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International

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EU proposes retaliatory tariff of 25% against US goods

- The European Union intends to target US \$3.5 billion of U.S. goods ranging from T-shirts and whiskey to motorcycles and ladders should President Donald Trump go ahead with his plan to impose a 25% tariff on foreign steel.
- The EU aims to apply a tit-for-tat levy on a range of consumer, agricultural and steel goods imported from the U.S., according to a list drawn up by the European Commission and obtained by Bloomberg News.
- The commission, the EU's executive arm, discussed the measures with representatives of the bloc's governments at a meeting on Monday evening in Brussels.
- Trump's vow to curb U.S. imports of foreign steel has sparked opposition within his Republican Party and is based on a national-security argument that the EU dismisses.
- The White House threat risks provoking retaliation across the globe and mounting complaints to the World Trade Organization, which has never ruled on a dispute involving trade restrictions justified on national-security grounds
- Europe has expressed growing concerns about Trump's protectionist stance on international trade. The list of U.S. goods on which the EU intends to apply its own 25% tariff sends a political message to Washington about the potential domestic economic costs of making good on the president's threat.
- The Stoxx Europe 600 index gained 0.7% to 373.56, building on a 1% gain from Monday.

- Also, European stocks reacted positively, dismissing concerns over Italy's political landscape. The election on Sunday showed around half of the voters supported the anti-establishment 5 Star Movement and Northern League, seen as reviving the populist threat in Europe. However, the two parties are unlikely to team up in a coalition, and analysts expect a protracted period of political horse trading for a new government to emerge.

Source: Economic Times, Bloomberg, Marketwatch



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