

Merkel Calls Out Trump, Citing Services Surplus With Europe

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German chancellor says trade calculations are 'old-fashioned'



Merkel Hits Back at Trump Over Trade

Chancellor Angela Merkel said the U.S. runs a trade surplus with Europe when services are included, marshaling a rebuff to President Donald Trump's sustained criticism of German manufacturing exports.

In a speech in Berlin, Merkel said the topic was discussed at last week's tumultuous Group of Seven summit, where a U.S.-Canadian trade dispute caused Trump to renege on his support for the leaders' concluding statement.

“Trade surpluses are still calculated in a pretty old-fashioned way, based only on goods,” Merkel told a business conference of her Christian Democratic Union party on Tuesday evening. “But if you include services in the trade balance, the U.S. has big surplus with Europe.”

Merkel and fellow leaders are still struggling to adapt to an unpredictable U.S. president who seems to delight in challenging allies on issues from security to exports while lauding traditional rivals and enemies in Russia and North Korea. German Foreign Minister Heiko Maas is due to hold a speech in Berlin on Wednesday on how Europe should react to Trump’s challenges.



Merkel speaks at the Christian Democratic Union business conference. *Photographer: Krisztian Bocsi/Bloomberg*

Merkel didn’t expand on her trade claim, which doesn’t match U.S. data <https://www.census.gov/foreign-trade/Press-Release/current_press_release/exh20.pdf> . According to the Census Bureau, the European Union had a \$101 billion trade surplus in goods and services with the U.S. last year and a \$30.3 billion surplus in the first quarter of 2018.

Merkel indicated she lobbied Trump to refrain from slapping tariffs on U.S. vehicle imports from Europe, a measure that threatens to hit German carmakers the hardest. She said she proposed a study of the car industry’s “strategic importance” on both sides of the Atlantic, followed by talks with the goal of avoiding unilateral measures.

Trump said on Twitter in March that if the EU drops its “horrific barriers & tariffs on U.S. products going in, we will likewise drop ours,” but that he would otherwise “tax cars.”