the CSIS.

"Obviously the European Union, as represented by Juncker and the United States, as represented

by yours truly, love each other!", Trump tweeted after getting the Juncker treatment.

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