

**Germany says US-Europe trade tensions ease**

The trade relationship between the United States and Europe is improving, German Agriculture Minister Julia Kloeckner said on Saturday, but there is no guarantee the bloc will buy the quantity of soybeans that Washington expects.

US President Donald Trump and Jean-Claude Juncker, president of the European Commission, the EU's executive body, struck a surprise deal on

Wednesday that ended the risk of an immediate trade war between the two powers.

After the talks, Trump highlighted benefits for US farmers. "The European Union is going to start, almost immediately, to buy a lot of soybeans," he told reporters.

Kloeckner, speaking to Reuters on the sidelines of a G20 meeting in Buenos Aires, said the amount of soy Europe

will import is yet to be determined.

"Will we be able to do whatever President Trump wishes for? I don't know. Let's see whether this will be the case or not," she said.

The EU was expected to import 15.3 million tonnes of soybeans in the 2018/19 crop year, according to data from the US Department of Agriculture on July 12. (RTRS)

**Macron 'not in favour' of new US-EU trade deal**

French President Emmanuel Macron said Thursday he viewed talks between US President Donald Trump and EU Commission chief Jean-Claude Juncker as "useful", but he was "not in favour" of a "vast new trade deal" between the European Union and the United States.

"European and France never wanted a trade war and the talks yesterday were therefore useful

in as far as they helped scale back any unnecessary tension, and working to bring about an appeasement is useful," the French leader said after a meeting with Spanish Prime Minister Pedro Sanchez in Madrid.

"But a good trade discussion... can only be done on a balanced, reciprocal basis, and in no case under any sort of threat," Macron said.

"In this regard, we have a

number of questions and concerns that we will clarify".

Macron said he was "not in favour of us launching a vast trade agreement, along the lines of the TTIP, because the current context does now allow for that," referring to a transatlantic free-trade deal which stalled two years ago.

And he reaffirmed his opposition to including agriculture in any such deal. (AFP)

**Price hikes on everything from soda to plane tickets**

**Trade war casualty in US: cheap prices for everyday goods**

NEW YORK, July 29, (AFP): The US economy may be roaring ahead, but American consumers face the prospect of paying more for everyday goods, due in part to trade tariffs.

Big companies reporting earnings over the last week or so described price hikes on everything from soda to airplane tickets to household paint and tools.

Some of the price hikes are still in the planning stages and not all companies are sure they will be able to make higher prices stick due to competitive pressures.

"We have implemented price increases for these implemented tariffs," said Donald Allan, chief financial officer at Stanley Black & Decker, whose products include hammers, saws and power tools.

The 175-year old Stanley expects to generate \$190 million more in revenues in 2018 from price hikes, Allan said on a conference call this month.

Soda giant Coca-Cola also recently enacted price hikes in North America, in part because of tariffs on steel and aluminum that raised costs of cans and some production processes.

Coca-Cola chief executive James Quincey acknowledged that retailers were not thrilled with the development.

"Clearly these conversations are difficult, I think it's working its way through," he told analysts this week.

"Ultimately the beverage industry is not the only industry that is facing pressure from changing imports and the need to take pricing," he said. "That's just partly the general environment."

At paint company Sherwin-Williams, executives hinted at price hikes due to inflation in petroleum-linked commodities.

"Our historic practice has always been to talk with our customers first and then the investment community," chief executive John Morikis told Wall Street analysts.

"We are going to protect our margins and we're going to talk to consumers first. And you can connect the dots from there."

Analysts see a number of factors behind higher commodity prices, with US tariffs on steel and aluminum imports a frequently-cited catalyst.

But while trade actions by US President Donald Trump have gotten much of the attention, analysts note that prices of many goods — including steel and oil — were already elevated before the trade war took center stage.

Higher inflation also typically

**Global auto powers plotting response to Trump auto tariff threats**

MEXICO CITY/OTTAWA, July 29, (RTRS): Canada, the European Union, Japan, Mexico and South Korea will meet in Geneva next week to discuss how to respond to threats by US President Donald Trump to impose tariffs on US imports of autos and car parts, officials familiar with the talks said.

The Trump administration has come under heavy criticism from automakers, foreign governments and others as it considers tariffs of up to 25 percent, a levy critics warn will hike vehicle costs, hurting auto sales and global industry jobs.

Several auto manufacturing pow-

ers have been talking to each other in recent days about their fears and a possible coordinated response to Trump's "Section 232" investigation, which he ordered on May 23, into whether auto imports are a threat to US security, sources say.

The probe could be completed within weeks, although similar ones ordered last year that led to tariffs of 25 percent on steel and 10 percent on aluminum took about 10 months.

The Commerce Department has 270 days to offer recommendations to the president after such a probe starts. He then has 90 days to act upon them.

It was not immediately clear what kind of response the countries could be looking at, although Canada, the EU and Mexico retaliated with their own tariffs after Trump imposed levies on steel and aluminum imports in March.

Another option is to fight the United States at the World Trade Organization (WTO).

Deputy ministers will gather in Geneva on July 31 to hear each other's views, a Canadian official and a Mexican official told Reuters, asking to not be named because they were not authorized to talk to the media.

"The meeting is meant to bring together major auto producing nations so we can discuss our concerns over the US Department of Commerce's Section 232 investigation of automobiles and parts," said the Canadian government official.

Mexico's economy ministry confirmed Deputy Economy Minister Juan Carlos Baker will travel to Geneva for "work meetings about several subjects," including meeting World Trade Organization (WTO) chief Roberto Azevedo. The Canadian foreign ministry declined to comment.

companies increased macroeconomic growth, which was estimated on Friday at 4.1 percent in the second quarter by the US government, the fastest level in six years.

Inflation also surfaced as a concern in the first-quarter earnings season, but more companies are now discussing price hikes and some companies said the problem has worsened as Trump has expanded the attack to more countries and regions and as the

steel and aluminum tariffs moved from threat to reality.

JJ Kinahan, chief market strategist at TD Ameritrade, said it was still premature to view inflation as a major worry.

"What makes me hesitant on inflation is not how it starts but that it can rise really quickly," he said.

Economists fear that a sudden surge in prices could spark more aggressive interest rate hikes from the Federal

Reserve, which could itself derail growth.

For companies, the issue of how to respond to elevated commodity prices has compelled difficult choices between accepting lower profits, cutting other spending and lifting retail prices.

General Motors suggested this week that it expects to eat at least some of the hit from \$2 billion in higher costs due to metals tariffs and the strong dollar. GM trimmed its 2018 profit

forecast, a move that sent shares diving.

GM has managed to offset about half the \$2 billion through negotiations with suppliers and hopes consumers will shoulder at least some of the rest, said chief financial officer Chuck Stevens.

"To the extent we can, we're recovering that through pricing," Stevens said. "Obviously the market in the United States is challenging."

**Rising backlash**

**US companies seek waiver on steel tariff**

WASHINGTON, July 29, (AP): US companies seeking to be exempted from President Donald Trump's tariff on imported steel are accusing American steel manufacturers of spreading inaccurate and misleading information, and they fear it may torpedo their requests.

Robert Miller, president and CEO of NLMK USA, said objections raised by US Steel and Nucor to his bid for a waiver are "literal untruths." He said his company, which imports huge slabs of steel from Russia, has already paid \$80 million in duties and will be forced out of business if it isn't excused from the 25 percent tariff.

US Steel and Nucor are two of the country's largest steel producers.

"They ought to be ashamed of themselves," said Miller, who employs more than 1,100 people at mills in Pennsylvania and Indiana.

Miller's resentment, echoed by several other executives, is evidence of the backlash over how the Commerce Department is evaluating their requests to avoid the duty on steel imports. They fear the agency will be swayed by opposition from US Steel, Nucor and other domestic steel suppliers that say they've been unfairly hurt by a glut of imports and back Trump's tariff.

US Steel said its objections are based on detailed information about the dimensions and chemistry of the steel included in the requests. "We read what is publicly posted and respond," said spokeswoman Meghan Cox. Nucor did not reply to requests for comment.

**Chaos**

The 20,000-plus waiver applications that the Commerce Department has received illustrate the chaos and uncertainty ignited by Trump's trade war against America's allies and adversaries. It's a battle that critics of his trade policy, including a number of Republican lawmakers, have warned is misguided and will end up harming US businesses.

Trump and European leaders agreed this past Wednesday not to escalate their dispute over trade, but the tariff on steel and a separate duty on aluminum imports remains in place as the US and Europe aim for a broader trade agreement. The metal taxes would continue to hit US trading partners such as Canada, Mexico and Japan even if the US and the EU forge a deal.

Miller bristled over insistence by Nucor and US Steel that steel slab is readily available in the United States. "That's just not true," he said.

His company isn't the only one looking overseas for a product described as being consistently in short supply. California Steel Industries, a mill east of Los Angeles in Fontana, described the slab shortage as "acute" on the West Coast and declared that its waiver request is critical to its survival.

Aiming to rebuild the US steel industry, Trump relied on a rarely used 1962 law that empowers him to impose tariffs on particular imports if the Commerce Department determines those

goods threaten national security. He added a twist: Companies could be excused from the tariff if they could show, for example, that US manufacturers don't make the metal they need in sufficient quantities.

But there are hurdles to clear on the path to securing an exemption. A single company may have to file dozens of separate requests to account for even slight variations in the metal it's buying. That means a mountain of paperwork to be filled out precisely. If not, the request is at risk of being rejected as incomplete. All this can be time consuming and expensive, especially for smaller businesses.

The requests are open to objections. The Commerce Department posts the exemption requests online to allow third parties to offer comments — even from competitors who have an interest in seeing a rival's request denied. But objections are frequently being submitted just as the comment period closes, undercutting the requester's ability to fire back.

**Trade**

Willie Chiang, executive vice president of Plains All American Pipeline, told the House Ways and Means subcommittee on trade last week that his company had no opportunity to respond to objections that contained "incorrect information" before the Commerce Department denied its exclusion request. Chiang didn't say who submitted the inaccurate information.

"The intent here is to restrict imports on a broad scale," said Richard Chriss, executive director of the American Institute for International Steel, a free trade group opposed to tariffs. "It wouldn't make sense from the administration's perspective to design a process that readily granted exclusions."

The Commerce Department declined to comment for this story. Department officials have so far made public only a small number of their rulings.

An analysis of the numbers by the office of Rep. Jackie Walorski, an Indiana Republican and one of the most vocal opponents of the steel tariff on Capitol Hill, shows that 760 requests have been approved while 552 have been denied. The department hasn't yet approved a waiver request that triggered objections, according to Walorski's review.

The congresswoman's office also examined the more than 5,600 publicly available comments and found they were submitted on average about four days before the end of the 30-day comment period. More than 50 percent of the comments weren't delivered until 48 hours or less before the comment window closed. It took department an average of nine days to post comments online after receiving them, according to the analysis. The most prolific commenters were Nucor and US Steel with 1,064 and 1,009, respectively.

A waiver request Seneca Foods Corporation submitted for tinplated steel it had already agreed to purchase from China was among the denials.

**G20 agriculture ministers slam protectionism, pledge 'reforms'**

Farmers don't need aid, they need trade: Germany

BUENOS AIRES, July 29, (RTRS): Agriculture ministers from the G20 countries criticized protectionism in a joint statement on Saturday, and vowed to reform World Trade Organization (WTO) rules, but did not detail what steps they would take to improve the food trade system.

In the statement, they said they were "concerned about the increasing use of protectionist non-tariff trade measures, inconsistently with WTO rules."

The ministers from countries including the United States and China, in Buenos Aires for the G20 meeting of agriculture ministers, said in the statement they had affirmed their commitment not to adopt "unnecessary obstacles" to trade, and affirmed their rights and obligations under WTO agreements.

The meeting came amid rising trade tensions that have rocked agricultural markets. China and other top US trade partners have placed retaliatory tariffs on American farmers after the Trump administration put duties on Chinese goods as well as steel and aluminum from the European Union, Canada and Mexico.

US growers are expected to take an estimated \$11 billion hit due to China's retaliatory tariffs. Last week, the Trump administration said it would pay up to \$12 billion to help farmers weather the trade war.

US Agriculture Secretary Sonny Perdue told Reuters in an interview on the sidelines of the meeting that Trump's plan would include between \$7 billion and \$8 billion in direct cash relief that US farmers could see as early as late September.

Despite the payments, the measures are "not going to make farmers whole," Perdue said.

Citing the Trump administration's relief measures, German Agriculture Minister Julia Kloeckner said farmers "don't need aid, (they) need trade."

"We had a very frank discussion about the fact that we don't want unilateral protectionist measures," Kloeckner said in a news conference after the meeting.

The ministers, whose countries represent 60 percent of the world's agricultural land and 80 percent of food and agricultural commodities trade, did not specify which measures they were referring to in the statement. Asked for details, Kloeckner said the ministers did not want to "criticize a single country."

"We all know what happens if a single person or country doesn't adhere to WTO rules, trying to get a benefit for themselves through protectionism," she said. "This will usually lead to retaliatory tariffs."

In the statement, the ministers said they agreed to continue reforming the WTO's agricultural trade rules.

"Independent of all the news there was surrounding (the meeting), we managed to reach a unanimous consensus," Argentine Agriculture



President of the European Commission Jean-Claude Juncker waves after speaking on his vision of Europe and transatlantic relations at the Center for Strategic and International Studies (CSIS) in Washington, DC, on July 25. (AFP)

**Mnuchin 'insists' agriculture was part of Trump, Juncker trade talks**

WASHINGTON, July 29, (AFP): The US treasury secretary insisted Sunday that agricultural issues were discussed in President Donald Trump's talks last week with Jean-Claude Juncker, contradicting the EU Commission president's account of the negotiations.

"I was in the room and we had specific conversations about agriculture and the need to break down the barriers on agriculture and have more opportunities for our farmers," Mnuchin said on Fox News Sunday.

Trump had boasted on Thursday before an audience of farmers that "We just opened up Europe for you farmers."

US farmers have been hard hit by China's retaliatory tariffs on US imports, particularly soybeans, so it was important to Trump to shore up support in Republican-leaning farm states.

On Wednesday he moved to ease tensions with the European Union, declaring a truce on that front after meeting with Juncker.

Washington hopes that agreement will open another market for US agricultural exports. But on

Friday, Juncker responded through his spokeswoman that agriculture was "not part of it."

"When you read the joint statement ... you will see no mention of agriculture as such, you will see a mention of farmers and a mention of soybeans, which are part of the discussions and we will follow up that," EU Commission spokeswoman Mina Andreeva said.

Asked about the discrepancy, Mnuchin insisted: "We specifically talked about soybeans, but we specifically agreed we would look at these other markets and it was very clear that our objective as part of this whole agreement is the Europeans have to open up more opportunities for our farmers and our agriculture."

Under the agreement, the US is lifting its threat to impose tariffs on European autos as long as negotiations are underway in return for Juncker's promise that Europe would import more US soybeans and natural gas.

Meanwhile, European Commission chief Jean-Claude Juncker on Friday said it was US President Donald Trump who initiated their unexpected kiss on the

cheek this week, setting the mood for a meeting that led to a surprise deal to ease trade tensions.

In what may have been a world first for the US leader, Trump was pictured receiving Juncker's trademark greeting of a kiss in the neck area when the pair met for high-stakes talks at the White House on Wednesday.

"Surprisingly and in contrast to my usual behaviour, the initiative did not come from me," the famously tactile Juncker told German public broadcaster ARD in an interview.

"And I didn't know that there was another photographer in the Oval Office, but it actually summed up the ambiance of the moment well. And it was Trump who published the picture, not me," he added.

Trump, who is better known for his macho, white-knuckle handshakes with world leaders, later posted the picture of the peck on Twitter, which received almost 50,000 likes.

"Obviously the European Union, as represented by @JunckerEU and the United States, as represented by yours truly, love each other!" he wrote.

further escalating trade tensions between the two powers.

After the meeting, Trump said the European Union would buy "a lot" of US soybeans.

Earlier, Kloeckner told Reuters that

the trade relationship between the United States and the European Union was improving, but that there was no guarantee the bloc would import the quantity of soybeans that Washington expects.