



## Trump, Juncker announce deal pulling back from US-EU trade war

Jermaine Blake

July 26, 2018

President Donald Trump says the United States and the European Union have agreed to work toward "zero tariffs" and "zero subsidies" on non-automobile goods. He said Europe would agree to buy more soybeans and liquefied natural gas from the U.S.

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

Administration officials said the aid will ease the pain farmers have felt as America's trading partners slapped tariffs on agricultural exports in response to the Trump administration's tariffs on steel and aluminum.

The biggest news from the Trump-Juncker meeting is that it appears to have delayed an impending trade war over autos.

On Wednesday, Trump and Juncker said they have agreed to work toward "zero tariffs" and "zero subsidies" on non-automotive goods.

Some of fruits to be hardest hit by the trade policies are cherries - which are now facing a 50% tariff going into China - and apples, which have been hit by higher tariffs in China and Mexico, with India set to also implement additional duties next month in response to US duties on steel and aluminium imports. China has retaliated with duties on soybeans and pork, affecting Midwest farmers in a region of the country that supported the president in his 2016 campaign.

Tariffs on US goods have impacted all sectors of the economy, according to the USDA's trade counsel to the secretary, Jason Hafemeister. "There isn't anything about this that anybody should like", said South Dakota Senator John Thune, a senior GOP figure, while Senator Ron Johnson (R-Wis.) raised the specter of the Soviet Union and its infamous central planning.

Trump jolted markets once again early Friday when he said he's prepared to impose penalties on some \$500 billion in Chinese goods regardless of the consequences that might ensue, economic or political.

At the Jiahao Flag Co Ltd in Anhui province, women operate sewing machines to hem the edges of "Trump 2020" flags the size of beach towels, while others fold and bundle them for delivery. Trump approved a 10 percent tariff on imported steel and a 25 percent tariff on imported aluminum in May. After \$34 billion in tariffs against China went into effect earlier this month, China responded with its own equivalent tariffs soon after, targeting US agricultural products including soy, corn, wheat, pork, poultry and more.

"We have more confidence in him now than we did before", said Rep. Mike Conaway, R-Texas, the chairman of the House Agriculture Committee.

"We're already hearing complaints now from companies, so by the time we get to the midterms, you're going to be hearing governors, mayors, Congress complaining about jobs, about cost increases, about problems", Carlos Gutierrez, the former Commerce secretary under President George W. Bush, told POLITICO.

News of the respite from trade tensions pushed US treasury yields higher, with the yield on 10-year notes touching six-week highs.

Mr. Trump's message surfaced as Mr. Juncker was en route. His defense came after his administration announced a plan to provide \$12 billion in emergency relief for farmers who have been slammed by the president's trade disputes with China and other countries.

"It's just a big nothingburger", Dan Ikenson, director of the Cato Institute's Center for Trade Policy Studies, told *Reason*.

The aid funding may also mean that Trump's trade war will be going on for some time.