# European and UK firms warn of growing uncertainty and disruptions from Trump’s tariffs



European and UK companies are increasingly vocal about the ramifications of the recent US trade policies under President Donald Trump, particularly following his announcement of significant tariffs aimed at America's trading partners. This shift in trade dynamics has raised alarms about consumer confidence, potential disruptions to supply chains, and the uncertainty surrounding tariff levels.

In a recent round of quarterly financial results, major corporations such as Nestlé, Mercedes-Benz, and Unilever detailed the challenges they face as a result of this trade conflict. Nestlé, the largest food company globally, has pointed to a slowdown in the US market and waning expectations for economic recovery in the eurozone as indicators of a troubled commercial environment.

Jesper Brodin, the head of Ingka, which operates the majority of Ikea stores, expressed frustration over the rapid pace at which the Trump administration is implementing trade policies. "I remember the days when politicians were slow and the companies were fast," Brodin noted in an interview with the Financial Times. He highlighted the difficulties companies face in adapting their long-term strategies—in Ikea's case, typically evaluated over a decade—within such a short time frame dictated by governmental changes.

The impact of Trump's trade strategy has dominated discussions across earnings calls from European and UK firms. In April, tariff-related concerns were mentioned 223 times by companies in the Stoxx Europe 600 index, an increase from 115 mentions the previous month. This spike followed Trump's “liberation day” announcement on April 2, which introduced a baseline tariff of 10 per cent and higher reciprocal tariffs on several nations, although implementation was delayed by 90 days to facilitate potential trade negotiations.

Despite the tariffs taking effect on April 5, many companies are yet to fully quantify their effects. The unfolding uncertainties regarding final tariff rates and the ultimate contours of trade negotiations are proving detrimental. Laurent Freixe, CEO of Nestlé, remarked, “I think uncertainties created by economic policies, trade wars and evolution also of the financial markets have increased the concerns and created more uncertainty.”

Efforts to establish a trade agreement between the EU and the US have stalled, with the EU poised to impose retaliatory tariffs by July 8, should no deal be reached. Discussions are ongoing, as the UK also seeks to cement its own trade arrangement with the US.

Some companies, including Stellantis, parent of Fiat and Chrysler, alongside Mercedes-Benz and Volvo Cars, have abandoned their financial forecasts due to the unpredictability of market conditions. Fabiana Fedeli, a portfolio manager at M&G Investments, observed that corporations are beginning to signal a lack of visibility and a reluctance to engage in long-term planning.

While many firms in the Stoxx 600 have yet to report their results, initial insights reveal the detrimental effects tariffs have on both consumer confidence and deal-making activities. For instance, Reckitt, known for its health and hygiene products, indicated that market volatility following Trump’s tariff announcements could threaten a multibillion-dollar sale of its cleaning products division.

Unilever's acting CFO Srinivas Phatak highlighted extreme fluctuations in currency values since the tariffs were imposed, describing the dollar's rapid decline against the euro as "unprecedented". In the broader market, there was a recent rally in global stocks, buoyed by indications that the US and China might be approaching a resolution to their trade disagreements, which have similarly prompted punitive tariffs on both sides.

The overarching sentiment during these earnings calls was the urgent need for clear and stable trade policies to enable companies to make informed decisions regarding future investments and strategies. UK retailer Primark is contemplating doubling its number of US stores to 60, signalling a potential shift in supply chain management from China, contingent upon securing a clearer understanding of US market dynamics, according to George Weston, CEO of Associated British Foods, Primark's parent company. "We will only adapt supply chains when we have a bit more certainty about the long-term position of different supply markets vis-à-vis the US market," he stated.

Source: [Noah Wire Services](https://www.noahwire.com)

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