

# EU can play it cool with Trump's trade threats



The photo shows the headquarters of the European Central Bank (ECB) on the Main river embankment in Frankfurt am Main, western Germany. Though the EU has agreed to tax 21 billion euros of US imports in response to the steel and aluminium tariffs, it has delayed these until July 14 to try to get a deal.

PHOTO: AFP

REUTERS, London

Other governments have so far taken three main approaches to dealing with Donald Trump's trade threats. China hit back hard at the US president's tariffs and got him to back down partly. Canada also retaliated and avoided some of the pain Trump inflicted on other countries. Meanwhile, Britain cut a quick deal that favoured the United States. None of these is a model for the European Union.

The 27 member group is not China. Though its bilateral goods trade with the United States last year was worth 70 percent more than between the US and the People's Republic, the EU is not an autocracy that can outpunch Trump. If it antagonises the US president, he might up the stakes by pulling the rug from under Ukraine and undermining the EU's defences. American hard power gives it what geopolitical strategists call "escalation dominance".

The EU is not Canada either. Ottawa was able to hang tough because its people were infuriated that Trump was trying to blackmail Canada into becoming part of the United States. While anti-Trump sentiment is high in the EU, politicians who are sympathetic to him, such as Poland's new president, can still get elected.

On the other hand, the EU is not the United Kingdom. Both are at risk from Russia's invasion of Ukraine. But the EU trades seven times more goods with the United States than Britain does - so Washington has more to lose if economic

relations break down.

There is another way for the EU to handle Trump's threats: play it cool. That is more or less what the bloc is doing. It involves neither escalating the conflict nor accepting a bad deal. It means being open to a good agreement if the US lowers its demands, but willing to play the long game if it does not.

One reason to buy time is to help Kyiv. The longer the EU has to prepare its own support package for Ukraine, which should include getting it a lot of cash, the less the damage if Trump ultimately cuts off all US aid to the country.

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The president's own vulnerabilities may also increase over time. Just look at the spectacular end of his alliance with Tesla boss Elon Musk. The fragile US trade truce with China may break down causing more financial turmoil, making Trump less keen to pick a fight with the EU. If the Supreme Court stops him using emergency powers to impose tariffs, his negotiating position will be weaker. And tariffs could hurt the US more than its supposed victims, by pushing up inflation and crimping growth.

Trump has zig-zagged in his trade threats and actions against the EU. The current state of play is that there are 50 percent tariffs on US imports of steel and aluminium from the bloc, a 25 percent tariff on cars and 10 percent so-called reciprocal tariffs on most other goods.

The US president has threatened to jack up these reciprocal tariffs to 50 percent if there is no deal by July 9. He is also looking at more "sectoral tariffs", including on pharmaceuticals and semiconductors.

While the EU has complained to the World Trade Organization (WTO), it has delayed its own retaliation. Its negotiators accept that they are unlikely to overturn the reciprocal tariffs, the Financial Times has reported.

The bloc still aims to avoid the sectoral ones. Those on cars and any on pharmaceuticals would hurt it the most. It has dangled the possibility of buying more US equipment and natural gas to get a deal.

An agreement on those lines could be good for the EU. It needs to beef up its defences and eliminate its purchases of Russian gas. While it would be best to have its own arms and energy supplies, buying more from the US makes sense as an interim measure. An important nuance, though, is that the EU should reserve the right to take action against the reciprocal tariffs after the WTO issues its verdict, says Ignacio Garcia Bercero, a former senior EU trade official.

Such a pact would involve quite a climbdown by Trump. True, arms and gas purchases would narrow the US goods deficit with the EU, which was \$236 billion

last year. But his administration has a host of other complaints including the bloc's value-added tax and food safety standards as well the digital taxes that some of its members impose on tech giants. It is hard to see the bloc agreeing anything in those areas, says Simon Evenett, professor of geopolitics and strategy at IMD.

Although the US side described last week's trade talks with the EU as "very constructive", discussions could easily break down. The question then is how the bloc would react if Trump imposed higher reciprocal tariffs.

The EU has so far imposed no countermeasures. Though it has agreed to tax 21 billion euros of US imports in response to the steel and aluminium tariffs, it has delayed these until July 14 to try to get a deal. The European Commission, its executive arm, is also consulting on taxing a further 95 billion euros of US imports in response to the car tariffs and the reciprocal ones. But added together, these tit-for-tat measures would be equivalent to only a third of the 379 billion euros of EU imports subject to Trump's tariffs.

Some analysts think the bloc needs to be tougher. One idea is to crack down on American services, where the US had a 109 billion euro surplus with the EU in 2023. Another is to activate its "anti-coercion instrument", which would allow retaliation against US companies operating in the bloc. Yet another is to threaten to ban exports of critical goods, such as the lithographic equipment necessary to make semiconductors.

## Equities rally after China-US framework on trade

AFP, Hong Kong

Stocks rose Wednesday as investors welcomed a China-US agreement to lower trade tensions that stoked hopes the economic superpowers will eventually reach a broader tariff deal.

After two days of high-profile, closely watched talks in London, the two sides said they had set up a framework to move towards a pact, following negotiations in Geneva last month that saw them slash tit-for-tat levies.

The news provided some much-needed relief to markets after US President Donald Trump accused Beijing of violating that deal. The latest round of talks followed a phone call between Trump and his Chinese counterpart Xi Jinping on Thursday.

As well as tariffs, a key issue in the discussions was China's export of earth minerals and magnets used in a range of things including smartphones and electric vehicle batteries, while Beijing was keen to see an easing of restrictions on its access to tech goods.

US Commerce Secretary Howard Lutnick said he was upbeat that concerns over rare earths "will be resolved" eventually, as the agreement is implemented.

Xi and Trump must approve the framework first.

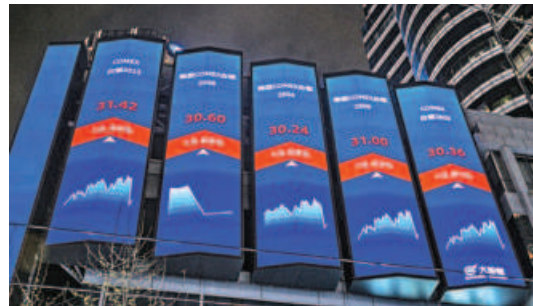


PHOTO: AFP/FILE

"We're moving as quickly as we can," US Trade Representative Jamieson Greer told reporters. "We would very much like to find an agreement that makes sense for both countries," he added.

"We feel positive about engaging with the Chinese."

Speaking separately to reporters, China International Trade Representative Li Chenggang expressed hope that progress made in London would help to boost trust on both sides.

The deal, which was reached late Tuesday, boosted Asian markets with Hong Kong among the best performers, while Shanghai, Tokyo, Sydney, Seoul, Mumbai, Bangkok, Wellington, Taipei and Manila were also up.

London, Paris and Frankfurt enjoyed healthy gains in the morning.

However, analysts said investors would be keen to get a closer look at the details of the agreement. "The US China trade circus wrapped with what can only be described as a diplomatic tautology," said Stephen Innes at SPI Asset Management.

He called it "a late-night announcement that both sides have 'agreed in principle on a framework to implement the Geneva consensus' -- a consensus that was... already agreed upon weeks ago".

## Bank Asia's agent banking deposits surpass Tk 6,000cr



Zakia Rouf Chowdhury, vice-chairman of Bank Asia PLC, inaugurates a programme at Bank Asia Tower in the capital's Karwan Bazar recently, to celebrate the milestone of Tk 6,000 crore in deposits through the bank's agent banking channel. Romo Rouf Chowdhury, chairman of the bank, was also present.

PHOTO: BANK ASIA

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Bank Asia PLC, a pioneer of agent banking in Bangladesh, has recently reached a significant milestone, accumulating deposits exceeding Tk 6,000 crore through its agent banking network.

To commemorate this achievement, the bank organised a celebratory event at the Bank Asia Tower in the capital's Karwan Bazar, according to a press release.

The programme was inaugurated by Zakia Rouf Chowdhury, vice-chairman of the bank, with Chairman Romo Rouf Chowdhury also present at the event.

The event was also attended by members of the board of directors and senior members of the bank's management team.



Md Touhidul Alam Khan, managing director and chief executive officer of NRBC Bank PLC, attends the workshop on financial inclusion and literacy at the bank's head office in Dhaka recently.

PHOTO: NRBC BANK

## NRBC Bank holds workshop on financial inclusion, literacy

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NRBC Bank PLC recently organised a workshop aimed at enhancing awareness of financial literacy and promoting financial inclusion among the country's marginalised populations.

Md Touhidul Alam Khan, managing director and chief executive officer of the bank, attended the event as the chief guest at the bank's head office in Dhaka, according to a press release.

In his address, Khan emphasised the bank's commitment to integrating financially excluded communities into the formal banking system.

"Through our expansive network of branches and sub-branches, we facilitate account openings for as little as Tk 10, Tk 50, or Tk 100," he stated.

"We also extend microloans on flexible, collateral-free terms, with particular emphasis on supporting women-led households," he added.

Khan further noted that the bank is currently rolling out "nano credit" facilities tailored for low-income individuals, alongside expanding digital service

accessibility through platforms such as the Planet App.

NRBC Bank is implementing a series of financial inclusion initiatives in partnership with the NABAPALLAB Project, aimed at improving the socio-economic conditions of marginalised communities.

CARE Bangladesh, a leading global development organisation, is spearheading the initiative in collaboration with a consortium of nine partner organisations.

To support the finalisation of the project's implementation framework, NRBC Bank conducted a comprehensive field-level survey in the Sundarbans region. The survey gathered insights into the banking service usage patterns of underserved groups, their credit requirements, existing lending barriers, and the prevalence of informal credit systems.

Among others, Harunur Rashid, deputy managing director of the bank; Samir Karki, country director for Bangladesh at iDE; Faisal Ahmed, senior technical adviser; Selina Shelly Khan, chief of party of the NABAPALLAB Project; and Kazi Md Shafayet Kabir, head of retail and financial inclusion at the bank; were also present.

## Eastern Bank partners with Akij Takaful to offer Islamic life insurance

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Eastern Bank PLC (EBL) has entered into a strategic bancassurance partnership agreement with Akij Takaful Life Insurance PLC to offer a suite of Shariah-compliant life insurance products to its clientele.

M Khorshed Anowar, deputy managing director and head of retail and SME banking and chief bancassurance officer at EBL, and Mohammad Masuduzzaman Khan, deputy managing director and chief corporate business officer of the life insurance, signed the agreement at the bank's head office in Dhaka yesterday, according to a press release.

Through this collaboration, EBL customers will gain access to



Mohammad Masuduzzaman Khan, deputy managing director and chief corporate business officer of Akij Takaful Life Insurance PLC, and M Khorshed Anowar, deputy managing director, head of retail and SME banking and chief bancassurance officer at Eastern Bank PLC, pose for photographs after signing the agreement at the bank's head office in Dhaka yesterday.

PHOTO: EASTERN BANK

a range of Islamic life insurance solutions, designed in accordance with Shariah principles.

The introduction of Takaful offerings across EBL's extensive branch network is expected to significantly enhance accessibility, enabling a wider segment of the population to secure financial protection in a manner aligned with their faith-based values.

AKM Mizanur Rahman, deputy chief of Islamic banking at the bank; and Md Raquib, head of bancassurance and student banking; and Shazzadul Karim, acting CEO of the life insurance; Abdus Salam Khondoker, head of finance and accounts; and Md Kamruzzaman, assistant vice-president; among others, were present.