

Tariffs, Trade, and Transatlantic Turmoil

Internationale Wirtschaftsbeziehungen im Zeichen des US-Politikwechsels

Dr. Kai Westerwelle | Düsseldorfer Kreis für Transformation und Restrukturierung | July 1, 2025

Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

De-Regulation



Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

De-Regulation

'This is no longer the America we used to know.'

(Friedrich Merz, February 2025)

Political Landscape

US House of Representatives

435



- 220 Republicans (20)
- 213 Democrats (13)
- 2 vacant (Democrats)



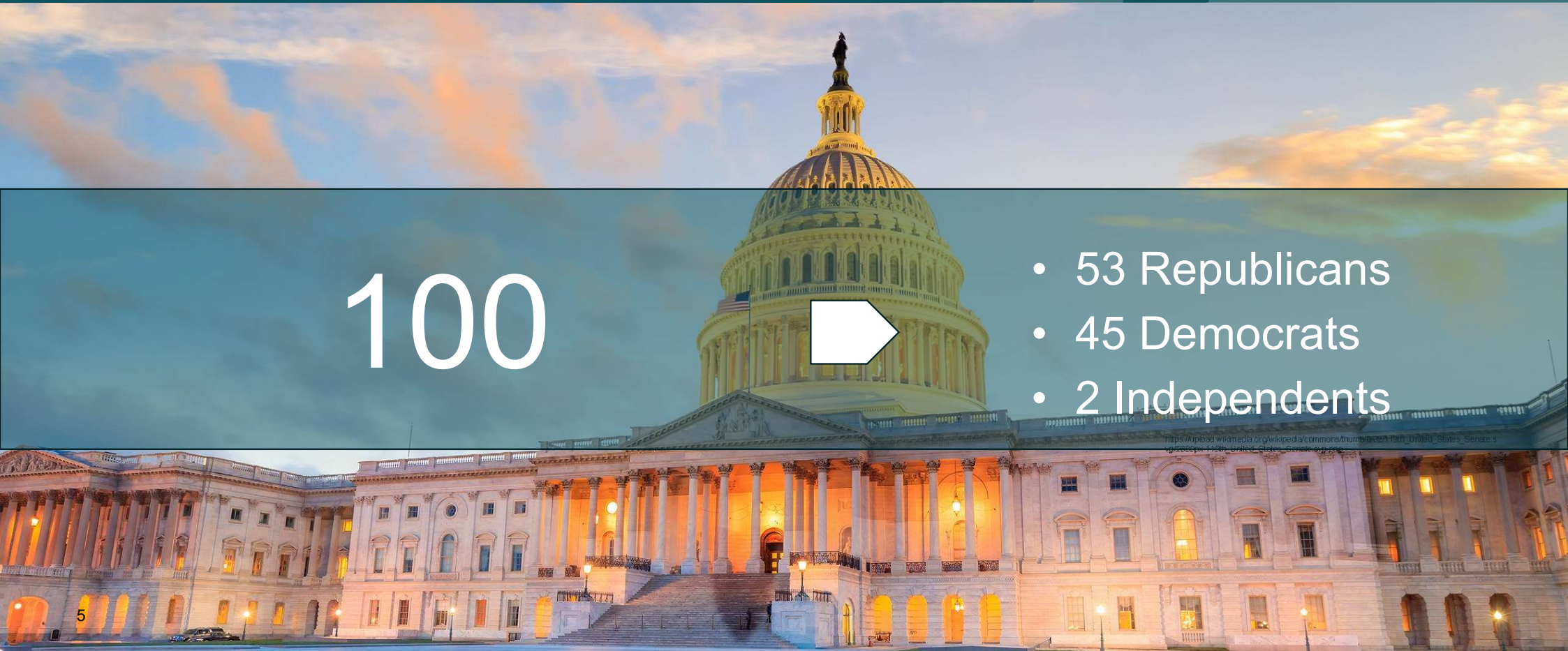
Political Landscape

US Senate

100



- 53 Republicans
- 45 Democrats
- 2 Independents



Political Landscape

Supreme Court

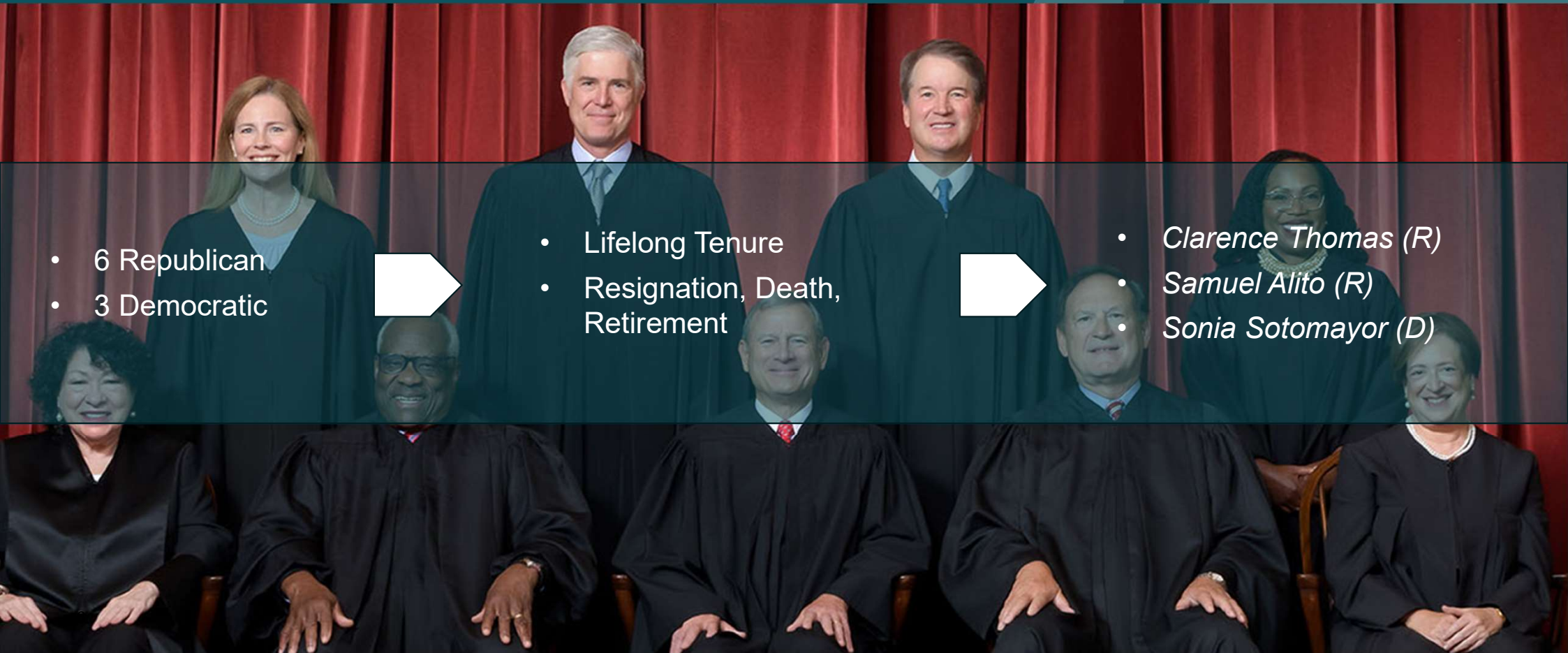
- 6 Republican
- 3 Democratic



- Lifelong Tenure
- Resignation, Death, Retirement

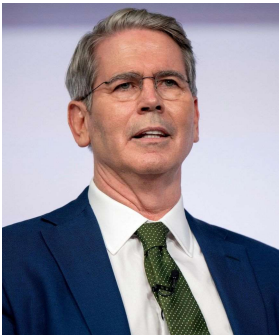


- *Clarence Thomas (R)*
- *Samuel Alito (R)*
- *Sonia Sotomayor (D)*



Political Landscape

Key Personnel



Finance
Scott Bessent

Former:
Chief Investment Officer,
Soros Fund Management



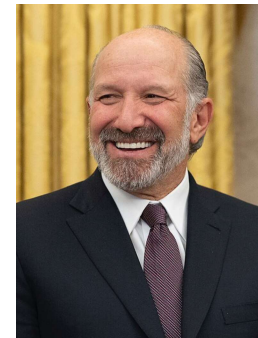
Defense
Pete Hegseth

Former:
US-Army and Fox News



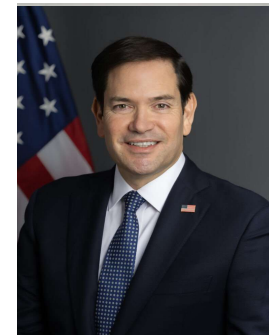
Health
Robert F. Kennedy Jr.

Former:
Attorney



Commerce
Howard Lutnick

Former:
Cantor Fitzgerald, eSpeed



DOGE
Marco Rubio

Former:
Tesla, SpaceX, etc.

Political Landscape

Key Milestones

100



165



652

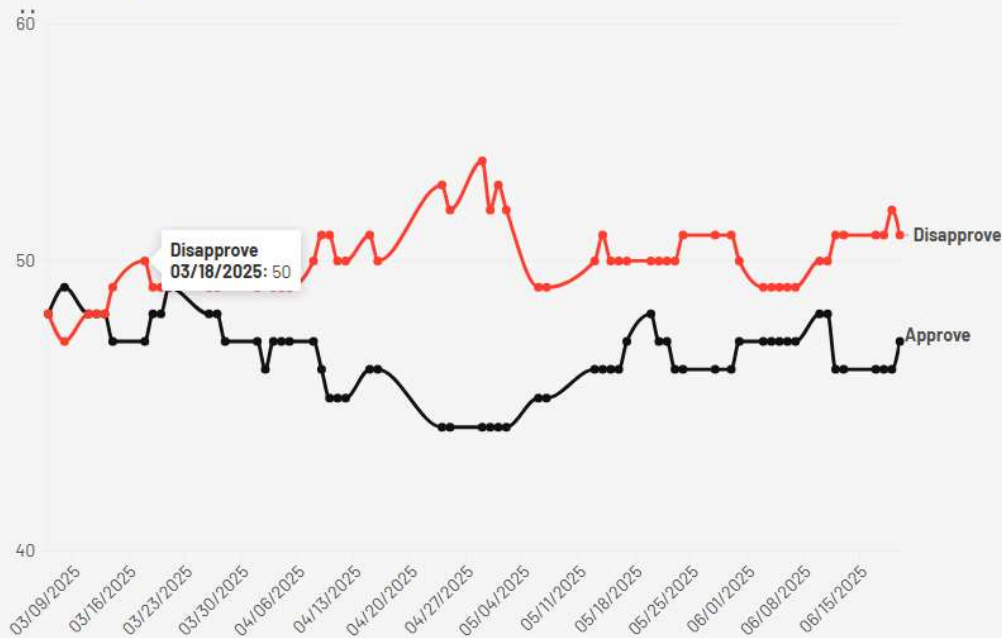


Political Landscape

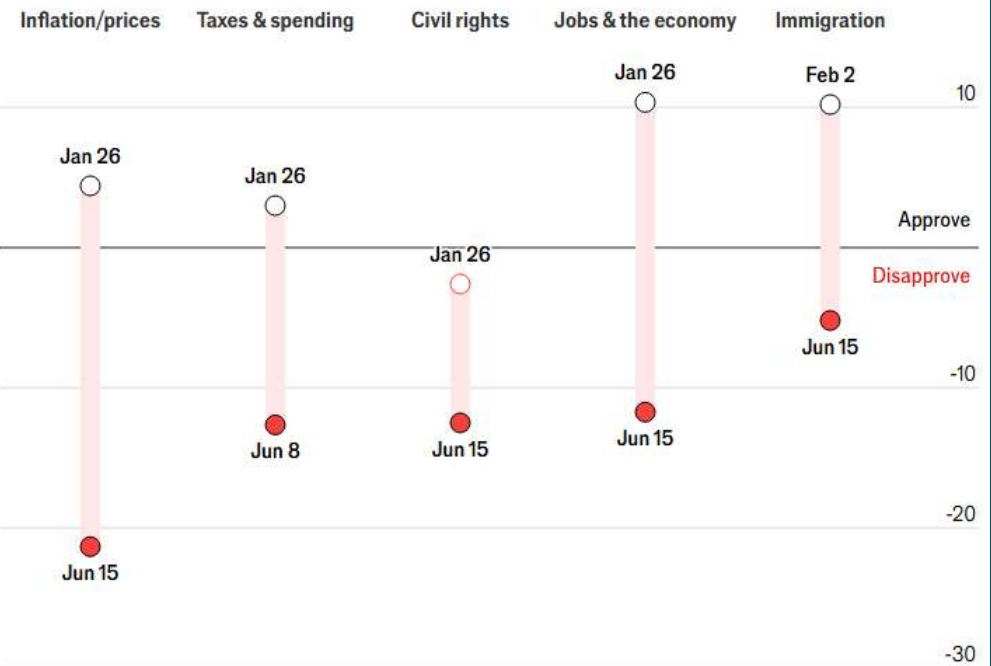
Approval Rates

Donald Trump's Job Approval Rating

Newsweek's polling average for 06/20/25

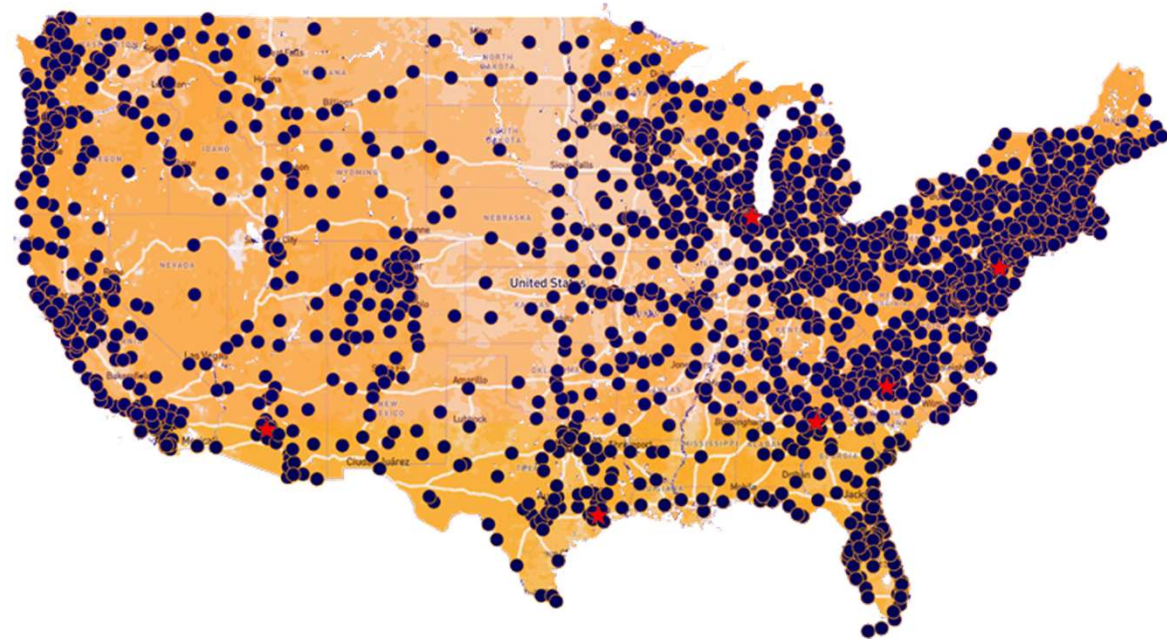


Net approval by issue



Political Landscape

Domestic Turmoil



Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

De-Regulation

"The U.S. economy has defied all kinds of forecasts for it to weaken ..."

(Jerome Powell, June 18, 2025)

Economic Landscape

Macroeconomic Forecast

GDP growth rate (%)¹

	2024 F	2025 F	Consensus 2025 (BBG*)
U.S.	2.7	2.0	1.9
EUZ	0.7	0.9	1.2
GER	-0.1	0.6	0.8
Japan	-0.1	1.2	1.2
China	4.9	4.2	4.5
World	3.1	3.1	

Unemployment rate (%)

	2024 F	2025 F	Consensus 2025 (BBG*)
U.S.	4.1	4.2	4.3
EUZ	6.4	6.3	6.5
GER	6.0	6.1	6.1
Japan	2.5	2.4	2.5
China ³	5.1	5.0	5.1

CPI inflation (%)²

	2024 F	2025 F	Consensus 2025 (BBG*)
U.S.	2.9	2.4	2.3
EUZ	2.3	2.0	2.0
GER	2.5	2.3	2.1
Japan	2.5	2.0	2.0
China	0.5	1.3	1.3

Fiscal balance (% of GDP)

	2024 F	2025 F	Consensus 2025 (BBG*)
U.S.	-6.6	-7.3	-6.5
EUZ	-2.8	-3.0	-2.7
GER	-2.1	-1.8	-1.5
Japan	-6.0	-4.0	-3.5
China ⁴	-13.2	-13.1	-5.0

*Bloomberg consensus

Source: Deutsche Bank AG. (1) For the U.S., GDP growth Q4/Q4 % is 1.5% in 2024 and 2.1% in 2025, (2) Measure is average CPI, other measures for the U.S. see in the respective part of the presentation, (3) Urban unemployment rate (end of period), not comparable to consensus data, (4) China fiscal deficit refers to augmented fiscal balance (widest definition) and refers to IMF. It's not comparable with the consensus. Data as of November 15, 2024.

Economic Landscape

US Deficit (+ "Big, Beautiful Bill")

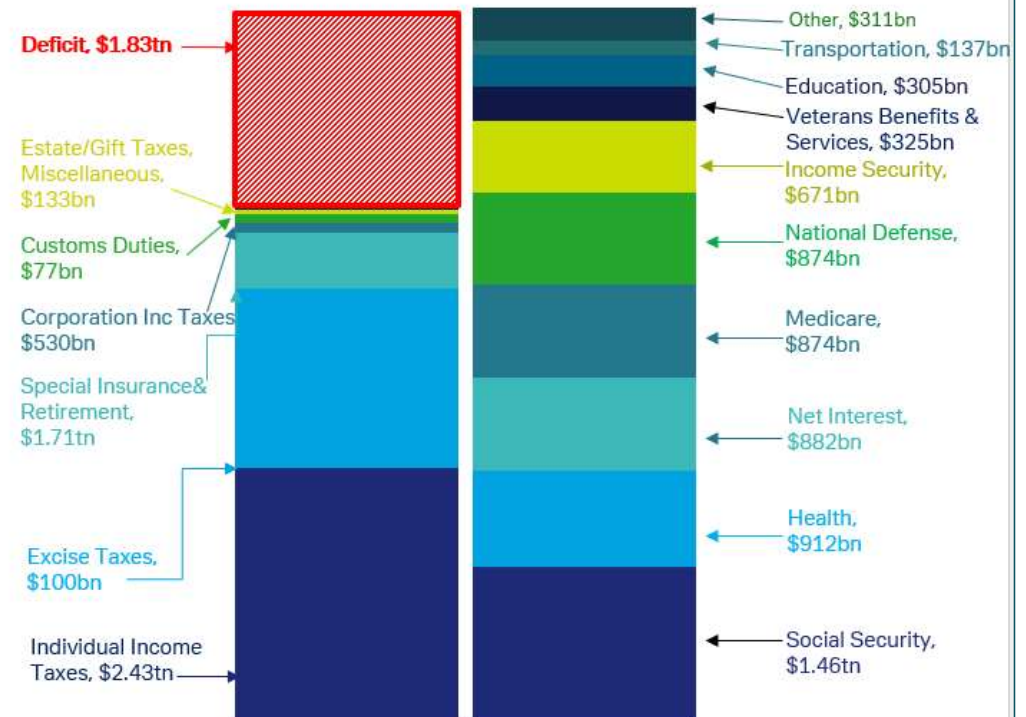
Time required to reach Total U.S. Debt Levels

Time required to reach total U.S. debt levels	
\$10 Trillion	232 Years
\$20 Trillion	9 Years
\$30 Trillion	4.5 Years
\$31 Trillion	8 Months
\$32 Trillion	8 Months
\$33 Trillion	3 Months
\$34 Trillion	3 Months
\$35 Trillion	7 Months
Latest level	\$36.15 Trillion

Averaging 6 months/each additional tn of debt from \$31 - \$35

Source: FRED, U.S. Department of the Treasury, Strategas, Deutsche Bank AG. Data as of January 22, 2025.

U.S. Government Income & Expenditures (\$1.8tr shortfall)

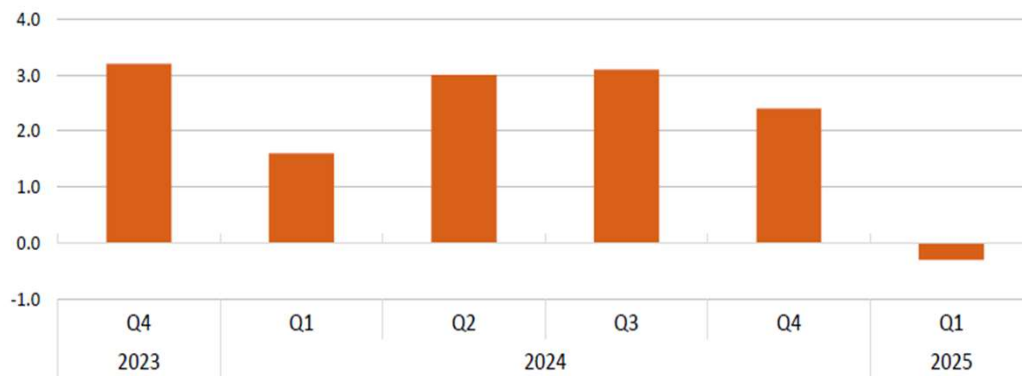


*Source: Deepak Puri, Chief Investment Officer Deutsche Bank, Wealth Management Americas

Economic Landscape

US Economy GDP

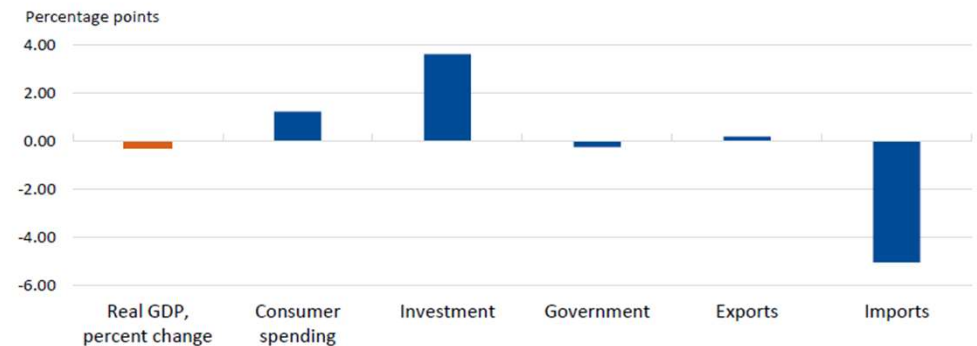
Real GDP, Percent Change from Preceding Quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Contributions to Percent Change in Real GDP, 1st Quarter 2025
Real GDP decreased 0.3 percent



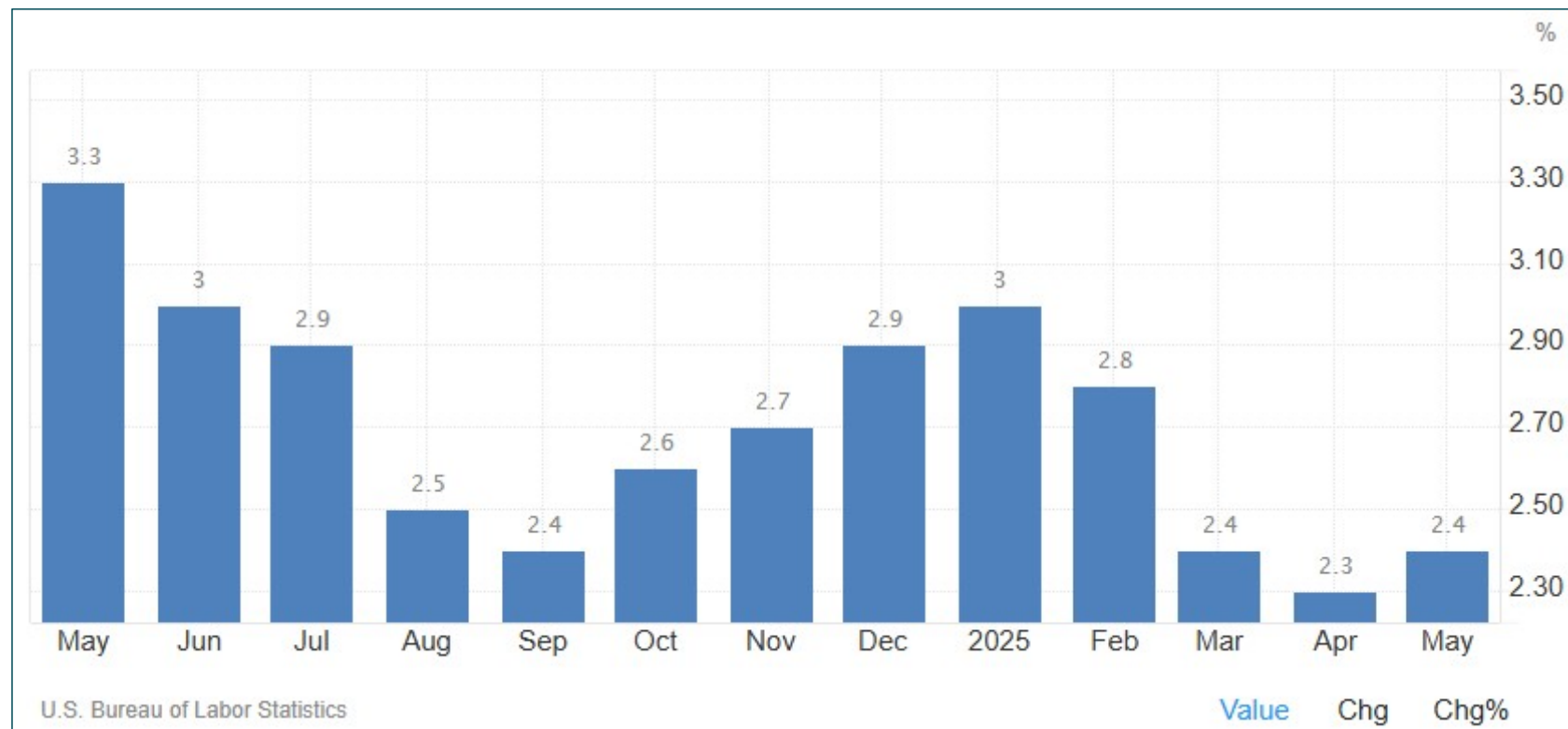
Note: Imports are a subtraction in the calculation of GDP; thus, an increase in imports results in a negative contribution to GDP.

U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Economic Landscape

US Inflation



Economic Landscape

US Trade Deficit



The US added jobs in May and the unemployment rate remained at 4.2%.

Total non-farm employment in the US increased in May, adding 139,000 jobs.



Notes: Employment numbers reflect monthly change in non-farm jobs and is seasonally adjusted. Figures from two most recent months are preliminary. Data current through May as of June 20, 2025 at 9:21 a.m. ET.

Source: US Bureau of Labor Statistics
Graphic: Byron Manley and Matt Stiles, CNN

*Source: <https://www.cnn.com/2025/03/04/business/economy-state-outlook-dg>

Economic Landscape

US Trade Deficit



Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

De-Regulation

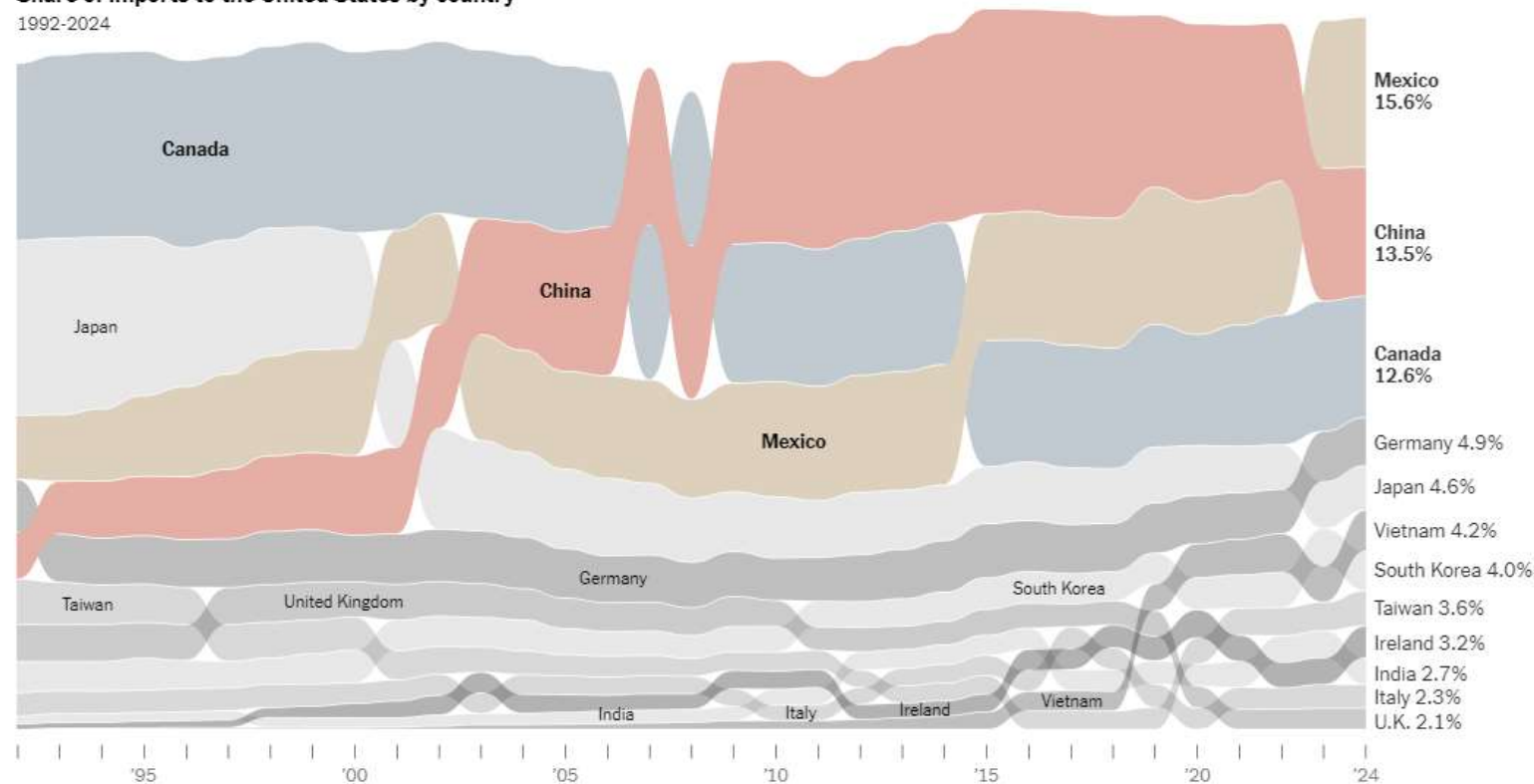
"Tariffs are the most misunderstood thing maybe in any form of business."

(Donald J. Trump, May 2025)

Tariffs

Targets

Share of imports to the United States by country
1992-2024



➡ **25%** (non-USMCA)

➡ **30%** (145%)

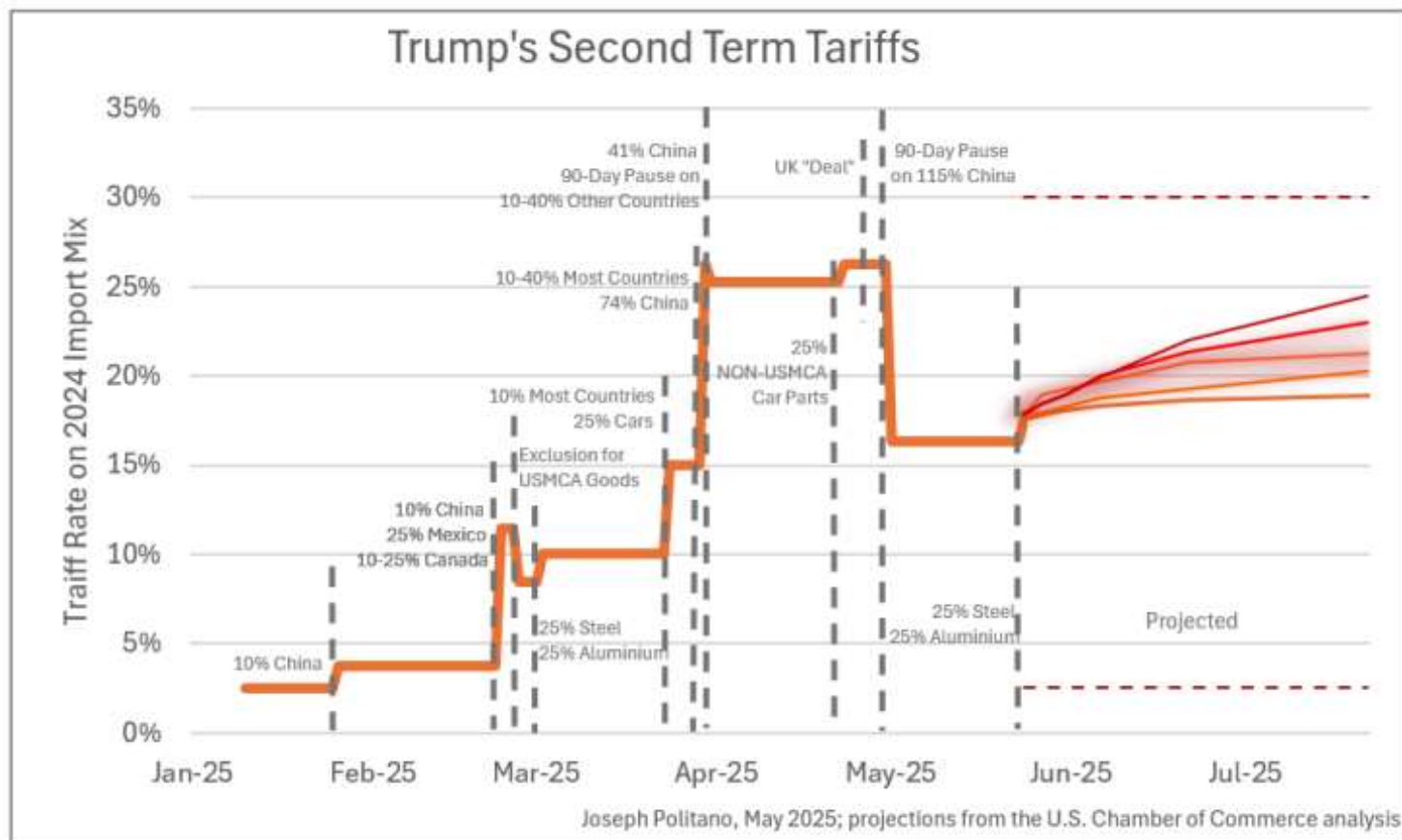
➡ **25%** (non-USMCA)

➡ **50%** (10%)

Source: Census Bureau - Notes: Countries with at least a 2 percent share in 2024, through November, are shown, accounting for about three-quarters of imports. - The New York Times

Tariffs

Overview



Tariffs

Goals

Reciprocity*

- Taxes (VAT - EU) / Subsidies (China) | Import Restrictions
- "Obstruction" of the U.S. Economy (EU)

National Security*

- U.S. dependence on other nations (China)

Economic Sovereignty*

- Reprioritizing U.S. Manufacturing

Trade Imbalances*

- Addressing foreign "rates"
- Diminish the U.S. Trade Gaps

Revenue

- Big, Beautiful Bill

Tariffs

3D-Chess*



Threat of massive Tariffs



Put the Tariffs in place and adjust

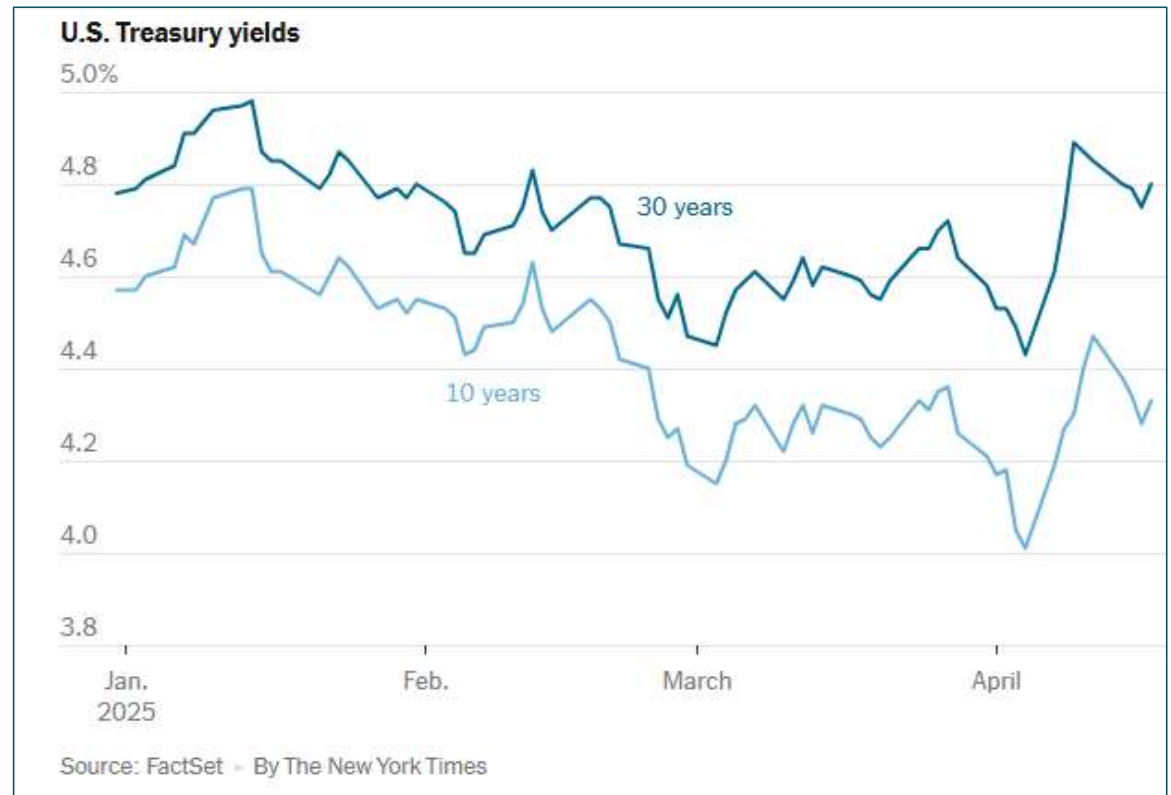


Pause the Tariffs to allow negotiations

Tariffs

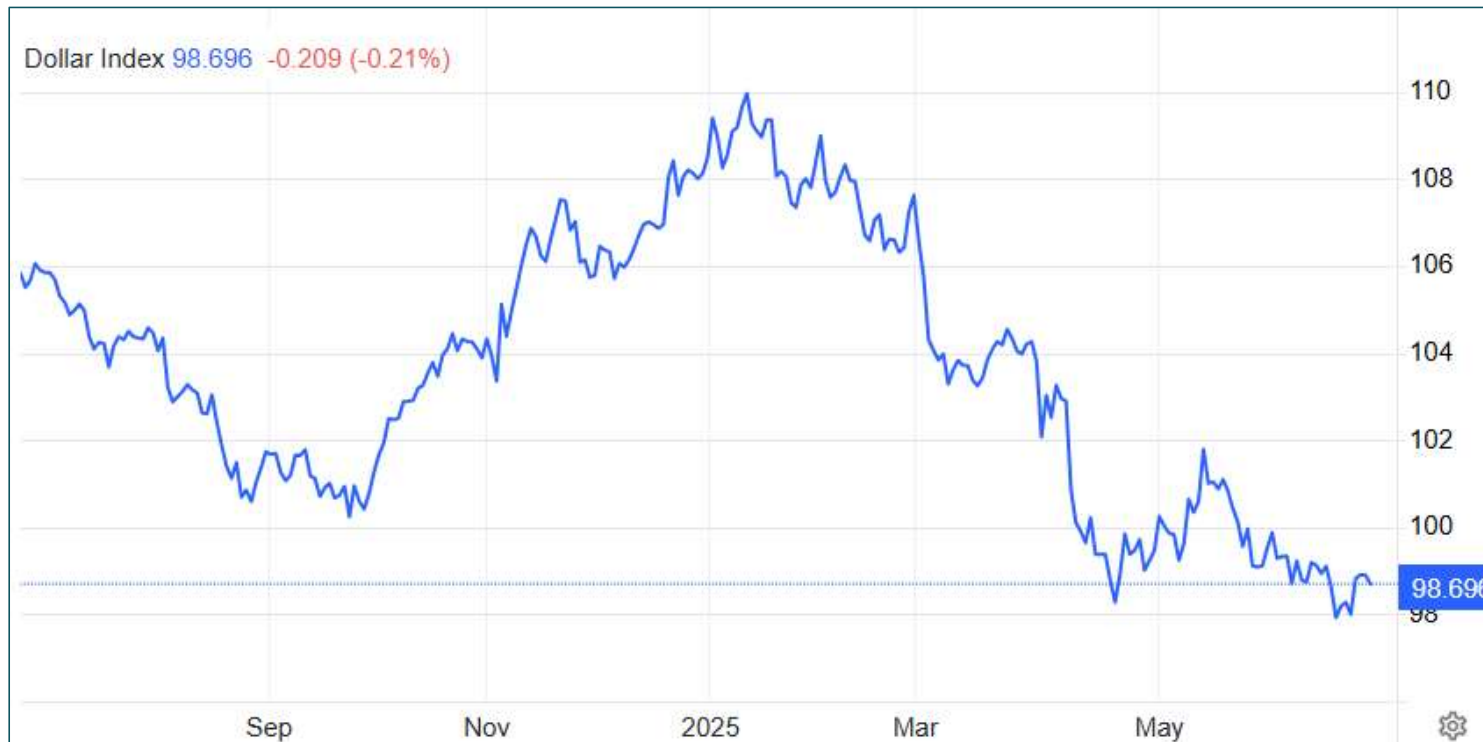
Impact of Announcements

S&P 500 reaction to tariff updates



Tariffs

Impact on US Dollar



*Trading Economics 20.06.2025

“Overall uncertainty has rarely been higher, but the U.S. bond market and the dollar will be the ultimate scorecard that will decide the end game for this tariff policy. If both continue to weaken, the pressure will mount on the U.S. administration to reverse a large degree of their recent actions. However, if things stabilize, their desire for huge change will keep them on an aggressive path.”

*David Folkerts-Landau
Group chief economist at Deutsche Bank*

Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

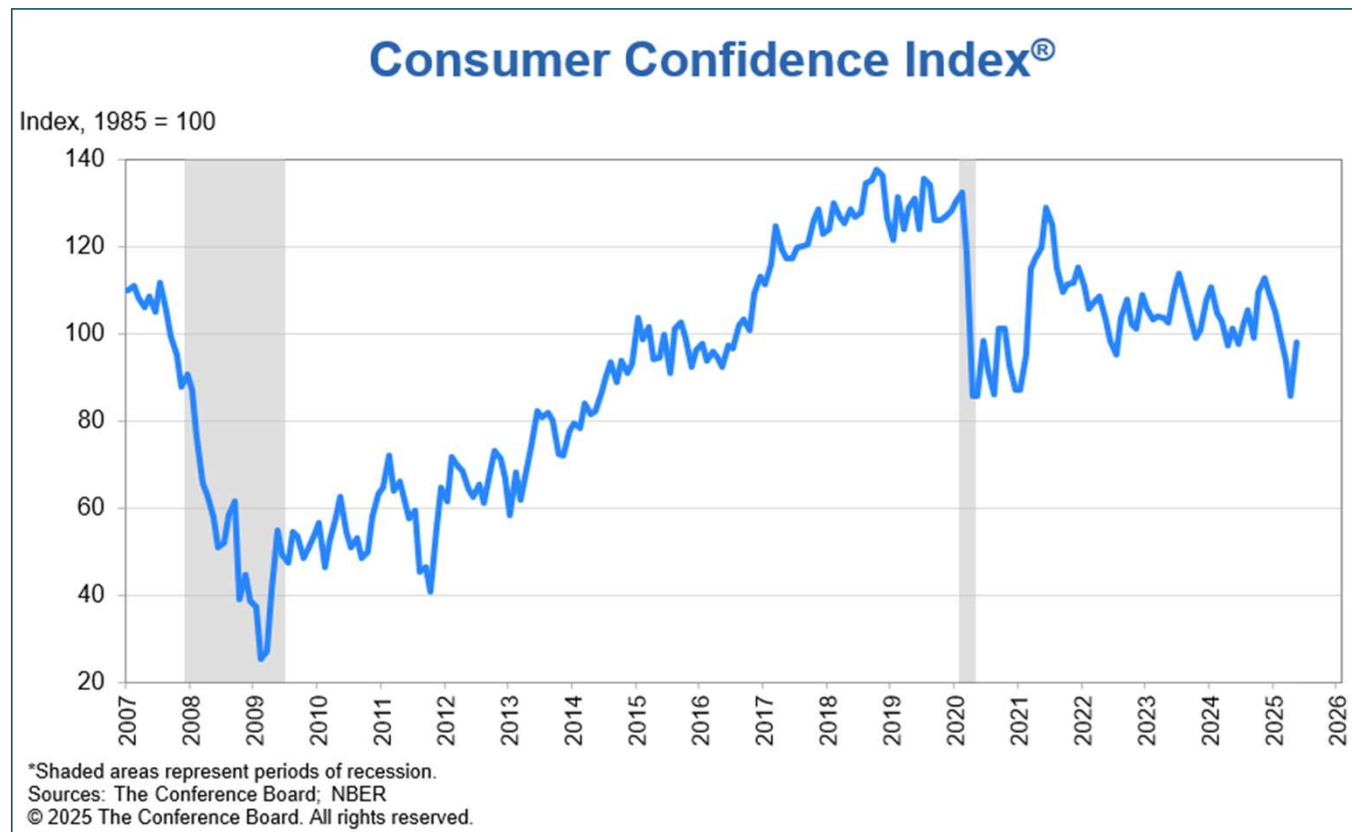
De-Regulation

'While inflation remains consumers' top concern, tariffs have quickly risen to second place.'

(McKinsey, Consumer Survey, May 30, 2025)

Consumer Market

Consumer Confidence



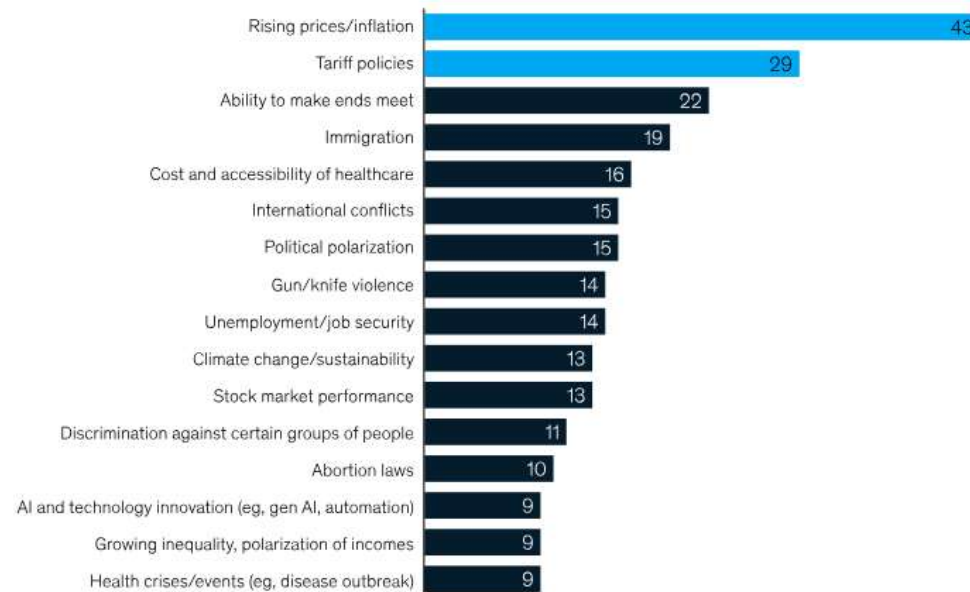
Date: 05-27-2025

Consumer Market

Consumer Concerns

Inflation and tariff policies were the top two concerns for US consumers.

Sources of concern for US consumers,¹ % of respondents



¹Question: What are the greatest source(s) of concern for you right now?
Source: McKinsey ConsumerWise Global Sentiment Survey, Apr–May 2025, n = 3,854

McKinsey & Company

<https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-state-of-the-us-consumer>

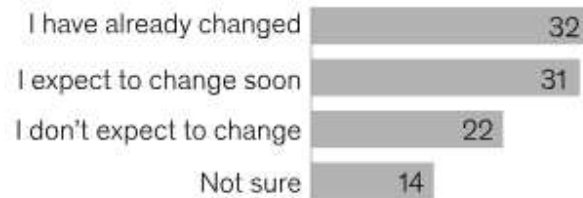
Consumer Market

Consumer Reaction

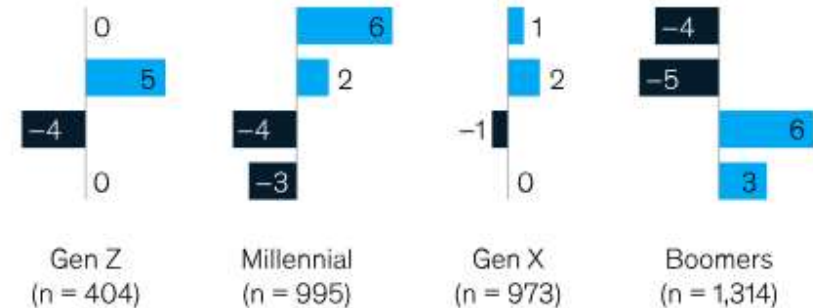
More than 60 percent of consumers have either changed or expected to change their spending habits because of recent tariff announcements.

Changes in US consumer spending habits due to recent tariff news

Spending-habit changes,¹ % of respondents (n = 3,686)



Change, by generation,¹ percentage point shift from group totals



¹Question: Have you changed or do you plan to change your spending habits as a result of recent tariff announcements?
Source: McKinsey ConsumerWise Global Sentiment Survey, Apr–May 2025, n = 3,686

Consumer Market

Consumer Reaction

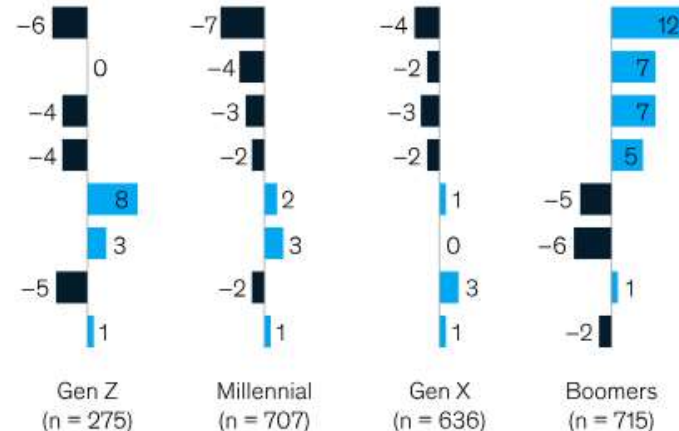
Among consumers who expected to change their behavior, more than half planned to cut back on nonessential spending.

Tactics adopted by US consumers who expect to change spending habits due to recent tariff news

Spending-habit changes,¹ % of respondents (n = 2,333)



Change, by generation,¹ percentage point shift from all ages



¹Question: What is the top way you have changed or plan to change your spending habits given the recent tariff announcements?
Source: McKinsey ConsumerWise Global Sentiment Survey, Apr–May 2025, n = 3,854

Consumer Market

Impact on Prices

CNN Business Markets Tech Media Calculators Videos Watch Listen

Markets →

DOW	42,206.82	0.08% ▲
S&P 500	5,967.84	0.22% ▼
NASDAQ	19,447.41	0.51% ▼

Fear & Greed Index →

Neutral sentiment is driving the US market

55

Latest Market News →

- Kari Lake follows through on Trump's...
- Trump says America has 'too many'...
- Cybercriminals breach Aflac as part...

So, has anything actually gotten more expensive because of Trump's tariffs?

By David Goldman, CNN
8 minute read · Updated 9:36 AM EDT, Fri June 20, 2025

324 comments

RELATED

- Impact on prices
 - About none
 - Even cars: minus 0.2% in May
- Large Retail announced slight increase
 - Walmart
 - Target
 - Home Depot
 - Costco
- Small Business
 - Cannot absorb tariffs
- *"It is a question of when, not if."*

Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

De-Regulation

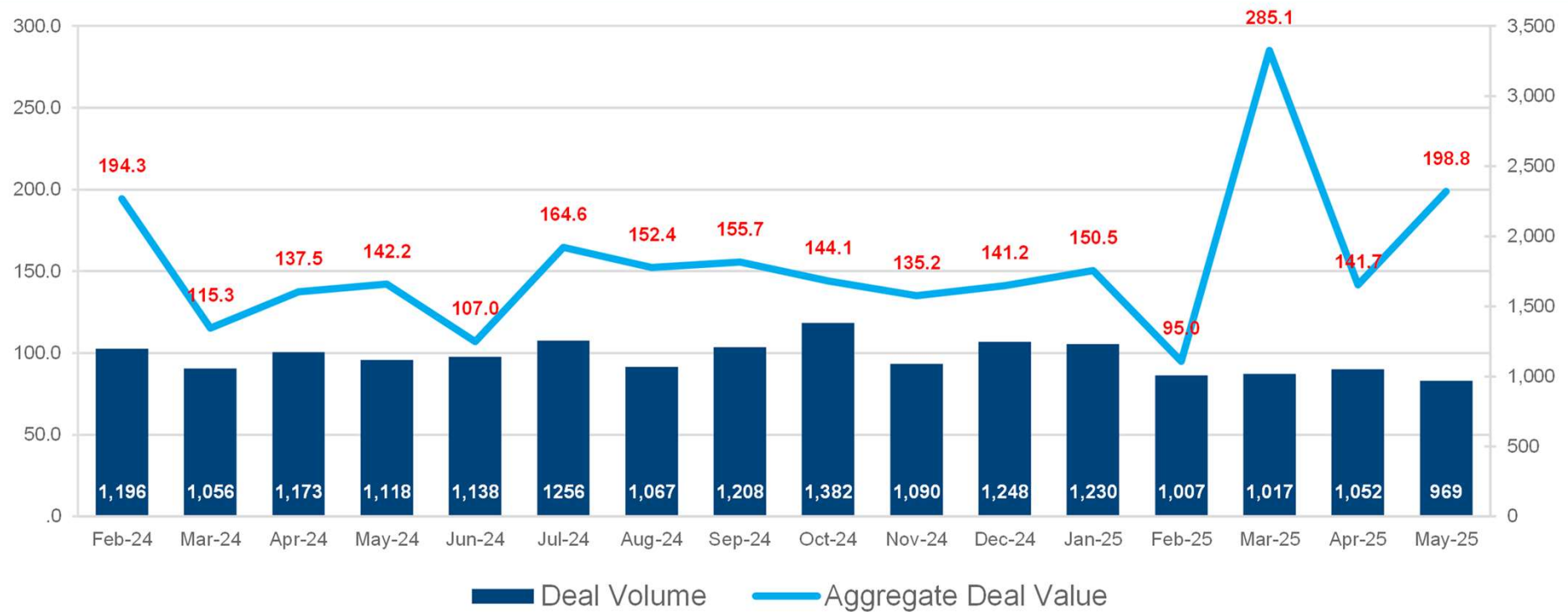
"Fiscal policy is what scares me in the United States."

(Warren Buffet at the Berkshire Meeting May 3, 2025 [Reuters])

Corporate Activity

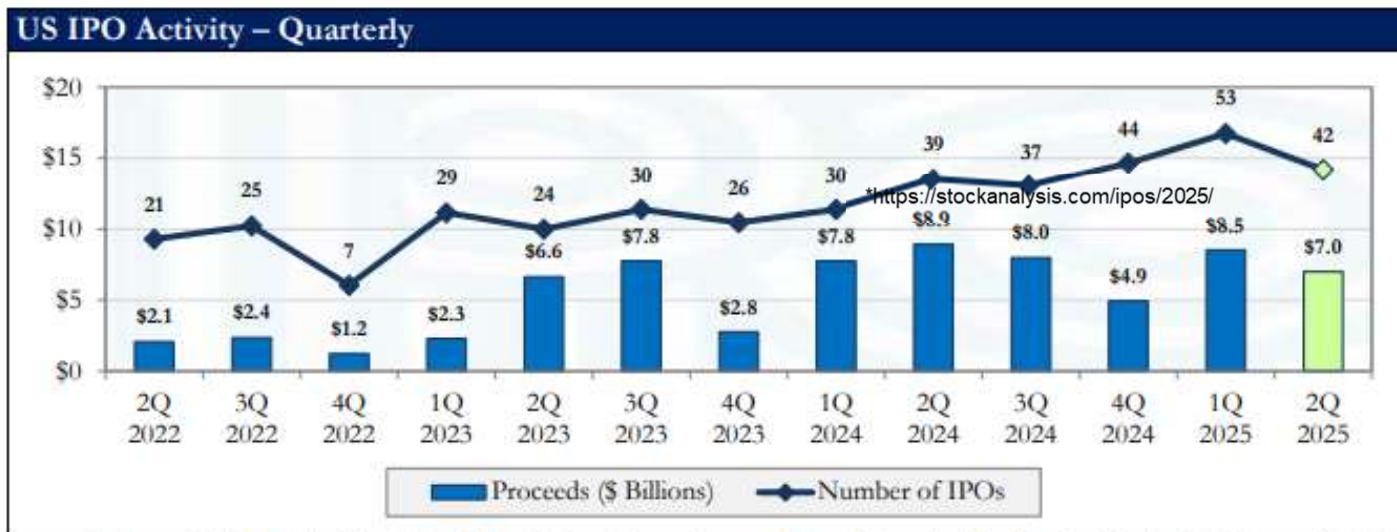
M&A Market

The US Mergers & Acquisitions Market Index



Corporate Activity

US IPOs



Source: Renaissance Capital. Data includes IPOs and direct listings with a market cap of at least \$50mm. Excludes closed-end funds, unit offerings, and SPACs. Includes IPOs scheduled to price before 6/30/25.

June 23, 2025 - *https://www.renaissancecapital.com/review/2Q25USReview_Public.pdf

U.S. News Money (June 4, 2025)

- 141 IPOs in US in 2025
- 76 IPOs in 2024 same time
- + 85.5%

*<https://money.usnews.com/investing/articles/best-stocks-ipo-this-year>

US Stock Analysis (June 23, 2025)

- 157 IPOs in US in 2025
- 87 IPOs in 2024 same time
- + 80.46%

*<https://stockanalysis.com/ipos/2025/>

Corporate Activity

Bankruptcies

Business and Non-Business Filings, Years Ending March 31, 2021-2025

Year	Business	Non-Business	Total
2025	23,309	505,771	529,080
2024	20,316	447,458	467,774
2023	14,467	388,806	403,273
2022	13,160	382,213	395,373
2021	19,911	453,438	473,349

<https://www.uscourts.gov/data-news/judiciary-news/2025/05/01/bankruptcies-rise-131-percent-over-previous-year>

US Courts Statistics

- Bankruptcies rose by 13.1 %
- Similar rise as in Dec. 31, 2024
- Business 14.7 % / private: 13 %

Corporate Activity

Bankruptcies

Total Bankruptcy Filings By Chapter, Years Ending March 31, 2021-2025

Year	Chapter	11	12	13
	7			
2025	320,571	8,844	259	199,130
2024	271,825	8,036	155	187,539
2023	231,200	5,371	148	166,449
2022	265,071	4,333	228	125,655
2021	345,224	7,823	487	119,502

<https://www.uscourts.gov/data-news/judiciary-news/2025/05/01/bankruptcies-rise-131-percent-over-previous-year>

Tariffs, Trade, and Transatlantic Turmoil

Political Landscape

Economic Landscape

Tariffs

Consumer Market

Corporate Activity

De-Regulation

"For too long, American dynamism and creativity have been stunted by onerous and unnecessary regulations".

(Russel T. Vought, OMB Director, April 2025)

De-Regulation

The Economic Concept

10for1

Budget

>0 Rule



Reporting

Control

De-Regulation

Specific Areas of De-Regulation



De-Regulierung

The Clash with Europe



De-Regulierung

The Clash with Europe

*"Just because we're the leader doesn't mean we want or need to go it alone. America wants to partner with all of you, and we want to embark on the AI revolution before us with a spirit of openness and collaboration. But to create that kind of trust, we **need international regulatory regimes that foster the creation of AI technology** rather than strangle it. We need our European friends, in particular, to look to this new frontier with optimism rather than trepidation."*

(J.D. Vance at the Paris AI Summit, February 2025)

"Regulations that dictate how American companies interact with consumers in the European Union, like the **Digital Markets Act** and the **Digital Services Act**, will face scrutiny from the Administration."

(The White House Fact Sheet February 21, 2025)

*<https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-issues-directive-to-prevent-the-unfair-exploitation-of-american-innovation/>

EXCLUSIVE POLICY

Trump Administration Targets Europe's Digital Laws as a Threat to Basic Rights and U.S. Business

State Department leads campaign against European Union rules intended to protect online users

By [Daniel Michaels](#) [Follow](#), [Michael R. Gordon](#) [Follow](#) and [Kim Mackrael](#) [Follow](#)

May 15, 2025 2:35 pm ET

*Source: Wall Street Journal, May 18, 2025 on **DSA**

De-Regulierung

US Counter Measures against EU Regulation

**Digital Services
Taxes**

**Cross Boarder
Data Flows**

**Digital Markets
Act**

**Digital Service
Act**



Sec. 2(b): regulations imposed on United States companies by foreign governments that could inhibit the growth or intended operation of United States companies

Counter tariffs and other 'responsive action'

Tariffs, Trade, and Transatlantic Turmoil

Your Questions



Dr. Kai Westerwelle

kai.westerwelle@cms-hs.com

+1 (415) 623-9950

<https://cms.law/en/deu/people/kai-westerwelle>

www.westerwelle.com





Lesen Sie auf unserem Blog mehr über aktuelle Rechtsthemen, branchenspezifische Entwicklungen und was eine Großkanzlei sonst bewegt. **cms.hs-bloggt.de**

Dieses Dokument stellt keine Rechtsberatung dar und verfolgt ausschließlich den Zweck, bestimmte Themen anzusprechen. Es erhebt keinen Anspruch auf Richtigkeit oder Vollständigkeit und die in ihm enthaltenen Informationen können eine individuelle Rechtsberatung nicht ersetzen. Sollten Sie weitere Fragen bezüglich der hier angesprochenen oder hinsichtlich anderer rechtlicher Themen haben, so wenden Sie sich bitte an Ihre Ansprechpartnerinnen und Ansprechpartner bei CMS Hasche Sigle.

CMS Hasche Sigle ist eine der führenden wirtschaftsberatenden Anwaltssozialitäten. Mehr als 700 Anwältinnen und Anwälte sind in acht wichtigen Wirtschaftszentren Deutschlands sowie in Brüssel für unsere Mandantinnen und Mandanten tätig.

CMS Hasche Sigle ist Gesellschafterin der CMS LTF Limited (CMS LTF), einer Gesellschaft mit beschränkter Haftung (limited by guarantee) nach dem Recht von England und Wales (Nr. 15367752) mit eingetragener Geschäftsanschrift Cannon Place, 78 Cannon Street, London EC4N 6AF, Vereinigtes Königreich. CMS LTF koordiniert die CMS-Organisation unabhängiger Anwaltssozialitäten. CMS LTF ist nicht für Mandantinnen und Mandanten tätig. Derartige Leistungen werden ausschließlich von den Gesellschaftersozialitäten von CMS LTF in ihren jeweiligen Ländern und Jurisdiktionen erbracht. CMS LTF und jede ihrer Gesellschaftersozialitäten sind separate und rechtlich eigenständige Einheiten und keine dieser Einheiten ist befugt, eine andere zu binden. CMS LTF und jede ihrer Gesellschaftersozialitäten haftet nur für ihre eigenen Handlungen oder Unterlassungen und nicht für die der jeweils anderen. Der Markenname „CMS“ und die Bezeichnung „Sozialität“ werden verwendet, um sich auf einzelne oder alle Gesellschaftersozialitäten oder deren Büros zu beziehen.

CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB, Sitz: Berlin, (AG Charlottenburg, PR 316 B). Die Liste der Partnerinnen und Partner und Standorte finden Sie auf der Website.

Weitere Informationen finden Sie unter **cms.law**