

U.S., EU agree to ease trade tensions

On the same page: U.S. President Donald Trump and European Commission President Jean-Claude Juncker speaking in the Rose Garden of the White House on Wednesday. AFP

U.S. President Donald Trump and European Commission chief Jean-Claude Juncker on Wednesday agreed on a plan to defuse the festering trade dispute between the two major economies.

Germany's Economy Minister described the agreement — which means Washington will not follow through with a threat to impose tariffs on autos that would hurt the dominant German car industry — as a “breakthrough” that “can avoid trade war.”

The pair — who met for more than two hours of talks at the White House — also said they would work to “resolve” the existing duties on steel and aluminium imposed by Washington, which had angered key allies, including the European Union.

Strengthen trade ties

“We want to further strengthen this trade relationship to the benefit of all American and European citizens,” Mr. Trump said in a statement delivered from the White House Rose Garden.

“A breakthrough has been quickly made that nobody thought possible!” he wrote on Twitter, later adding: “Great to be back on track with the European Union. This was a big day for free and fair trade!”

The outcome seemed a victory for Mr. Trump, who had assured supporters that his confrontational trade strategy would bear fruit, and who appears to have conceded little in the talks with the EU.

The leaders agreed to “launch a new phase” in the relationship and “to work together towards zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods,” Mr. Trump said.

In addition, the EU has made a commitment to buy U.S. soybeans and natural gas.

Mr. Juncker, who had been somewhat defiant ahead of the meeting, said afterwards: “I had the intention to make a deal today. And we made a deal today.” However, the deal was contingent “on the understanding that as long as we are negotiating... we will hold off further tariffs, and we will reassess existing tariffs on steel and aluminium.”

While EU officials had threatened immediate retaliation to any auto tariffs, and said they would not negotiate with Washington under duress, they seem to have decided to appease the irascible U.S. leader.

“Congrats to @JunckerEU, @realDonaldTrump: Breakthrough achieved that can avoid trade war & save millions of jobs! Great for global economy!” German Economy Minister Peter Altmaier said on Twitter after the talks.

WTO reform

Mr. Trump also won a commitment to work together to reform the World Trade Organization to address some of his complaints about China on theft of U.S. technology, the behavior of state-owned enterprises, and overcapacity in steel.

He has long complained that the WTO has been unfair to the United States, despite the fact that the U.S. has won most of the disputes against China and others.

The U.S. and the EU account for about \$1 trillion in transatlantic trade, and tensions spiked leading up to Wednesday's high-stakes talks.

EU Trade Commissioner Cecilia Malmstrom, who accompanied Mr. Juncker, hailed the agreement and said on Twitter that she "will be working hard to take this work forward the coming months."

The details and mechanisms as well as the timing remain to be worked out, and the impact may not be seen for some time.

Mr. Juncker said the EU already imports 35% of its natural gas from U.S. producers, but will work to buy more. "We are ready to invest in infrastructure and new terminals, which could welcome imports of energy from the United States and elsewhere, but mainly from the United States, if the conditions were right and prices competitive," he said after the White House meetings.

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