

EU-US Trade Talks Approach 15% Tariff Agreement

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The European Union and the United States are inching closer to a deal that could set a 15% baseline tariff on EU imports to the U.S., with some exemptions, as negotiations to resolve a longstanding trade dispute intensify. However, Brussels is gearing up for a potential escalation, preparing retaliatory measures should talks collapse, according to two EU diplomatic sources.

On Wednesday, the European Commission briefed member states on the state of negotiations, outlining the steps needed to activate the EU's anti-coercion measures, a last-resort trade defense tool. These measures could limit U.S. access to EU public procurement, licenses, or intellectual property rights. One source indicated strong support among member states for deploying this tool if no agreement is reached, with a qualified majority appearing likely.

"Tonight's dinner between Macron and Merz will be pivotal in securing that majority," a second source noted, referring to the meeting between French President Emmanuel Macron and German Chancellor Friedrich Merz in Berlin on Wednesday evening.

The EU is also drafting countermeasures targeting US digital and financial services if talks fail by August 1. The Commission's spokesperson, Olof Gill, announced that two lists of U.S. products, valued at €93 billion, will be merged into a single, simplified list for retaliatory tariffs, pending member state approval. The first list is suspended until August 6, while the second awaits adoption. "Our priority remains negotiation, but we're preparing for all scenarios, including additional countermeasures," Gill said in a statement.

The U.S. currently imposes steep tariffs of 50% on EU steel and aluminum, 25% on cars, and 10% on other imports, prompting the EU to push for a lower, uniform 10% tariff. However, strategic sectors like automobiles and pharmaceuticals remain sticking points. Tensions spiked on July 12 when U.S. President Donald Trump threatened 30% tariffs starting August 1 if no deal is reached, a move that hardened the EU's resolve.

EU Trade Commissioner Maroš Šefčovič was set to discuss progress with US Commerce Secretary Howard Lutnick on Wednesday. "Intensive contact at technical and political levels continues," Gill added, signaling the urgency of the talks.

French Industry Minister Marc Ferracci, speaking in Berlin on Monday, urged a tougher stance: "We need to rethink our negotiation strategy and be ready to retaliate with every tool at our disposal to shift the balance."

Commission President Ursula von der Leyen echoed this sentiment in April, warning that the EU could target US services, where the U.S. enjoys a trade surplus, if negotiations falter. With both sides digging in, the coming days will be critical for averting a broader trade war.