



By: Tomorrow's Affairs Staff

Will the deadline from Washington plunge transatlantic trade into a new phase of crisis?



Washington's **decision** to set a 9 July deadline to reach a comprehensive trade deal with the European Union has created the deepest rift in transatlantic economic relations since the tensions over steel and aluminium **tariffs** in 2018.

The threat that existing tariffs on European cars and pharmaceutical products could increase from the **current** 10 per cent to as much as 50 per cent has caused serious unease not only in European but also in American industrial and investment circles.

This deadline is not a product of diplomatic routine but part of a deliberate pressure **strategy** by President Donald Trump administration.

In an **interview** with La Tribune Dimanche on 28 June, French Economy Minister Éric Lombard openly called for an extension of the negotiations in order to "avoid solutions that are too quick, which could harm European industry and disrupt global supply chains."

His proposal came just ten days before the deadline, which Washington sees as the last chance to finalise an agreement.

Since April, the USA has **introduced** a reciprocal tariff of 10 per cent on car and pharmaceutical imports from the EU in response to European tariffs on US exports.

It was agreed that the rate would remain frozen until 9 July. After that, the tariffs would automatically rise to a level that could be "four to five times as high", i.e., up to 50 per cent, according to US sources.

For many European manufacturers, particularly in the automotive and pharmaceutical industries, this would mean a sudden blow to competitiveness and a rise in prices for finished products, which would directly affect consumers on both sides of the Atlantic.

Extension increases uncertainty?

The European Council **summit** in Brussels on 26 June was the first serious opportunity for the EU to harmonise its positions before the end of the negotiations.

Italian Prime Minister Giorgia Meloni **insisted** that the Union should not send out signals of excessive flexibility so as not to weaken its negotiating position.

On the other hand, French President Emmanuel Macron **pointed out** that speed should not be more important than protecting key industries, while the President of the European Commission, Ursula von der Leyen, **emphasised** the need for "serious and concrete talks" that would ensure long-term stability.

In this complex mosaic, Lombard's **proposal** to include energy in the trade package carried particular weight. For the countries of Central and Eastern Europe, which are still heavily dependent on Russian gas, opening the channel for the import of American LNG would be an important strategic step.

At the same time, Washington could use the energy segment as leverage in the negotiations and, in return for long-term gas supply contracts, offer relief for European tariffs on vehicles and pharmaceuticals.

By including the energy sector, the negotiating framework is transformed from a pure tariff exchange into a strategic issue of diversification and reducing dependence on Russia.

An extension of the deadline would certainly increase uncertainty for markets and investors

European negotiators now face a dilemma: should they formally request an extension to include additional issues such as service standards, tax rules and arbitration mechanisms in the negotiations, or should they risk being confronted with tariffs on 9 July that could fundamentally change the calculations of European and American

companies?

An **extension** of the deadline would certainly increase uncertainty for markets and investors, but at the same time it would provide scope for a more precise inclusion of safeguard clauses for the most vulnerable sectors.

The decision on whether to request a postponement is also a strong political signal. If Washington sticks to its threat and rejects any request for an extension, Europe will be forced to either hastily accept sensitive and potentially damaging long-term provisions or counter with countermeasures, which would deepen the fragmentation of the global trading system more than ever.

If, on the other hand, the US accepts the European request for additional time, this could be seen as proof that the transatlantic partnership still has the power to overcome the current tensions through dialogue.

Avoiding hasty decisions

Industry lobbies on both sides of the Atlantic are already warning that a breakdown in negotiations could lead to a sudden reorganisation of production lines.

Car manufacturers are considering opening facilities in third countries with more favourable tariff regimes to avoid potential obstacles, while pharmaceutical giants are rethinking their global supply chains to avoid sudden price spikes.

Consumers in the US and the EU would feel the consequences directly through rising prices and less choice in the markets.

If the **deadline** is extended, the negotiations could extend to more complex issues: the protection of intellectual property, which would be particularly important for the European pharmaceutical industry, precise clauses on electric vehicles and batteries, and dispute settlement mechanisms in sectors that are particularly sensitive to political

fluctuations.

Such a scenario would transform the agreement from a mere instrument to avoid current tariffs into a framework for the long-term stability of the transatlantic market.

Lombard's call to give the negotiations more time does not appear to be a tactic but rather an attempt to avoid unilateral, hasty decisions

In the background is internal pressure from the USA. The Trump administration is facing a growing budget deficit and increasing warnings from industry associations that a sharp increase in tariffs could **hit** American companies and consumers hard. Congress is increasingly reluctant to pass new fiscal expansion packages, while White House economic advisers are trying to avoid shocks that would drive up domestic car and pharmaceutical prices sharply.

For Europe, the dilemma remains the same: either preserve its negotiating reputation and protect its strategic sectors or make concessions too quickly for fear of a trade war that would cost it dearly in the long run.

In this context, Lombard's call to give the negotiations more time does not appear to be a tactic but rather an attempt to avoid unilateral, hasty decisions that would disrupt global standards for competition and sustainability.

Creating a more stable framework

The analysts' forecasts point to two predominant scenarios.

In the first scenario, the deadline is extended by a few weeks, which provides scope for the inclusion of energy issues and more detailed arbitration agreements in the negotiations.



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This would give the EU the opportunity to protect the most vulnerable industries, and the US would demonstrate its ability to engage in serious dialogue.

In the second scenario, the deadline remains unchanged, tariffs surge and markets enter a period of uncertainty that could easily extend beyond the transatlantic region.

The first weeks after 9 July will show whether this round of negotiations was just a technical battle over tariffs or the beginning of the creation of a more stable framework for the West's economic relations.

The outcome will not remain closed in the context of trade policy. It will be a clear signal of how willing the US and the EU are to work together to preserve the liberal order they have built up over decades.

If the long-term strategic interest prevails, this crisis could be remembered as the moment when the transatlantic partnership showed political maturity and did not fall into the trap of short-term populist demands.

If not, the world will experience a new period of trade uncertainty in which standards, investments, and stability will no longer be what they have been in recent decades.