

Bulkers

EU-America trade war averted as Europe vows to buy more US energy and arms

Trade deal envisages 15% tariff on most European products into the US



US President Donald Trump (right) and European Commission's Ursula von der Leyen meet in Scotland on Sunday to agree on a US-EU trade deal. (Photo: Rapid Response account on X)



Published 27 July 2025, 21:47

The European Union and the US, the world's two biggest trading blocs, reached an overarching commercial agreement on Sunday that removes the threat of a trade war between them.

US President Donald Trump and the head of the European Commission, Ursula von der Leyen, announced after a meeting in Scotland that the deal entails a 15% tariff on European products sold into the US.



[Read more](#)

Trump reduces Japan tariff to 15% from 25%, sending container lines' stock surging

This is below the 30% that Trump had threatened to impose as of 1 August if the two sides failed to reach an agreement.

“We have a deal ... it's a big deal, it's a huge deal, it will bring stability, it will bring predictability,” von der Leyen said in a televised joint appearance with Trump following the meeting.

According to Trump, the 15% tariff will be across the board, covering “automobiles and everything else”.

In later press statements, von der Leyen clarified that the new tariff applies to “most sectors, including cars, semiconductors, pharmaceuticals”.

“This 15% is a clear ceiling, so no stacking, all inclusive,” she said.

Asked to comment whether 15% was a low enough tariff to ensure ongoing European car sales to the US, von der Leyen said: “It is the best we could get.”

Replacing Russian energy with US imports

In exchange, the EU pledged to open its markets to US products and buy \$750bn worth of US energy products, at an annual pace of \$250bn over the next three years of Trump's remaining term.

Article continues below the advert

“We will replace Russian gas and oil with significant purchases of US LNG, oil and nuclear fuels,” von der Leyen said. “We still have too much Russian LNG that is coming through the backdoor again to the EU,” she added.

Furthermore, the 27-country bloc will acquire an unidentified amount of US-made military wares and invest more in the US than it already does.

The volume of future arms purchases was not quantified, but Trump said the amounts involved will be “vast”.

As for European investment in the US, Trump said it would rise by \$600bn beyond previous projections, without specifying the relevant time frame.

Trump highlighted the fact that Europe is opening its markets to the US like never before.

“They [the EU] are agreeing to open their countries to trade at zero tariffs,” said Trump.

“You aren’t exactly taking our autos, you aren’t exactly taking our agriculture... and now it’s open for our companies to go and do a good job — I think you’ll like it,” Trump told von der Leyen in their joint statements.



[Read more](#)

US threat to target Russian oil buyers leaves India unfazed

In her later statements to the press, the EU official said the agreement envisions a “zero-for-zero” tariff on various products, including all aircraft and components, select chemicals, certain generics, semiconductor equipment, some agricultural products, natural resources and critical raw materials.

Article continues below the advert

“We will keep working to add more products to this list,” von der Leyen said.

Steel and aluminium, which von der Leyen said are areas where both the US and EU confront global capacity issues, are subject to a different arrangement.

According to von der Leyen, the EU and US will reduce steel and aluminium barriers, cut tariffs and put a quota system in place.

The agreed regime on steel and aluminium is “basically going back to the historical quota [system] and creating a ring-fencing to deal with the overcapacity globally that we see”.

[\(Copyright\)](#)

Published 27 July 2025, 21:47 Updated 28 July 2025, 16:33

[US](#)

[European Union](#)

[Trade disputes](#)

[Tariffs](#)

[Car carriers](#)

 [Copy link](#)

 [Be notified](#)

Read more
