

U.S.-EU economic wrangling may trigger security disputes: expert

Written by Tehran Times
Saturday, 02 June 2018 19:22 -



Davoud Abbasi, Editor-in-Chief of the Italian radio at IRIB, tells the Tehran Times that the trade war that the U. S. has launched against the European Union may trigger “security” disputes in the long-run if the sides fail to reach a compromise.

Q: Donald Trump has slapped tariffs on EU steel and aluminum imports. In your opinion, what has been his main motivation? Is it political or economic?

Both, I say! But the major reason for his decision is economic. During the past months, the White House put some pressure on China, the EU, and Canada to sign some new comprehensive contracts with the U. S. on bilateral trade in a bid to guarantee the U. S. benefits. Since the contracts have not been made till the time being, Trump, in a pre-emptive move, levied the said tariffs on steel and aluminum imports to guarantee the financial benefits of his country. In fact, he wants to make Europeans face a done deal to assure its benefits either via levying tariffs or through making the named countries pen new trade agreements. The second point is that regarding cases such as those of Iran, Russia, or relocation of the U. S. embassy to Jerusalem, Trump’s policies has not been supported by its allies, in particular, Europeans. I believe that his decision about the tariffs was an act to teach Europeans, specifically Germany, a lesson. We should not forget that the country which will be harmed mostly as a result of the applied tariff policies is Germany, which is a key country in the EU and the biggest power in the union.

Q: What would be the EU’s strategy towards Trump’s act?

As many senior European officials and experts believe, to avoid a trade war with the U. S. EU countries should reach a new economic deal with that country, because EU’s economic power is much less than that of America. According to media reports, the major European officials vote

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for this idea. While, some countries, especially Germany, insist that EU countries should retaliate via opening a case against the U. S. at the WTO, which will be a time-consuming procedure but not fruitful. The move would be possible for countries including Germany and France but when it comes to other EU countries with weaker economies such as Italy, filing a case would not be plausible. In better words, except Germany and France, other European countries prefer levying tariffs on imports of the American goods as a tit-for-tat response.

Q: How strong do you assess WTO in encountering Trump's decision?

I do not suppose that EU's complaint against the U. will bear fruit, considering the U. S. power at the WTO as it is a major member and the biggest economy in the world.

Q: How probable is it for Europeans to replace U. S. with China in their trade transactions?

Before answering this question, I want to highlight the political aspect of Trump's move. Since World War II, the U. S has not had such a behavior with Europe, therefore, this a meaningful act for Europeans. In fact, Europe's major ally, the U. the one who says is committed to guarantee their security by its military bases or etc. has created some economic difficulties for them. The act seems unbelievable for the Europeans. The tariff case may be resolved in future, however, it will entail some deep political decisions in a way that it would make Europe to look for alternative political and economic partners, such as China or even Russia. Europe feels alone for the first time, tasting the real meaning of loneliness. It can now put itself in the shoe of countries such as Iran, impressed by hegemonic policies of the U. S. which is a new condition and experience.

Q: Will Europeans be more inclined to expand trade and economic ties with Iran, therefore?

For 100 percent, Yes! But the issue highly relies on the dynamicity of Iran's diplomacy and its ability in recognizing European companies.

Q: How will the decision affect transatlantic relations?

The time is not ripe to discuss such effects, however, there are some points to mention. The U. S. had not taken such a measure previously for the country used to have an economic ability that it does not have now. The country's economic status quo is not similar to those days in 1990s or 2000s. It has lost its economic power, in fact. And its decision to levy tariffs or pull out of the Paris Climate Agreement proves looming economic crisis as well as difficulties with coping with high expenditures. America First policies, in practice and based on what Trump has been doing in the recent months, means sacrificing relations for economic benefits. I should say that benefits of America are not necessarily the same as that of the American nation. The proof would be the White House's move in backing away from the gun control measures.

As I said, it is too soon to discuss security issues between the U. S. and Europe, but for sure the economic factors will trigger security ones. The impending trade war can be an introduction to security, geopolitical and even military dimensions. Some Europeans may avoid hosting the U. S. army bases on their own lands, for example.

Q: How would Trump's move impact global economy, and that of the U. in the long-run? Some warn that the U. S. is to levy tariffs on other goods as well.

It will have a negative impact on global economy in general and the U. S. economy as well, according to experts.

According to reports, the U. S. plans to slap harder tariffs on other products including car imports from Europe, in particular on those luxury ones from Germany. Some even claim that Trump will ban such imports from Germany. Such decisions will have definite negative influences on the U. S. economy, since they decline the U. S. cooperation with major world powers such as Europe and China, who play key roles in global economy. It is a domino effect, you know.