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Transatlantic trade tensions escalate amid chaotic US tariffs announcements

In response to recent announcements of *"unjustified and damaging"* US tariffs on EU products, the Council of the EU voted on Wednesday 9 April to endorse a European Commission's proposal to impose retaliatory tariffs targeting approximately 20 billion € worth of US goods. The countermeasures — initially scheduled to begin on 15 April — include tariffs ranging from 10% to 25% on products like corn, beef, poultry, tobacco, soybeans and wood products, with additional products to be hit in May and December. This package aims at replying to the March US tariffs on steel and aluminium but does not respond to President Donald Trump's imposition of 20% reciprocal tariffs on all EU exports, and his latest 25% tariffs on cars. The European Commission said it was considering another countermeasures package in the coming weeks. However, on the same day and after days of market turmoil, President Donald Trump announced a 90-day pause on country-specific reciprocal tariffs for over 75 countries including EU Member States — though the 10% baseline tariffs announced on 2 April remain in effect, as well as the tariffs on steel and aluminium. Donald Trump framed this delay as a strategic "reward" for countries that refrained from retaliating, while reaffirming hardline measures against China and sectors like steel and pharmaceuticals. In a first statement published on Thursday 10 April, European Commission President Ursula von der Leyen welcomed this announcement as *"an important step towards stabilising the global economy"*. In a second statement published a few hours later, she further announced that to *"give negotiations a chance"* and while finalising the adoption of the 9 April package of countermeasures, the EU retaliatory tariffs will also be put on hold for 90 days. *"If negotiations are not satisfactory, our countermeasures will kick in. Preparatory work on further countermeasures continues"*, she warned.

European Commission unveils its AI Continent Action Plan

The European Commission unveiled on Wednesday 9 April an AI Continent Action Plan, aiming at positioning the EU as a global leader in AI by transforming its traditional industries and talent pools into hubs of innovation. It is based on five Pillars: - enhancing AI infrastructure; - increasing access to high-quality data; - developing algorithms and sector-specific adoption; - boosting AI skills and talents; and - simplifying regulation. The Action Plan lists several upcoming initiatives such as the setting up of a network of AI Factories and AI Gigafactories, with a 20 billion € investment via InvestAI, as well as a Cloud and AI Development Act to triple the EU's data centre capacity in the next 5 to 7 years. It also foresees the creation of DATA Labs, a comprehensive Data Union Strategy to be launched in 2025 and an upcoming AI Skills Academy. These measures will be complemented by an AI Act Service Desk to help businesses comply with the existing AI Act. On the same day, the Commission opened two public consultations running until 4 June 2025: a public consultation on the Cloud and AI Development Act and a public consultation on its Apply AI initiative.

Executive Vice-President Stéphane Séjourné quizzed by MEPs on the future Single Market Strategy

Executive Vice-President of the European Commission for Prosperity and Industrial Strategy, Stéphane Séjourné, was heard by the IMCO Committee of the European Parliament on Tuesday 8 April. In his introductory speech, Stéphane Séjourné outlined the first initiatives unveiled by the European Commission in its first 100 days, such as the Competitiveness Compass, the first Omnibus package and the Clean Industrial Deal. He also gave some details about future initiatives, such as the Single Market Strategy to be presented in the next weeks. *"Invest, accelerate and simplify"* will be his 3 watchwords when preparing this Strategy, he stated. It will include an Action Plan with a detailed timetable for the initiatives that the Commission plans for the Single Market and will focus on the removal of barriers to the free movement of goods and services, he said. End of May, the Commission will also present another Omnibus proposal introducing in the EU acquis a definition of small mid-caps to tip them over into exemptions for SMEs and facilitate administrative procedures for companies. Several questions addressed the content of the future Single Market Strategy. Although Mr Séjourné could not yet communicate on concrete measures, he said that when identifying the most pressing and hurting Single Market barriers the Commission will have a thorough look at the economic impact that the reforms it will propose will have on the Single Market and will target the ones that will have the most impact in terms of economic growth and development for the companies. MEPs also quizzed him about the state of play of the Late Payment file in the Council, the e-Declaration, the reform of public procurement, the automative industry and the Digital Omnibus.

Outcomes of informal ECOFIN meeting in Warsaw

EU Finance Ministers met on Friday 11 April and Saturday 12 April for an informal ECOFIN meeting in Warsaw. On Friday, Ministers had a working lunch dedicated to macroeconomic consequences of trade tariffs for the EU. Ministers recognised the need to continue the EU's joint and coordinated response, both through trade defence measures and diplomatic efforts. It was also emphasised that the EU strategy must include long-term measures to strengthen economic resilience, including through the diversification of supply chains and intensified cooperation with third countries. Attention was drawn to the need to simultaneously safeguard the competitiveness of European industry and maintain the openness of the EU economy. The afternoon session was dedicated to the competitiveness of European financial markets and the support of the investment environment. It has been pointed out that increasing the integration of capital markets and facilitating access to funding, especially in strategic sectors such as defence, energy transition and digitalisation, is a prerequisite for economic growth, increased productivity and ensuring Europe's ability to withstand future crises. The Saturday session focused on issues of security and defence. The European Commission presented the ReArm Europe Plan. Ministers discussed current and future solutions for financing defence activities in the EU, emphasising the principle of solidarity and the urgency of taking action. The discussion began with an analysis published by the Bruegel Institute at the request of the Polish Presidency on how to enhance the effectiveness and adequacy of Europe's defence spending to improve our security. Ministers agreed to continue the discussion on the EU response to global challenges, improving the competitiveness of the European economy and strengthening defence efforts in the EU at the next ECOFIN Council meetings in May and June this year.

MEPs seek clarity on the Commission's decision to withdraw its proposal for a revised IRD

The Chair of the ECON Committee of the European Parliament, MEP Aurore Lalucq (S&D, Renew Europe), reportedly sent on Tuesday 8 April a letter to EU Tax Commissioner Wopke Hoekstra requesting clarification after the Commission's 2025 work programme announced in February the withdrawal of the 2011 proposal for a revised Interest and Royalties Directive (IRD), citing overlap with the Pillar Two Directive. *"The remaining issues the proposal intended to tackle will be addressed via an upcoming omnibus act as a part of the simplification process"*, it said. In their letter, ECON MEPs explain that this rationale appears to contradict the Commission's earlier communication on business taxation in 2021, which supported using Pillar Two to facilitate agreement on the recast IRD, not replace it. MEPs are particularly concerned about how the scope of the IRD revision has allegedly been absorbed by Pillar Two and seek to understand which unresolved issues will now be addressed through a broader omnibus act.