



By: Tomorrow's Affairs Staff

US-EU trade regulation without formal exemptions despite political agreement



The agreement **reached** on 27 July between US President Donald Trump and European Commission President Ursula von der Leyen in Turnberry, Scotland, was heralded as a turning point in trade relations between the US and the European Union.

Instead of the announced tariffs of 30 to 50 per cent on a range of European products, the parties **agreed** on a uniform tariff rate of 15 per cent.

In addition, certain strategic sectors such as the automotive industry, pharmaceuticals, semiconductors, and parts for the aviation industry were to be completely exempt from the tariff regime.

However, just four days later, on 31 July, President Trump **signed** an executive order imposing tariffs on goods from 69 countries, including all members of the European Union.

This order, which **comes** into force on 7 August, imposes a 15 per cent rate on most European exports but does not include specific clauses on the exemptions announced at Turnberry.

The text of the order did not even mention the automotive, pharmaceutical, semiconductor, and aeronautical components sectors.

This discrepancy between a political **agreement** and a legally binding document caused confusion in European business circles and administrations.

Although the President of the European Commission declared that the agreement reached was "the best possible outcome given the circumstances" and that "there is belief in its full implementation in the spirit of partnership," there is currently no legal basis for it.

Tariff uncertainty triggers caution

On 1 August, the European Commission **issued**

a statement that the US should announce sectoral exemptions by 10 August at the latest.

Otherwise, according to the statement, the EU will **activate** the list of counter-tariffs that was previously drawn up in case the negotiations fail.

This list comprises 114 products from the USA, including industrial goods, agricultural products, and digital services.

On the other hand, there was no clear confirmation from Washington that the exemptions would be formalised through additional executive acts.

The business sector is not relying solely on political declarations but is looking for formal documents as a guarantee

The White House spokeswoman said that "President Trump remains committed to a fair trade relationship with the EU" and that "all details will be worked out in the coming days in collaboration with the Department of Commerce and the Office of the US Trade Representative (USTR)."

This indicated that exemptions could be defined later, but without giving exact deadlines or sectoral confirmations.

This legal uncertainty has direct consequences for European exporters. The German automotive industry, which sells over 45 billion euros worth of vehicles and parts to the US every year, **warns** that any uncertainty over tariffs will have a direct impact on production, logistics, and insurance plans. Similar warnings have come from Italy, France, and Spain, particularly from the pharmaceutical and aviation industries.

EU financial circles are cautious. Banks have already started calculating new insurance costs for exports to the USA, and logistics companies are introducing "tariff unpredictability clauses" in their contracts with customers.

These measures show that the business sector is not relying solely on political declarations but is looking for formal documents as a guarantee.

No legally binding document

In this context, the question of the UK's position also arises. Although the UK is neither included in this bilateral agreement between the USA and the EU nor on the list of 69 countries **affected** by the new tariffs, the British government has not yet issued an official statement.

UK exporters have an opportunity to capitalise on the emerging uncertainty between the US and EU, which could help them increase their presence in the US market, especially in sectors like pharmaceuticals, electronics, and **automotive** components.

But Whitehall sources suggest that the Trump administration is already considering a review of trade relations with the UK, including the possibility of imposing sectoral tariffs on digital services and biomedical products.

The crux of the problem lies in the difference between political declarations and legal form.

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While the Turnberry meeting served as political theatre and a sign of willingness to compromise, it did not result in a legally binding document in which the exceptions are clearly defined.

In the United States, the formal legal basis for trade relations is the executive orders and regulations of the Department of Commerce and the USTR. Without them, political agreements are not binding on Customs, the Internal Revenue Service, and the judiciary.

The European Commission knows this, but it acts as if everything has already been finalised.

This is likely due to political reasons within the Union; admitting that exemptions are not guaranteed would undermine the Commission's credibility in Berlin, Paris, and Rome.

On the other hand, the White House is using this discrepancy as leverage and a tactical advantage by giving itself the leeway to revise each individual category depending on the behaviour of its European partners.

Conflict between symbolism and legal form

If no supplementary document with precise exemptions appears by 10 August, the European Commission will, in its own words, introduce counter-tariffs. Such a step would undoubtedly trigger a new round of trade conflict.

However, the EU itself is in an awkward position. Introducing countermeasures without formal confirmation of the breach of the agreement could be interpreted as a unilateral escalation, which Brussels is trying to avoid after Brexit and the war in Ukraine.



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At its core, this is a conflict between symbolism and legal form. Turnberry was a symbol of political understanding, but the executive order is a legal reality.

Between these two worlds lie billions of euros, tens of thousands of jobs, and the reputation of the European institutions.

For the UK, the current situation is both a challenge and an opportunity. If the government in London offers clear guarantees for the continuity of trade and legal predictability, it can position itself as a stable partner in relations with the USA. If, on the other hand, it remains passive, it could become the next target of US tariff policy.

As these events show, trade is no longer just an economic link but also an area of political competition, legal precision, and strategic flexibility.