


# Trump's trade war against China could see allies in Macron and Merkel

 File photo of French President Emmanuel Macron and German Chancellor Angela Merkel. REUTERS

BERLIN — German Chancellor Angela Merkel and French President Emmanuel Macron will attempt a pincer movement on Donald Trump, with China emerging as the likely target of their joint effort to avert a trade war with the United States.

The leaders of Europe's two biggest economies will visit the president in Washington within days of each other this month as the clock ticks down to a May 1 deadline for European Union (EU) proposals to stop the U.S. from imposing tariffs on steel and aluminum.

A possible solution may lie in White House efforts to forge a "trade coalition of the willing" to stand up to China for what it calls unfair trade practices. The move is gaining favour with the government in Berlin as well as with the EU, which handles the bloc's trade negotiations, while a bruising trip to China earlier this year may make Macron more likely to lend his support.

The EU is just one front in the U.S. attempt to rewrite international trade rules, with Trump on Thursday (April 5) threatening levies on US\$100 billion (S\$132 billion) of Chinese goods, shortly after Washington and Beijing outlined tariffs on US\$50 billion of each other's imported products. At stake for the EU are the metal tariffs that could take effect as soon as next month, threatening disruption to total trans-Atlantic trade worth some US\$720 billion.

"The Europeans are going to have a very tough decision to make, which is, are they going to play this game," Edward Alden, a Washington-based senior fellow at the Council on Foreign Relations, said in an interview. "That's just anathema to the beliefs of Merkel and Macron."

All the same, Merkel, in her fourth term as Germany's leader, and Macron, elected France's young president on a pro-EU ticket last year, are both under

pressure to deliver something in their talks with Trump to calm trade tensions.

At home, Macron is navigating a raft of economic and labour reforms that will determine his fate. A deadly attack carried out in the German city of Muenster on Saturday was a reminder for Merkel of the domestic security agenda that is dominating her coalition's early days, and which could topple her yet.

A common thread that is likely to feature leads to China. Merkel and Macron have both made China's inexorable rise a policy priority, with Macron pledging in January at the end of a trip to China to seek more strategic coordination with officials in Berlin on the issue.

On the trade front, the EU took concrete action on Thursday, asking to join a U.S. dispute against China in the World Trade Organization over the Asian nation's discriminatory technology licensing rules.

German Economy Minister Peter Altmaier said in an interview with Der Spiegel magazine that he is willing to take joint action with Washington against overcapacity in the steel market, and was looking for a unified approach against intellectual property theft. European Commission Spokesman Daniel Rosario said the EU was having high-level meetings with the U.S. that included discussions on overcapacity.

"One of our proposals to the U.S. side is that we should go into talks on how we can face probably unfair trade practices from China," Juergen Hardt, who oversees trans-Atlantic coordination for Merkel's government, told Bloomberg Television on March 23.

Top White House economic adviser Larry Kudlow said on Thursday that a deal on Chinese tariffs could be realised in part by convincing other major economies to call out the Asian nation for unfair trading practices. "Everybody in the world knows that China has not played by the rules for many years," he said.

Europe is still steadfast in standing behind WTO rules. A response to the U.S. mustn't involve "softening or weakening in the face of a unilateral decision" taken by Trump, French government spokesman Benjamin Griveaux told reporters in Paris on Wednesday.

A compromise is all the harder as Berlin and Paris have difficulty communicating

with the U.S. due to the turnover of staff in the Trump administration. Macron, 40, may be in a better position for diplomatic maneuvering than Merkel, 63. Trump will host the French president and first lady at Mount Vernon, the Virginia estate of the nation's first president, George Washington, as part of a state visit. Merkel's trip to meet the president, while still to be firmed up, is understood to have come at her request.

The EU's two most powerful leaders will aim to "shove the U.S. back into the box" of the global trade system even as Trump seeks concessions as part of a "divide and conquer" strategy with Europe, according to Alden. But in the end, Merkel and Macron "may have no choice but to do this on Trump's terms," he said.  
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