

EU trade

EU could tax Big Tech if Trump trade talks fail, says von der Leyen

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European Commission president tells FT she wants 'balanced' deal but could hit US services in retaliation

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Published YESTERDAY

The EU is prepared to deploy its most powerful trade measures and may impose levies on US digital companies if negotiations with Donald Trump fail to end his tariff war against Europe.

European Commission president Ursula von der Leyen told the Financial Times that the EU would seek a “completely balanced” agreement with Washington during Trump’s 90-day pause in applying additional tariffs.

But the Commission president warned she was ready to dramatically expand the transatlantic trade war to services if those talks failed, potentially including a tax on digital advertising revenues that would hit tech groups such as Meta, Google and Facebook.

“We are developing retaliatory measures,” von der Leyen said, explaining these could include the first use of the bloc’s anti-coercion instrument with the power to hit services exports. “There’s a wide range of countermeasures . . . in case the negotiations are not satisfactory.”

She said this could include tariffs on the services trade between the US and the EU, stressing the exact measures would depend on the outcome of talks with Washington. “An example is you could put a levy on the advertising revenues of digital services.”

The measure would be a tariff applied across the single market. This differs from digital sales taxes, which are imposed individually by member states.

Von der Leyen, head of the EU’s executive, said Trump’s trade war had caused “a complete inflection point in global trade”. “It’s a turning point with the United States without any question,” she said, adding: “We will never go back any more to the status quo.”

“There are no winners in this, only losers,” she continued, referring to turmoil in stock and bond markets. “Today we see the cost of chaos . . . the costs of the uncertainty that we are experiencing today will be heavy.”

Citing the need to negotiate with Washington, the Commission on Thursday paused its planned retaliation against US steel and aluminium tariffs, which were imposed last month. The measures would have hit around €21bn of US imports, including poultry, orange juice and yachts.

Von der Leyen, who oversees trade policy on behalf of the EU’s 27 member states, said the Commission had previously attempted to negotiate with the US but was told to wait until Trump’s April 2 announcement, which imposed a 20 per cent “reciprocal” tariff on the EU.



Ursula von der Leyen during an interview with Financial Times editor Roula Khalaf and Brussels bureau chief Henry Foy © Dati Bendo

She has publicly offered a zero-for-zero tariff deal on industrial goods but has had little traction in Washington, where officials complain about alleged EU non-tariff trade barriers such as VAT and product standards.

Von der Leyen said she was open to discussing aligning EU and US standards but said it was likely to produce limited results.

“I think it’s absolutely worth looking at where we can align our norms and standards to make business easier. So I’m open to that,” she said. “But we should not raise expectations too much because . . . often there are different standards because there are differences in the way of life and in the culture.”

She ruled out revisiting the EU’s “untouchable” regulations on digital content and market power, which Trump officials see as an effective tax on US Big Tech firms. Nor will the EU negotiate over VAT, which she said was equivalent to US sales tax: “These are not in the packages of negotiation because these are our sovereign decisions.”

If negotiations fail, the EU would automatically reactivate the retaliatory measures planned in response to US tariffs on steel and aluminium.

In addition, von der Leyen said further countermeasures to Trump's so-called reciprocal tariffs could target the US's huge services surplus with the EU. The US president only counts goods in his trade figures, excluding US services exported to the rest of the world.

"Companies that offer services make a good business in this [EU] market. And the vast majority of the services, 80 per cent of the services are coming from the US. So again, we want a negotiated solution that is the best for us, all of us," she said.

As well as potentially targeting services trade, von der Leyen said Brussels was also considering moves such as a possible levy on scrap metal exports to the US, where EU supplies are in high demand from US steel mills.

Turning to the potential knock-on effect of a global trade war, von der Leyen said the EU "will not tolerate" Chinese goods hit by US tariffs being redirected to Europe, adding that Brussels would "take safeguards" if a new monitoring mechanism detected an increase in Chinese imports.

Von der Leyen said she had made this point to Chinese Prime Minister Li Qiang in a call this week, and that he had replied that "this risk does not exist because they would stimulate the consumption in China".

Regardless of the outcome of negotiations with the US, Trump's policies had radically reshaped global trade relations, von der Leyen said, and spurred talks between the EU and powers including Malaysia, Thailand, Philippines, Indonesia and the United Arab Emirates.

"[There is] the interest of so many countries around the world to work closer with us, together, to balance the system and to have free trade really competing on quality and not around tariffs," von der Leyen said.

Both the US and EU agree that the World Trade Organization rules have failed to ensure a level playing field as China subsidises some of its manufacturing output, flooding global markets.

The trade war has now spurred discussions on "thinking how we can modernise, reform and stabilise the WTO".

"But the emphasis must be on modernising and reform, it cannot be preserving what we have today because there are too many difficulties," she said. "I mean, never waste a good crisis."

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