<u>Trump Delays E.U. Tariffs Until</u> July 9

President Trump said he would give the European Union more time to negotiate a trade deal before 50 percent tariffs take effect.

By Alan Rappeport and Ana Swanson New York Times

President Trump said on Sunday that he would delay imposing 50 percent tariffs on all imports from the European Union until July 9 to allow more time for trade negotiations.

In a post on Truth Social, Mr. Trump said that he had spoken to Ursula von der Leyen, president of the European Commission, about his <u>recent threat</u> to enact the tariffs on June 1 if a trade deal could not be reached in the next week.

Mr. Trump has expressed frustration over negotiations with the E.U., saying that the union has been slow to offer trade concessions during a 90-day window to reach a deal that satisfies the administration. But his threat to hit the union with a steep tariff raised the chances of an economically destabilizing trade war with one of the world's largest economies.

On Sunday, Mr. Trump appeared to relent, at least for now.

"The Commission President said that talks will begin rapidly," Mr. Trump wrote, referring to Ms. von der Leyen. The European Commission is the executive arm of the European Union.

Ms. von der Leyen, <u>in a separate social media post</u> on Sunday, said that she had a "good call" with Mr. Trump and had conveyed to him that the E.U. needed extra time to reach a trade deal. She said that talks would advance "swiftly and decisively."

"The E.U. and the U.S. share the world's most consequential and close trade relationship," she wrote.

The extension is the latest turnabout by Mr. Trump, whose trade policies have injected substantial uncertainty into the global economy. While announcing his recommendation for 50 percent E.U. tariffs on Friday, the president had assailed Europe's negotiating tactics and expressed no interest in reaching a deal.

When asked if there was anything Europe could do to avoid tariffs, he had responded, "I don't know, we're going to see what happens," adding, "they've treated us very badly over the years."

Friday's threat of 50 percent tariffs came after Treasury Secretary Scott Bessent met with European counterparts as part of the Group of 7 meetings in Canada. Mr. Bessent had given no indication to his counterparts that new tariffs were coming, but he defended them on Friday. "I would hope that this would light a fire under the E.U.," he said on Fox News.

The Treasury Secretary said that Europe has a "collective action" problem and that individual countries in the E.U. did not know how Brussels was negotiating.

Mr. Trump's tariff threat against the E.U. came weeks after he agreed to partially pause the 145 percent tariffs he had imposed on Chinese imports.

Economists have warned that the tariffs and related uncertainty were slowing business investment around the world and disrupting supply chains. Many analysts have raised their forecasts for the likelihood of a global recession.

European officials held a call with their American counterparts for trade talks on Friday, and had earlier submitted a term sheet detailing their offers to secure a deal.

European leaders have offered to reduce tariffs on industrial goods to zero if the United States does the same, and to increase purchases of U.S. energy, among other commitments. In return, they hope to reduce tariffs Mr. Trump has applied to all European products, as well as specific tariffs on goods like cars and pharmaceuticals.

But Mr. Trump and his advisers have said they were unimpressed by Europe's offers. They continue to criticize a European value-added tax and other policies they say discriminate against American businesses.

In a post on Truth Social Friday morning, Mr. Trump wrote that discussions with the European Union were "going nowhere" and that he was recommending a 50 percent tariff on European imports as of June 1.

Mr. Trump also threatened a 25 percent tariff on imports of smartphones made by Apple and other companies on Friday, saying they should be made in the United States.

Economists at Oxford Economics said that if implemented, the E.U. tariffs and the phone tariffs, combined, would reduce economic growth by 0.2 percentage points, raise inflation by 0.2 percentage points, and increase the unemployment rate by a tenth of a percentage point.

"The proposed tariffs on the E.U. highlight a key forecast risk, whereby tariffs remain an ongoing tool to be wielded by the Trump administration whenever negotiations hit a snag," the economists, Ryan Sweet and Bernard Yaros, wrote.