

# **‘Germany vs the rest of Europe’ Trump tariffs to rupture EU with backlash against Merkel**

DONALD Trump’s tough tariffs could rupture the European Union’s united front, with one leading currency strategist predicting a scenario where it will be “Germany versus the rest of the EU”.

Europe hit back at the US after President Donald Trump slapped tough tariffs on European steel and aluminium earlier this week.

The united front was delivered from European Union’s trade commissioner Cecilia Malmstrom who warned President Trump of retaliation.

However, the unity shown in response to the tariffs could quickly change, according to a leading currency strategist.

Jane Foley, a senior currency strategist at Rabobank, predicted that over time the tariffs will start to hurt and the rest of Europe will blame Germany.

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Ms Foley told Bloomberg: “The trade tariffs have potential ramifications for world growth, not just for this year or next year, but the longer term.

“This could become Germany versus the rest of the EU.

“If you look at the US Treasury report published last month that pinpointed the currency manipulators, they pinpointed Germany and in particular its trade surpluses.

“They advised Germany to increase domestic demand to get rid of its trade surplus. Trump has an issue with all countries that run a trade surplus with the US.



“That is Germany, that is not France. The issue about tariffs being slapped on the EU creates a problem.

“Will the rest of Europe turn their attention to Germany and say look, Trump has a problem with you and we are suffering the consequences.

“It’ll be interesting to see if a wedge will be driven between EU economic partners.”

The British International Trade Secretary Liam Fox called President Trump’s decision “wrong and illegal”.



The EU has already issued a 10-page list of tariffs on US goods ranging from Harley-Davidson motorcycles to bourbon.

However, Dr Fox cautioned against measures that might spark a full-blown trade war.

He told BBC Radio 4's Today that the UK was still seeking tariff exemptions based both on specific products and also geographic location.

The cabinet secretary said: "We, of course, have the G7 leaders meeting at the end of the week where the Prime Minister will be raising this with President Trump alongside other leaders."

Canada and Mexico, who were also hit by the tariffs, are still planning their own retaliatory moves.

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