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Europe Prepares ‘Nuclear Option’ in Looming Trade War With America

- Tyrel Schlote
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Europe is bracing itself for whatever action the United States might take against the global steel industry. Since April, the U.S. government has been investigating whether foreign steel imports threaten U.S. steelmakers and national security. Under Section 232 of the Trade Expansion Act of 1962, the president is allowed to limit imports of steel and aluminum if he feels imports are a threat to national security. It gives him the power to impose restrictions quickly, rather than having them passed more slowly through Congress.

At the time the investigation started, President Donald Trump stated, “Steel is critical to both our economy and our military. This is not an area where we can afford to [become dependent](#) on foreign countries.” Because so much military equipment uses steel, any dependency on other countries for steel is a serious risk to the safety of America. Many have criticized the move, however, because the military’s steel consumption is a tiny fraction of the steel industry in the U.S. Many view the move as part of Trump’s “America first” policy.

With the U.S. expected to make the announcement of its findings any day now, nations around the world are preparing for the repercussions and preparing responses of their own. While the U.S. investigation is primarily aimed at the effects of Chinese steel imports into the U.S., other nations see that they too would be affected. Canadian, Russian and Ukrainian officials have all urged that they be [exempted](#) from any tariffs or restrictions.

However, it’s the European Union’s response that has captured much of the news headlines. Rather than take a passive position, Europe is putting America on notice that it [“will need to respond”](#) if any tariffs are levied, according to EU Trade Commissioner Cecilia Malmstroem. Europe understands the ramifications of any trade embargoes by the United States, even if they are aimed primarily at China. According to the *Telegraph*, Section 232 tariffs would likely shut out *all* imports, adding pressure on British and European steel industries, which export to the U.S. as well. They report that “with the U.S. market closed, production from China would likely be diverted to the UK and Europe, putting extra strain on already hard-pressed businesses still recovering from the steel crisis which cost thousands of jobs two years ago.”

Because of this, Europe is readying its own “nuclear option” against the U.S. These measures would allow tariffs to be imposed on U.S. goods quickly, similar to Section 232 tariffs. The *Telegraph* explained:

The trade defenses thought to be under consideration by the EC [European Community] are known as “safeguarding measures.” They could be quickly introduced, imposing large tariffs on imports in weeks, rather than the months normally taken and not requiring lengthy EC investigations and proof of damages which may come to [sic] late to save businesses from collapse.

EU Trade Commissioner Cecilia Malmstroem said the bloc was [making preparations](#) to retaliate in the event the U.S. introduces new tariffs, adding that indications are that such measures would mean the EU “would be unjustifiably hit.”

While it remains to be seen what will come of the investigation, and what action the U.S. will take, one thing remains clear: Trade wars are looming. Already Mr. Trump has proven that he is willing to take decisive action, even against close U.S. allies, in his quest to protect American industry from foreign competition. On Monday, the U.S. [imposed more tariffs](#) of Canadian soft lumber. These new tariffs equate to an additional 7.7 percent antidumping duty on Canadian soft lumber and

come after the U.S. imposed tariffs in April of up to 24.1 percent on shipments from Canadian producers. The tariffs were levied because Canadian lumber companies are able to produce lumber cheaper than American companies thanks to government subsidies.

Though the new tariffs were lower than some Canadian authorities expected, it sent the same strong message to the world: *America first, no matter what*. Canada is one of America's top trading partners, yet Trump seems willing to jeopardize that friendship to put American workers and businesses first. Where do measures like this lead? Exactly where more and more analysts are saying: trade wars.

This is a trend that the *Trumpet* has been highlighting more and more since the beginning of the Trump presidency. Increased isolationist and protectionist policies are alienating the world away from America. And as the *Trumpet* has forecast, the European Union, dominated by Germany, is the most active opponent of America. As *Trumpet* writer Brad Macdonald wrote in our April issue of the *Trumpet* magazine:

The international community in general dislikes President Trump and his vision for America. One consequence is that many nations—European states especially, but others worldwide—are *beginning to look to Germany as the new America!* The world is rallying behind Berlin as it stands up to Mr. Trump, and we can expect this trend to continue.

It's still early, but Germany is already [gearing up for a fight](#).

Germany and Europe are indeed gearing up for a fight. They are ready to strike back against any damage done by Trump's "America first" policies. Watch for Europe to continue and intensify that opposition. Trade wars have begun, and they will have deadly consequences. Be sure to go back and read our article "[Trade Wars Have Begun](#)" to learn what's coming. ■

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