

SPEAKERS DEBATE

Virginie Robert, Foreign Desk Editor at Les Échos, Vice President of the European-American Press Club in Paris

It is interesting to see that a lot of power is really going to be gathered in the White House, from what we understand, so it is going to be difficult in the administration, because they are going to be empty for a while, to find the right guys to talk to. A lot of complex issues are at hand, especially in the economic field. We are going to start with that. We have tariffs. We have deregulation, which matters a lot to Europeans. We have fiscal policy. I would like to know what you think what it means for us and how we can deal. Maybe, as Hiroyuki said, we should collaborate. As Europeans we are used to collaborating, but right now there is little incentive. Maybe you could tell us about it. Everybody wants to go their own way with Trump because he is afraid. Germany is especially a good case study in how to deal with Trump.

For instance, deregulation is going to change the innovation landscape in America. They are going to open the gates. Everybody is going to be able to do whatever he wants to try to innovate, and that can attract our companies who are going to find a freer field over there. That is a problem we Europeans have to think about, and probably people in Asia, too. There is also a lot of deterrence with tariffs, because he wants to bring investments in America from us, also. It really poses a question of competitiveness for our firms in Europe and everywhere else in the world. I am not only talking about Europeans. What is the good attitude here? Germany is a good case in point because tariffs are really a real problem for you guys, if it comes up, because he has not mentioned tariffs towards us for now. It is only Canada, Mexico and China, but it will come up. How do you feel about this? Do you think we have to try to work together? Do you think the temptation of doing it alone is too strong because the stakes are so high?

Peter Beyer, Member of the Deutscher Bundestag, former Coordinator of Transatlantic Cooperation of the Federal Government

Yes, so since I am the German representative of the panel, I will try to share some thoughts that I have in this regard. We have got to trade in tariffs. To just jump back in history some years, it was under the Obama administration that we failed to negotiate, successfully negotiate, the Transatlantic Trade and Investment Partnership, TTIP. What a pity, what a lost option. It was a historic mistake to make that we could not agree with our closest partner in the world on these issues. However, that is time gone by.

What is in place is the Trade and Technology Council, which is working somehow across the Atlantic, but it is not an FDA. However, a free trade agreement across the Atlantic is only if you are naive or if you are a dreamer. I think the times for the foreseeable future of an FDA across the Atlantic is over. Under the Joe Biden administration, they relations were always friendly, but

they were not big friends of free trade, and the next Donald Trump administration certainly is not either. I understand and I acknowledge that there will be a lot of differences from Trump one to Trump two – certainly, I mean, it goes without saying – but with some things the experience will be helpful to understand and to somehow cooperate, if you so will, with the incoming Trump administration.

Donald Trump said that his favorite word, if he looks it up in a dictionary, is tariffs, tariffs. Take this guy at his very own words. It is not new to us. He proved this during his first administration, and by the way, the incumbent Joe Biden administration did not do better. They were even more protectionist than the Donald Trump one administration was. They left everything in place and put on top of this the Inflation Reduction Act. By the way, I never talked to anyone, to any German businesspeople, who did not love the IRA, who had investments already in the United States or expanded this, because they got a lot of subsidies from it. Therefore, it is good for them. They love it. Donald Trump, if he follows his own agenda, will add up on that. He will, I guess, leave something like the IRA in place with a different context.

However, I very certainly expect him to impose 10% or even 20% tariffs on goods imported from us, here in Europe. Germany is one of the largest export nations. We do not have much more than our goods and services that we export. Therefore, this will potentially hit us hard. What to do about this? I pick up something that has been mentioned here with regard to the Republican Party, and having access – what Jay was saying – to Donald Trump himself or to his inner circle, whoever that is, not only cabinet-ranking members, and over the years we have, I think, not invested enough time and energy to actually establish this communication line. I am from a conservative party, from the CDU. Therefore, our partner party is the Republican Party on the other side of the Atlantic. It has changed over time. We are organized internationally in the IDU, in the International Democracy Union. It is difficult to communicate that we need to invest more in these communication lines.

Then one last thing that I really wanted to mention is that in Europe we need to finally, eventually understand that we need to prepare, not only because Donald Trump will serve a second term in the Oval Office, but because even beyond Donald Trump, what I am talking about is NATO, defense security, and it is with regard to trade and tariffs. Therefore, it is good to build up something like a core Europe of the form of the Weimar Triangle. You have Germany, France and Poland. Add to that the UK and Italy, so the influential economies of the so-called old continent in Europe, and form a strong group and put in place a toolkit, a toolbox, so that you have something as a response in negotiations. If you sit down at a negotiation table with Donald Trump himself or with his team, with his administration, then the Europeans can say, 'Well, we are strong. We are big economies. We are your partner, but do not fool us. We are also sending out a signal of strength'. I hope, and I see signs happening over the last several weeks and months in Europe, that this is being established. Our own party chairman, Friedrich Merz, who is likely to be the next German chancellor, is heavily investing a lot of time in this to building up this core Europe, so that regarding Donald Trump, who only understands the language of strength, that he shows some respect and we can do business with him amongst partners, but on an equal footing.

Virginie Robert

It is interesting to see that the EU is supposed to have a voice by itself with Ursula von der Leyen and to be able to deal with the Trump Administration, too, but you think it is better if a small group of countries goes about it.

Peter Beyer

We have 27 member countries. It is an idea from the early 1990s, this core Europe, that some who want to go ahead and align the policies go ahead, and over time those who want to follow will do so. We prepare the path and make political decisions. Otherwise, it is so difficult with smaller countries, with only, I do not know, a population of 2 million or so, and then you have Germany with 82 million, and completely differently structured economies in Europe. We are one club, we share all the values together, but I think it is worthwhile thinking about, and acting actually, to build this core group and step ahead, because otherwise, I think, we will lose time and we will lose the competitive advantage.

Virginie Robert

That is on the state level. Jay, I would be curious. You deal a lot with corporations, and you help them navigate geopolitics in the world. What do you tell your customers today, or the corporations you talk to, especially the foreign ones, the ones from outside the United States?

Jay Truesdale, CEO of TD International

Maybe I can reframe that question and share what I am hearing. I am hearing excitement, on the one hand, and real concern on the other. On the excitement side, there is a real sense of possibility with the policies that President Trump will put in place regarding 'juicing the economy.' What do I mean by juicing the economy? Well, we have already seen a six-percent uptick in the market since the election, and Trump says he wants to maintain the bull run we have had in the US market since October 2022. That will be done through deregulation, as was mentioned, but specifically financial sector deregulation. That will be done through an extension of the tax reforms put in place in 2017, which are due to be either extended or sunset at the end of next year. That will be done through support of critical industries, including those around AI. That will be done through support of crypto. He has many supporters in the crypto industry and has said, 'This is going to be an area of focus for us in the economy'.

What he wants to do is create some running room, at least roughly twelve months of running room, whereby he can make some of these tariff adjustments and still have the economy pushing ahead. Of course, the corporate leaders I am talking to are most concerned about the tariffs because of the inflationary pressure, the pressure on the cost of their inputs and on the end consumer. They are also very concerned about the immigration policy decisions that President Trump has said he wants to make, including deporting those who are illegally present in the United States. If you look at major areas of growth in the past in the United States economy—construction, agriculture, and healthcare—and politically important sectors—elder care, childcare, travel, and tourism—these are all heavily exposed to labor constraints. Therefore, there is also going to be pressure from corporate leaders to make some compromises on the topic of immigration and potentially look at immigration in a much broader sense. Now, that's a third rail in US politics when there is a divided government, but with government consolidated in the hands of one political party I think there is actually an

opportunity to think about immigration much more broadly than just deporting those who are illegally present. Finally, I will say this DOGE effort is not a stunt.

Virginie Robert

DOGE is to cut regulation, right?

Jay Truesdale

The so-called Department of Government Efficiency, which is being led by Vivek and Elon. It is not a stunt. There is actually a real sense that the Republican Party has a responsibility, even a requirement, to make government more efficient. This has been a mantra for the Republican Party for a long time. Of course, government spending increased tremendously under the first Trump administration, so Republicans are not immune from fiscal problems of their own making. However, the idea of creating more government efficiency and accountability is very politically popular, not only within the party, but more broadly for the United States polity as a whole. How will that be done? One can expect it is going to be done in a politically expedient way, but there is a fiscal element to this as well. Elon Musk has come out and said he is going to eliminate USD 2 trillion of government spending.

Now, that is impossible. We all know that. In this room, I think we can agree that is impossible because there is not that amount of discretionary government spending that can be cut. However, there are areas within the budget that can be addressed and can be pared down, which will again have a positive effect on growth and inflation, and will alleviate some of the tension that is going to build up with the Fed. It is a really good signal that Jerome Powell was asked to stay on because that will allow for policy continuity and the continued independence of the Fed. However, we are potentially on a collision course if after roughly twelve months if we see the economy continue to grow, tariffs being enacted at a certain rate, and inflation be persistent and maintain itself as a political issue going into the midterm elections.

Virginie Robert

Did you want to add something?

Hiroyuki Akita, Commentator of *Nikkei*, Japan

Just a short one. I have attended many conferences like this and the typical discussion about Trump has been to share the concerns or grievances and then discuss about how to mitigate or minimize the risks. I think that is an important discussion, but the more effective discussion, again, is to think about how to take advantage of his DNA. His DNA is unpredictability and disruption. In a disruptive world, sometimes disruptive leadership can shake the adversaries or can shake the system. I am not supporting him, but Trump is elected, so we should try to take advantage of that, for example, on the issue of North Korea or China, and start discussing it. We run out of time.

Virginie Robert

I agree with you. There is a feeling that things are going to be shaken. A lot of people are just watching to see where the fruits are going to fall and what are the opportunities to seize. You

said there was excitement, and I agree with that, because some people are saying, 'Okay, the rules are going to change, and we might get something'. Yes, Fareed?

Fareed Yasseen, Secretary General of the Iraq Pugwash Association, former Ambassador of the Republic of Iraq to the United States

There is one issue that actually concerns me quite a bit. I think the most consequential decision that Trump will take will be to withdraw from anything that has to do with climate, and this is an issue that is of concern to this country.

Virginie Robert

That is a multilateral issue, and it is not his strong point.

Fareed Yasseen

However, the United States does have an effect, and doing things without them or without access to their technology is going to be difficult, especially the federal government. The saving grace is that the United States is a huge country with a huge private sector, and what I would tell people is that if you look at what happened in 2016, Trump did withdraw from the Paris Agreement, but in spite of that, overall, US emissions went down. Therefore, if countries like ours can take advantage of what is available in the United States in terms of the private sector, in terms of states that are actually really interested in this issue, without having to resort to the federal government, I think we would have managed to salvage something out of this.