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EU Delays Tariffs in Response to Trump's Trade Tactics

The European Union postpones tariffs to allow more time for negotiations with the U.S., aiming for a balanced response.

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European wine producers can breathe a sigh of relief, at least for now. On March 20, the European Union announced a delay in implementing new tariffs aimed at countering Donald Trump's trade war tactics. Trump's aggressive negotiation style, marked by threats and verbal pressure, seems to be effective. Initially, the European Commission planned to reintroduce tariffs on April 1, targeting products like Harley-Davidson motorcycles, Bourbon whiskey, and Levi's jeans. A second phase was set for April 12, with more restrictions to match the 26 billion euros in damages expected from Trump's 25% tariffs on steel and aluminum. However, both tariff packages will now be implemented in mid-April.

EU sources indicate that the delay provides additional time for discussions with the U.S. administration. The goal is to craft a proportional response to the economic damage from Trump's trade measures. The EU aims to balance the interests of its producers, exporters, and consumers. The delay is a slight adjustment and does not reduce the impact of the EU's response, which could involve retaliatory measures worth up to 26 billion euros.

Maroš Šefčovič, the EU's Trade and Economic Security Commissioner, expressed hope for a mutually agreed solution with the Trump administration. He acknowledged that the delay allows EU member states and stakeholders to work on two lists of targeted products. The first list was set to take effect automatically on April 1, coinciding with the expiration of a suspension agreement reached with the Biden administration in 2021. This package is valued at 8 billion euros, and the EU plans to expand it to 26 billion euros. The complete list must be finalized by March 26.

The European Commission's proposal from March 12 includes a wide range of U.S. products worth 21 billion euros, aiming to refine it to 18 billion euros for a proportional response to Trump's tariffs. EU sources argue that this approach allows for a firm, proportionate, and well-calibrated response to U.S. measures while minimizing negative impacts on EU producers and consumers.

Trump reacted to Brussels' announcement, which seeks to target the U.S. economy while minimizing harm to European industry. The EU's strategy focuses on Republican states, prompting Trump to threaten a 200% tariff on European wine, champagne, and

other alcoholic beverages. Such a move would significantly impact economies like Spain, where wine is the second most exported product to the U.S. In his response, Trump criticized the "evil tariff" on whiskey and warned that if it is not removed immediately, the U.S. will soon impose a 200% tariff on wine, champagne, and alcoholic beverages from France and other EU countries. He claimed this would benefit U.S. wine and champagne businesses.

The EU aims to allow room for both internal negotiations and talks with Washington. The situation remains tense, with both sides seeking to protect their economic interests while avoiding further escalation in the trade conflict.