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## Trump's trade war is 'wake-up call' for Europe, Lagarde says

 **REUTERS**

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FRANKFURT (Reuters) - A full-scale global trade war would hurt the United States in particular and could re-energise Europe's push towards unity, European Central Bank President Christine Lagarde said on Friday.

The U.S. has imposed a raft of tariffs on friends and foes alike and threatened even more measures, prompting retaliation from most and raising concern that global growth could take a major hit.

"If we were to go to a real trade war, where trade would be dampened significantly, that would have severe consequences," Lagarde told BBC's

HARDTalk programme. "It would have severe consequences for growth around the world and for prices around the world, but particularly in the United States."

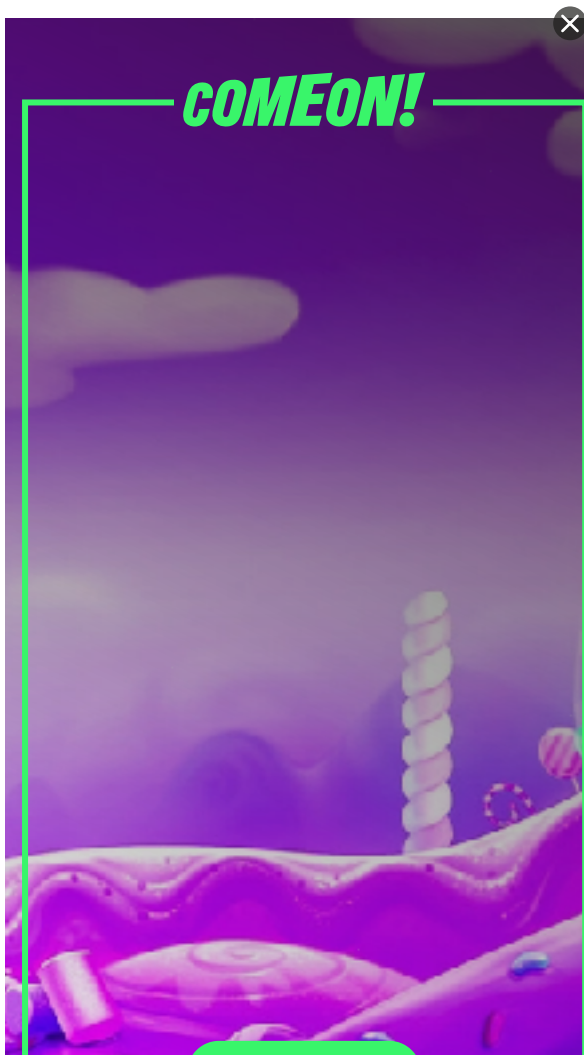
However, these tensions could also have the positive side effect of giving European unity another push, Lagarde argued.

"You know what it's doing at the moment? Stirring European energy. It's a big wake-up call for Europe. Maybe this is a European moment, yet again," she said.

The European Commission and Germany, the bloc's biggest economy, have already announced increased spending on defence and infrastructure, ending years of reluctance to spend, Lagarde argued.

This "collective waking up" also appears to include the UK, which left the European Union, as it's taking part in Europe's security effort, Lagarde argued.

Many of the EU's large scale efforts to deepen unity have been stalled for the better part of the last decade and former ECB chief Mario Draghi delivered a scathing report on the European project last year.





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Leaders, however, have taken few if any steps to implement Draghi's reform proposals, even as the bloc is barely growing now and Germany suffered two straight years to economic contraction.

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