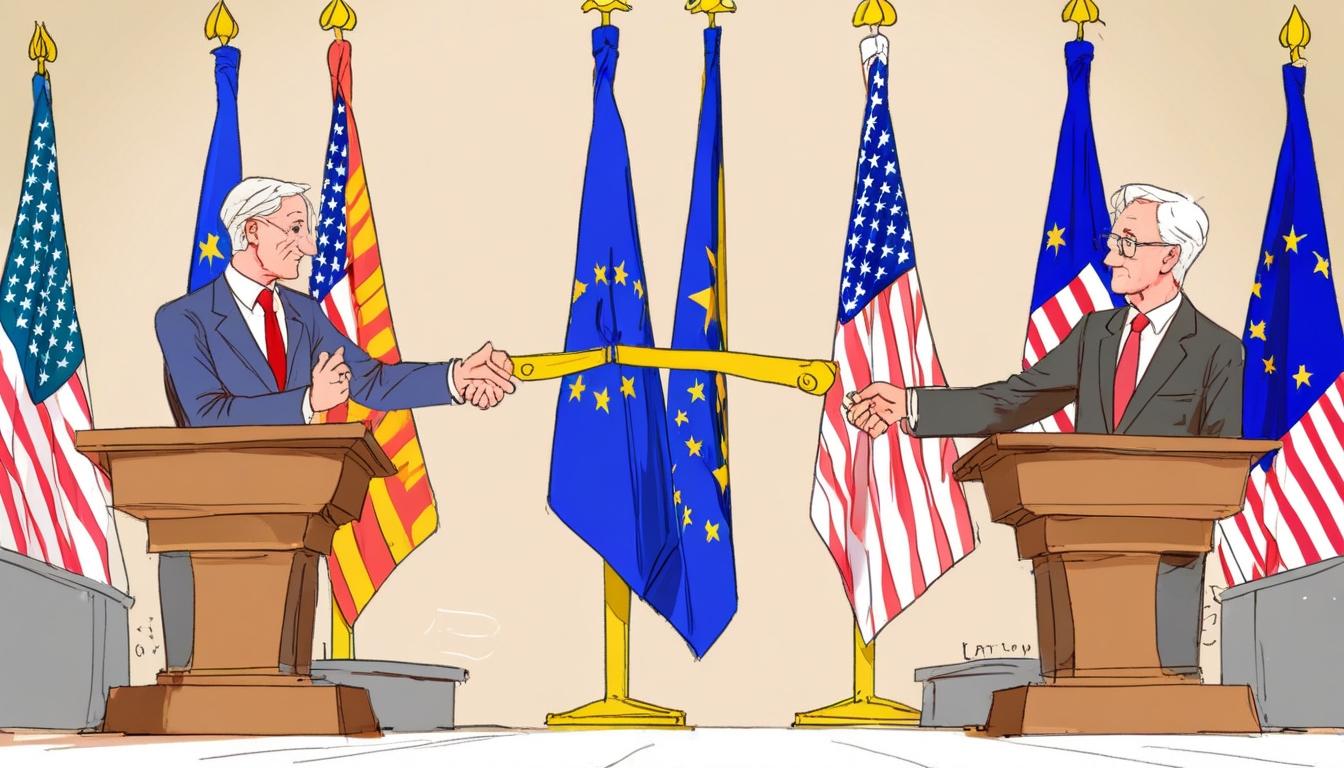
# EU prepares targeted retaliatory tariffs as US trade talks stall



After nearly a month of unsuccessful negotiations, the European Union is intensifying preparations for potential retaliatory measures against the United States in response to trade tariffs imposed under former President Donald Trump’s administration.

On 2 April, President Trump introduced "reciprocal" tariffs affecting most of the world, with the EU initially hit by a 20 per cent rate. This rate was subsequently lowered to 10 per cent a week later, allowing trading partners a 90-day window to negotiate concessions to avoid or reduce these tariffs. Prior to this, the US had already enacted sector-specific tariffs, imposing a 25 per cent duty on steel, aluminium, and automobiles from the EU, which remain enforced.

European Commission officials indicate that the US has yet to specify the types of concessions that would prompt a rollback of the tariffs or prevent the reinstatement of the "reciprocal" tariffs at higher rates.

In response, the European Commission is moving forward with contingency plans. Later this evening, EU member state ambassadors will be briefed on potential retaliatory strategies, according to four diplomats speaking to the Financial Times. The briefing will address the timing and extent of possible EU reprisals. Discussions will prioritise targeted tariffs on an additional list of US goods, instead of services sectors such as technology platforms. Currently, EU tariffs levied on approximately €21 billion worth of American products—including Harley-Davidson motorcycles, poultry, and clothing—have been suspended until mid-July.

One diplomat described the upcoming briefing as "a debriefing and the way forward," emphasising that a comprehensive plan will likely be presented ahead of the next trade ministers’ meeting scheduled for 15 May. The EU’s aim is to maintain unity among member states, balancing the positions of those advocating firm retaliation with others preferring to continue negotiations.

Trade Commissioner Maroš Šefčovič has engaged in talks with US Commerce Secretary Howard Lutnick, while Valdis Dombrovskis, the EU’s economy chief, met Treasury Secretary Scott Bessent last week. However, Šefčovič reportedly informed ambassadors prior to Easter that a full removal of tariffs was improbable and that the intentions of the US regarding easing the tariff regime remained unclear.

The upcoming discussions will also cover broader issues, including the impact of cuts to the United States Agency for International Development (USAID) and the EU’s recently introduced 15 per cent minimum corporate tax. The latter has drawn criticism from the US but no immediate adjustments are foreseen.

Separately, in Germany, political developments are underway with the Christian Democrats (CDU) leader Friedrich Merz announcing his proposed cabinet line-up ahead of a crucial vote by the Social Democratic Party (SPD) members on approving a coalition government. The SPD's electronic vote, set for today, comes after their significant defeat in February’s elections. The coalition agreement includes a substantial €500 billion infrastructure investment plan and allocations of key ministries such as defence and finance to the SPD.

The coalition's approval is seen as vital for ensuring a stable government, with Merz expected to be elected chancellor on 6 May if the SPD membership consents. However, the SPD youth wing has voiced opposition to the deal relating to immigration, social, and tax policies. Failure to approve the coalition could lead to a minority government situation, introducing uncertainty for Germany’s political landscape and, by extension, the broader European economy.

The Financial Times is reporting that amid these evolving political and economic issues, European leaders and officials are meeting today at the 2025 European People’s Party congress, which is likely to address ongoing continental challenges.

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

## References

* <https://www.ft.com/content/bca98f2a-7609-4ee7-bd77-6b1102cc1f17> - This article discusses the European Union's preparations for potential retaliatory measures against the United States in response to trade tariffs imposed under former President Donald Trump's administration, including the reintroduction of countermeasures and the suspension of tariffs on €21 billion worth of American products until mid-July.
* <https://www.reuters.com/business/finance/euro-zone-consumers-happy-ditch-us-products-if-hit-by-tariffs-study-finds-2025-04-30/> - This study reveals that euro zone consumers are willing to abandon U.S. products if tariffs are imposed, even if prices rise, indicating a strong preference shift away from American goods in the event of a trade war.
* <https://www.ft.com/content/0de62e71-add6-4a4b-b419-7d3e6b3c7b4e> - This article highlights the European Union's mounting trade challenges, including the impact of U.S. tariffs on steel, aluminum, and cars, and the EU's strategy to negotiate with the U.S. while preparing to retaliate.
* <https://www.reuters.com/world/china/eu-will-leave-no-stone-unturned-reduce-trade-related-uncertainty-irelands-2025-04-25/> - Irish Finance Minister Paschal Donohoe emphasizes the European Union's commitment to reducing trade-related uncertainty through engagement with the United States, highlighting the bloc’s unity during the spring meetings of the IMF and World Bank in Washington.
* <https://www.reuters.com/world/china/us-eu-not-close-deal-tariffs-eus-dombrovskis-2025-04-25/> - EU Economic Commissioner Valdis Dombrovskis states that the United States and the European Union are still far from reaching a tariff agreement, with the U.S. imposing tariffs of up to 25% on various EU goods and the EU suspending certain retaliatory tariffs.
* <https://www.reuters.com/en/eus-dombrovskis-says-he-held-cordial-and-candid-meeting-with-scott-bessent-2025-04-25/> - European Union Economy Commissioner Valdis Dombrovskis reports having a 'cordial and candid' meeting with U.S. Treasury Secretary Scott Bessent to discuss the impact of U.S. tariffs, emphasizing the EU’s willingness to find a mutually agreeable solution to the tariff disputes.
* <https://www.ft.com/content/bca98f2a-7609-4ee7-bd77-6b1102cc1f17> - Please view link - unable to able to access data