

Trump claims the EU has ‘no choice’ but to agree a new trade deal

KEY POINTS

- The president met with European Commission President Ursula von der Leyen at the World Economic Forum in Davos, Switzerland on Tuesday, and told CNBC’s Joe Kernan that the pair had a “great talk.”
- Amid ongoing informal discussions, Trump has threatened to slap tariffs on European cars in a bid to strong-arm EU leaders.

The European Union has “no choice” but to negotiate a new trade deal with the U.S., President Donald Trump told CNBC on Wednesday.

The president met with European Commission President Ursula von der Leyen at the World Economic Forum in Davos, Switzerland on Tuesday, and told CNBC’s Joe Kernan that the pair had a “great talk.”

Amid ongoing informal discussions, Trump has threatened to slap tariffs on European cars in a bid to strong-arm EU leaders. In yesterday’s meeting, he claimed to have told von der Leyen that absent a trade deal, he would need to “take action” in the form of “very high tariffs on their cars and other things.”



President Donald Trump speaks during a CNBC Exclusive interview at the World Economic Forum in Davos, Switzerland on Jan. 22nd, 2020. -Gerry Miller | CNBC

Trump said that Europe has been “very tough to deal with” and had “taken advantage” of the U.S., but suggested that the bloc now has “no choice” but to make a deal.

“We’ve had a tremendous deficit for many, many years — over \$150 billion with Europe,” he said, adding that he would be “very surprised” if he did have to implement the tariffs.

The U.S. goods and services trade deficit with the EU was \$109 billion in 2018, according to the Office of the U.S. Trade Representative.

U.S. exports of goods and services to the EU supported an estimated 2.6 million jobs in 2015, according to the latest available data from the U.S. Department of Commerce.

Juncker was ‘impossible’

Trump had agreed with von der Leyen’s predecessor Jean-Claude Juncker back in 2018 to start negotiations on a new trade deal to avoid imposing tariffs.

The EU has since agreed on a new negotiating mandate to begin those trade talks, but the U.S. has yet to signal a readiness to start those meetings.

“I wanted to wait until I finished with China, I didn’t want to go with China and Europe at the same time,” the president told CNBC.

“And quite frankly, Jean-Claude was a friend of mine but he was impossible to deal with. I wanted to do Mexico and Canada first. Now they’re all done and we’re going to do Europe.”

Trump also confirmed that negotiations are underway with U.K. Prime Minister Boris Johnson on a potential bilateral trade deal, with the U.K. set to leave the EU on January 31.

“Boris and I are friends, and he wants to make a deal and that’s okay with me. They want it, they need it,” Trump added.

Any trade agreement between the U.S. and the U.K. could only enter into force at the end of the transition period with the EU, currently set to last until the end of 2020.

—*CNBC’s Silvia Amaro contributed to this article.*

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