



COMMUNIQUÉ

INITIAL QUESTIONS ABOUT THE TRADE DEAL BETWEEN PRESIDENT TRUMP AND THE PRESIDENT OF THE EUROPEAN COMMISSION CONCLUDED ON JULY 27.

European Law | 28/07/25 | Pierre Sellal

1. Can we talk about an "agreement" between the European Union and the United States?

The announcements made in Scotland on July 27 were more of a unilateral decision by the United States to impose tariffs of up to 15% on imports from the EU, with some exceptions. The EU implicitly acquiesced to this decision by renouncing the countermeasures it had threatened to implement by August 7, which would have involved raising tariffs to 30% on \$93 billion worth of imports from the United States. Additionally, the EU suspended the implementation of the countermeasures on \$21 billion worth of US products that it had announced last April in response to the initial US tariff measures until August.

As far as the EU is concerned, the Commission is competent to negotiate on the EU's behalf with a mandate from the Council but does not have the capacity to legally bind the EU and its member states. The Council must decide on the report of the discussions presented by the Commission today.

Despite legal proceedings challenging some of the Trump administration's previous decisions in this area and Congress's theoretical competence in trade policy, the executive branch has been able to impose its policy unilaterally thus far, including its successive reversals.

2. Will the agreement reduce the uncertainty plaguing businesses and provide them with stability and predictability?

The multiple reversals in U.S. announcements have created uncertainty and a wait-and-see attitude. The most recent threats of tariffs of up to 30% caused great concern. Therefore, it is understandable that some governments and sectors expressed relief after the July 27 announcements. However, there is no guarantee that this "agreement," in the absence of a truly binding bilateral legal commitment, will not be altered or called into question by the United States if it deems that the EU is failing to meet its commitments or expectations, particularly regarding the application of European rules to U.S. companies in the digital economy.

Furthermore, President Trump has stated that any agreement is only relevant and valid if it serves the interests of the US economy. According to his own assessment, if this is not the case, he would probably not hesitate to renege on the commitments made.

3. What changes have been made to the situation as it stood until now?

At the beginning of this year, average customs duties on European imports into the United States stood at 4.7%. The new basic duty of 15%, therefore, represents a tripling of these duties. However, European imports have been subject to an additional 10% duty since last April. Therefore, the 15% rate is equivalent to the status quo but is nearly four times the average rate applied by the EU to U.S. goods entering Europe, which is around 4%.

The 15% duty would replace the 27.5% import tax that has been in place since April for the automotive sector and semiconductors. Therefore, this would be a relative "improvement" for these goods. However, duties on the automotive sector were only 2.5% at the beginning of this year.

Uncertainty remains regarding pharmaceutical products. According to the Commission President, they would be covered by the agreement and be subject to the 15% rate. However, this has not been confirmed by the US.

Discussions on steel and aluminium, which are currently subject to 50% tariffs on imports into the US, are expected to take place at a later date.

4. What is the scope of the additional financial commitments announced by the Commission President?

At her press conference in Turnberry, Ursula von der Leyen announced three commitments on the European side: to purchase \$750 billion worth of US energy products (mainly LNG) over the next three years, to invest \$600 billion in the US, and to purchase an unspecified amount of US military equipment.

The Commission clearly lacks competence and has not been given a mandate to commit member states and European companies to these three areas. Moreover, these promises seem to contradict European policies, respectively reducing dependence on fossil fuels, mobilizing European savings for investment in Europe, and developing the European defense



industry.

However, these commitments are characteristic of the method successfully implemented by the Trump administration with Japan, the United Kingdom, and now the EU: using trade and tariffs as leverage to demand and obtain concessions and commitments in a wide range of areas. These commitments introduce an additional element of fragility into the trade agreement because any failure to deliver could provide grounds for revising the tariff provisions.
