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

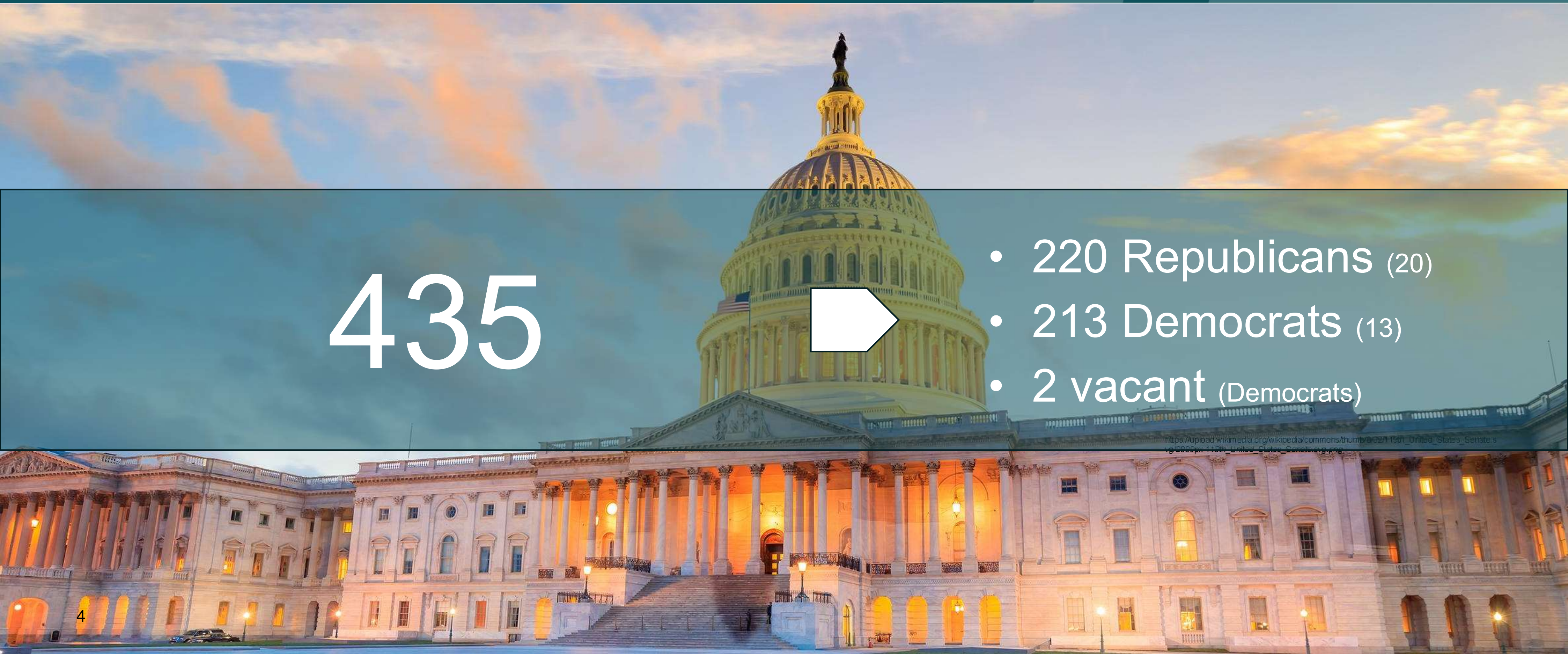
Tariffs, Trade, and Transatlantic Turmoil

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

(Friedrich Merz, February 2025)

Political Landscape

US House of Representatives



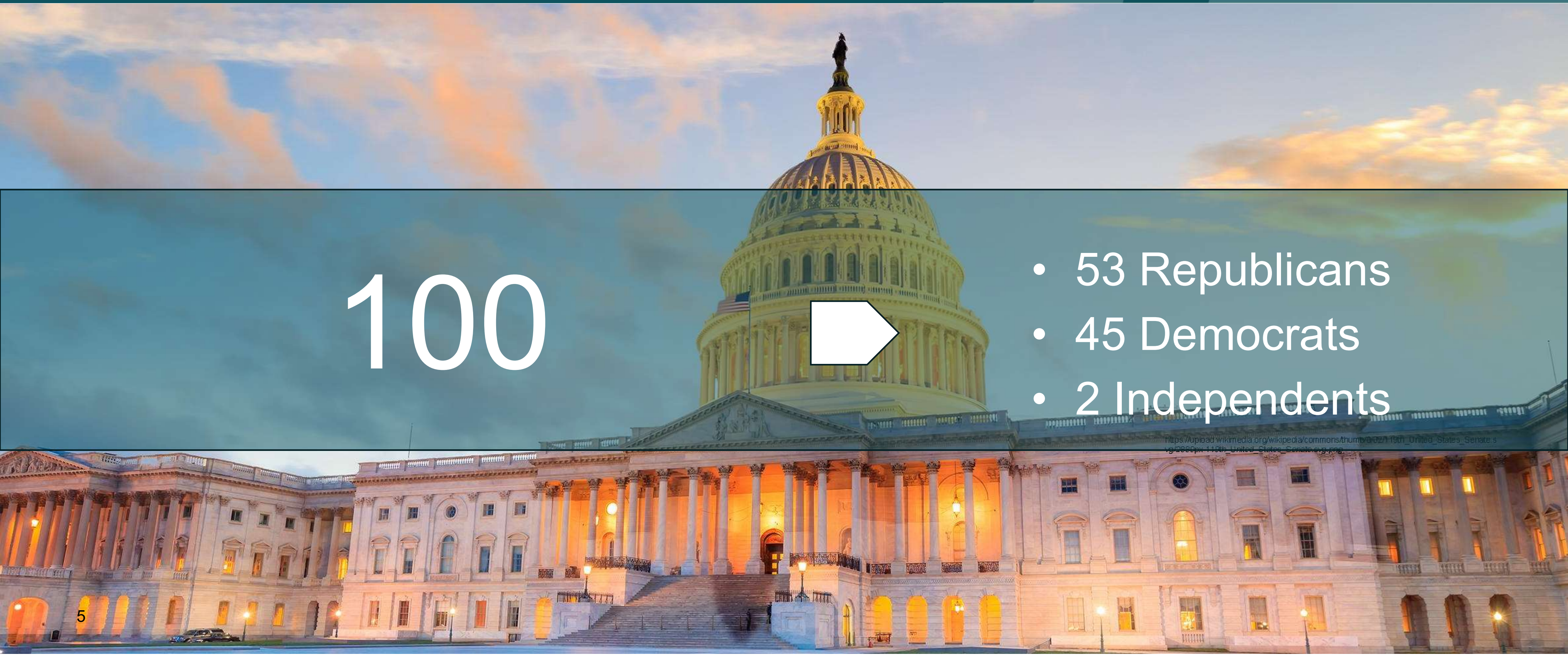
435

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

https://upload.wikimedia.org/wikipedia/commons/thumb/0/02/119th_United_States_Senate.svg/2880px-119th_United_States_Senate.svg.png

Political Landscape

US Senate



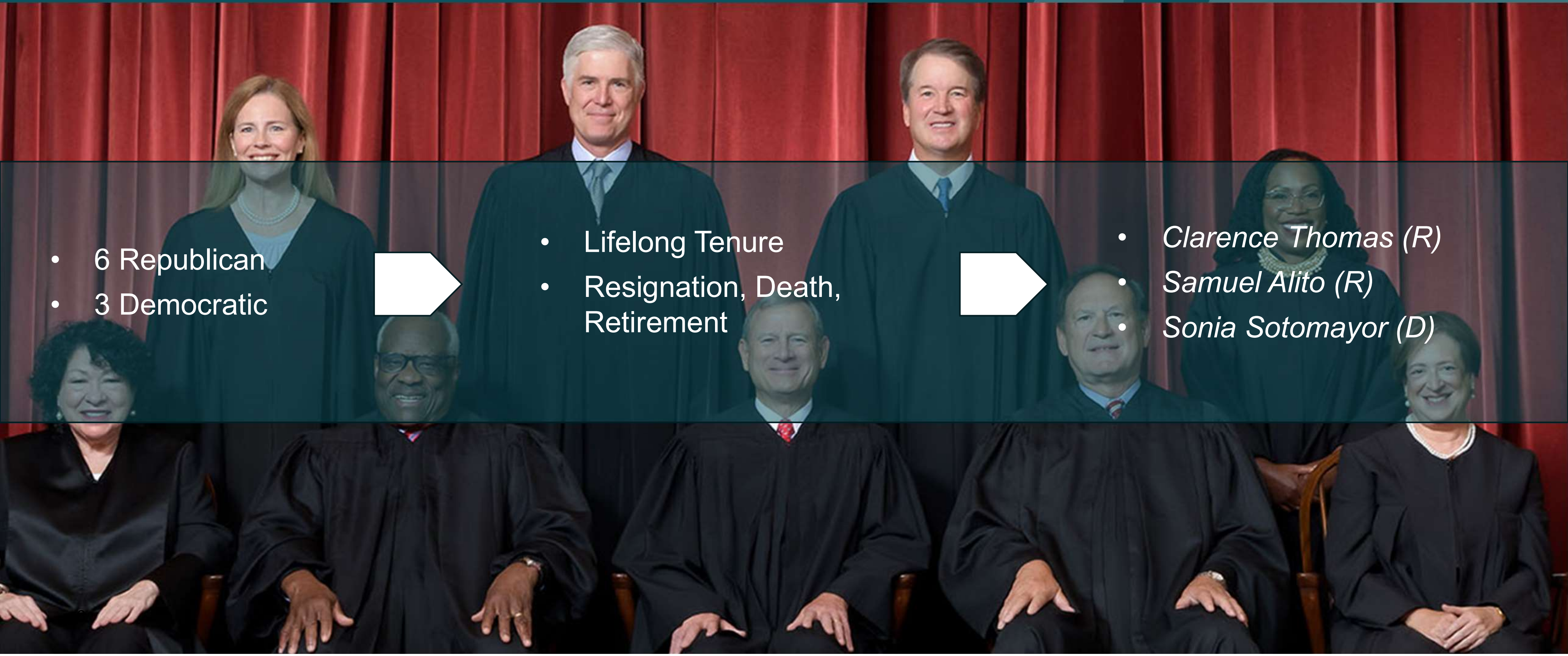
100

- 53 Republicans
- 45 Democrats
- 2 Independents

https://upload.wikimedia.org/wikipedia/commons/thumb/0/02/119th_United_States_Senate.svg/2880px-119th_United_States_Senate.svg.png

Political Landscape

Supreme Court



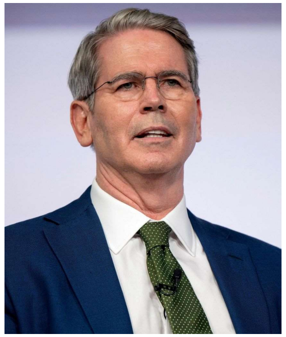
- 6 Republican
- 3 Democratic

- Lifelong Tenure
- Resignation, Death, Retirement

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

Political Landscape

Key Personnel



Finance
Scott Bessent

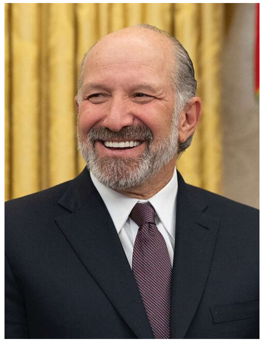
Former:
Chief Investment Officer,
Soros Fund Management

Defense
Pete Hegseth

Former:
US-Army and Fox News

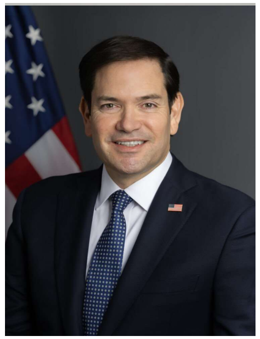
Health
Robert F. Kennedy Jr.

Former:
Attoney



Commerce
Howard Lutnick

Former:
Cantor Fitzgerald, eSpeed



State
Marco Rubio

Former:
Senator (FL)

DOGE
Elon Musk

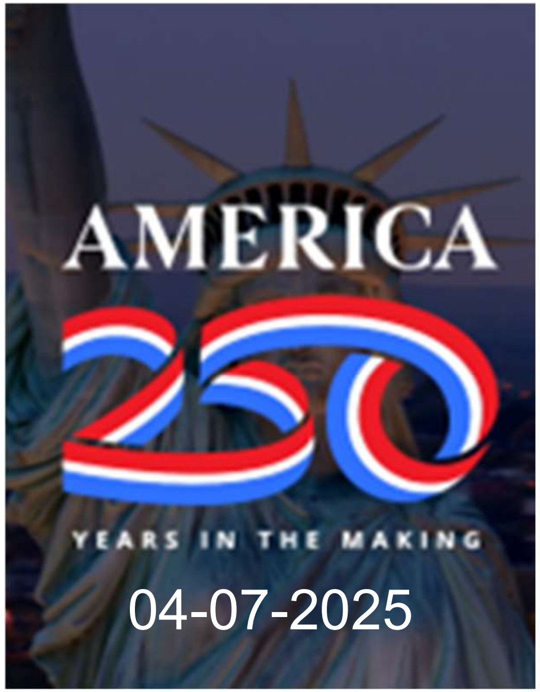
Former:
Tesla, SpaceX, X, etc.

Political Landscape

Key Milestones

100

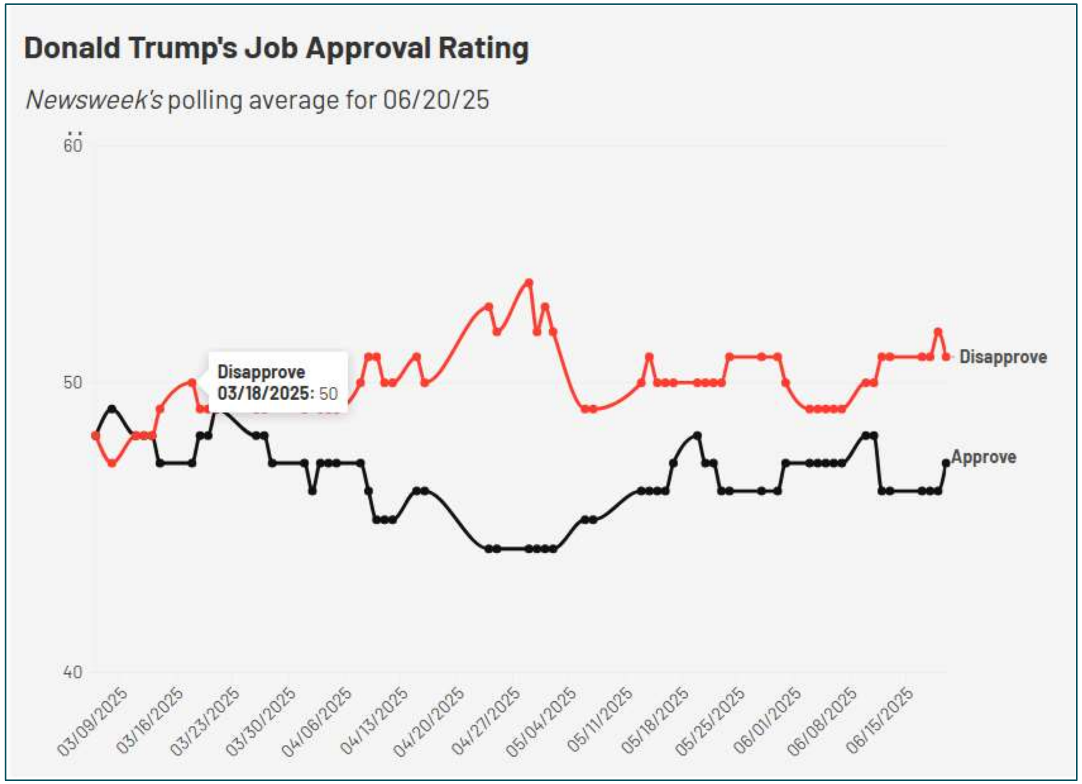
165



652

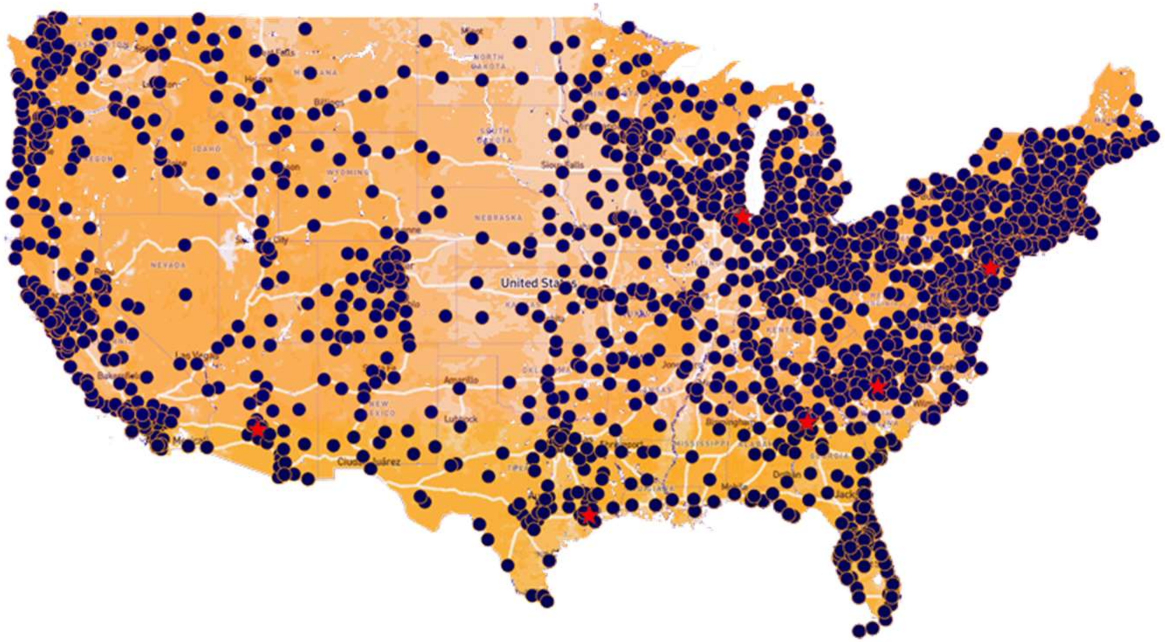
Political Landscape

Approval Rates



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	

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

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

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.

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

Economic Landscape

US Deficit (+ "Big, Beautiful Bill")

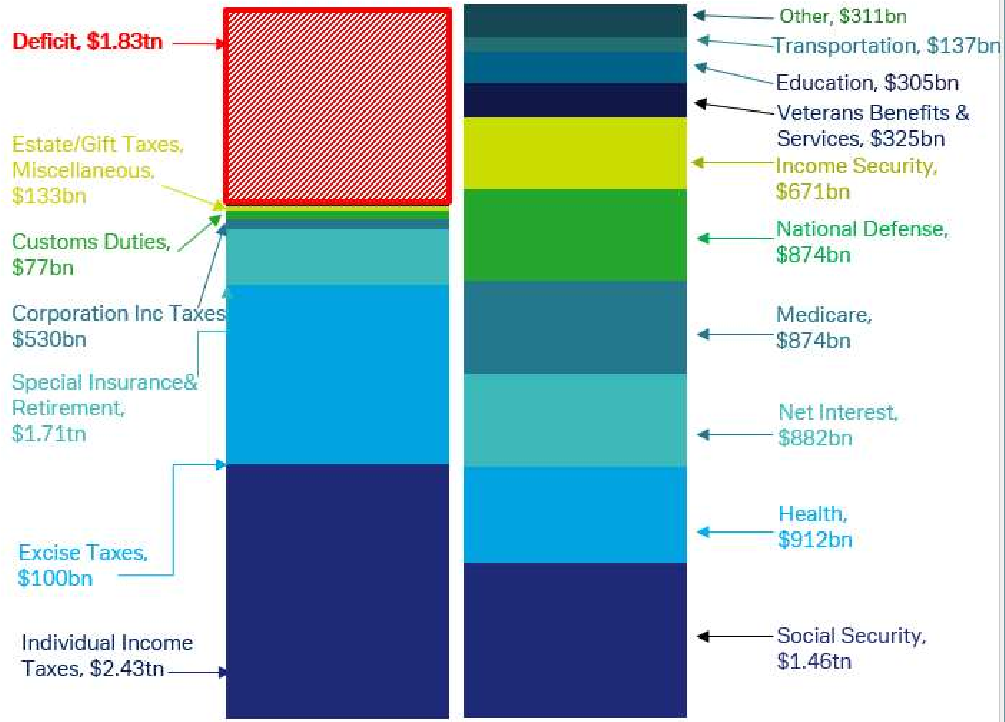
Time required to reach Total U.S. Debt Levels

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.

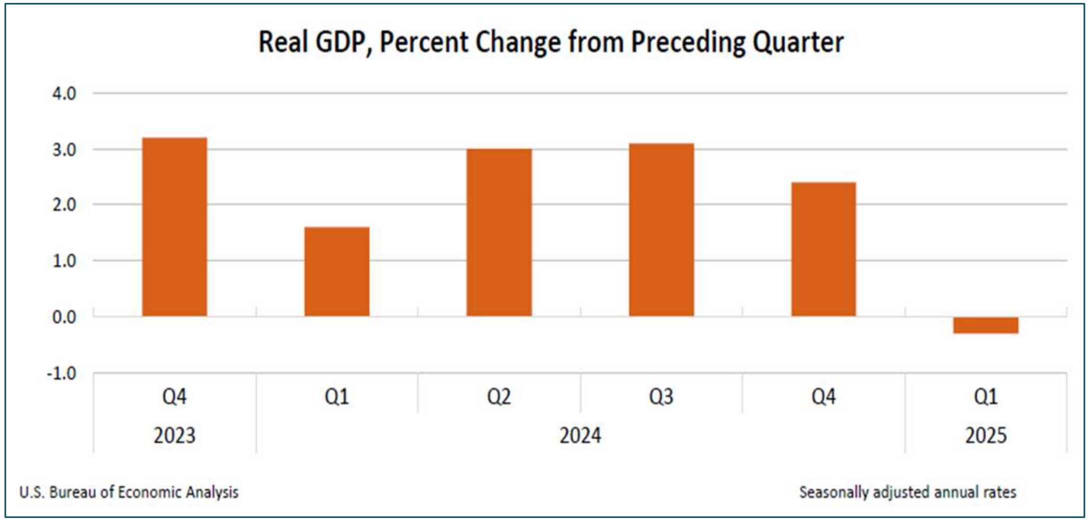
U.S. Government Income & Expenditures ($1.8tr shortfall)

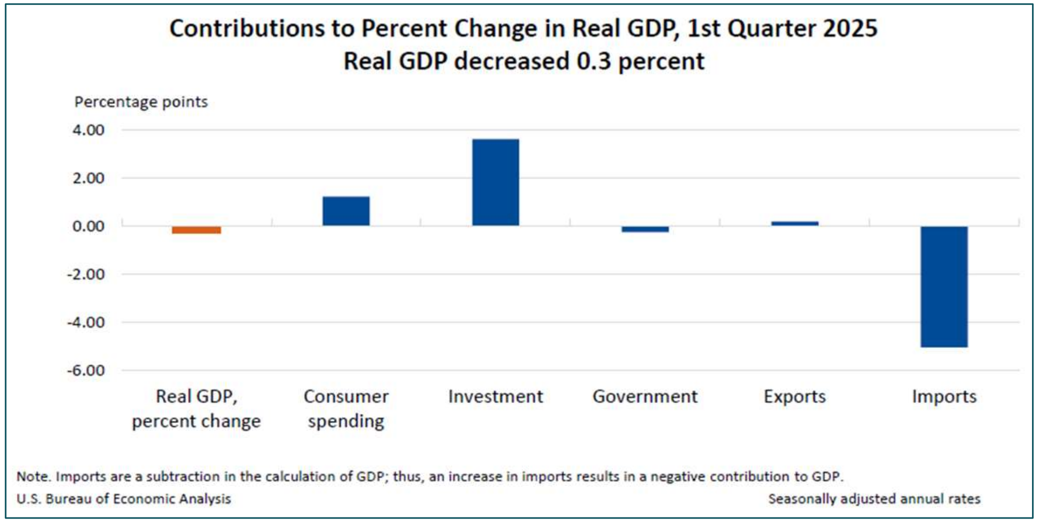


*Source: Deepak Puri, Chief Investment Officer Deutsche Bank, Wealth Management Americas

Economic Landscape

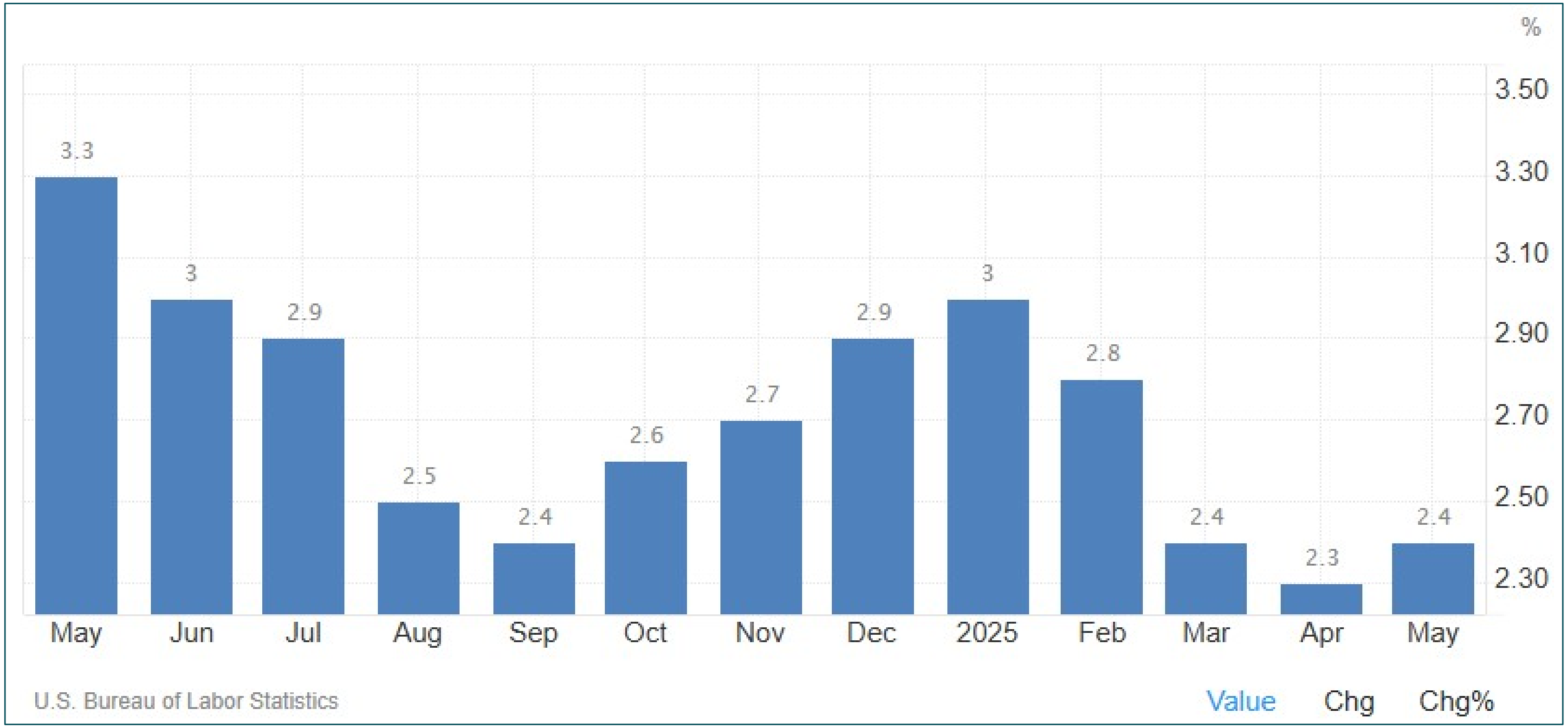
US Economy GDP





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

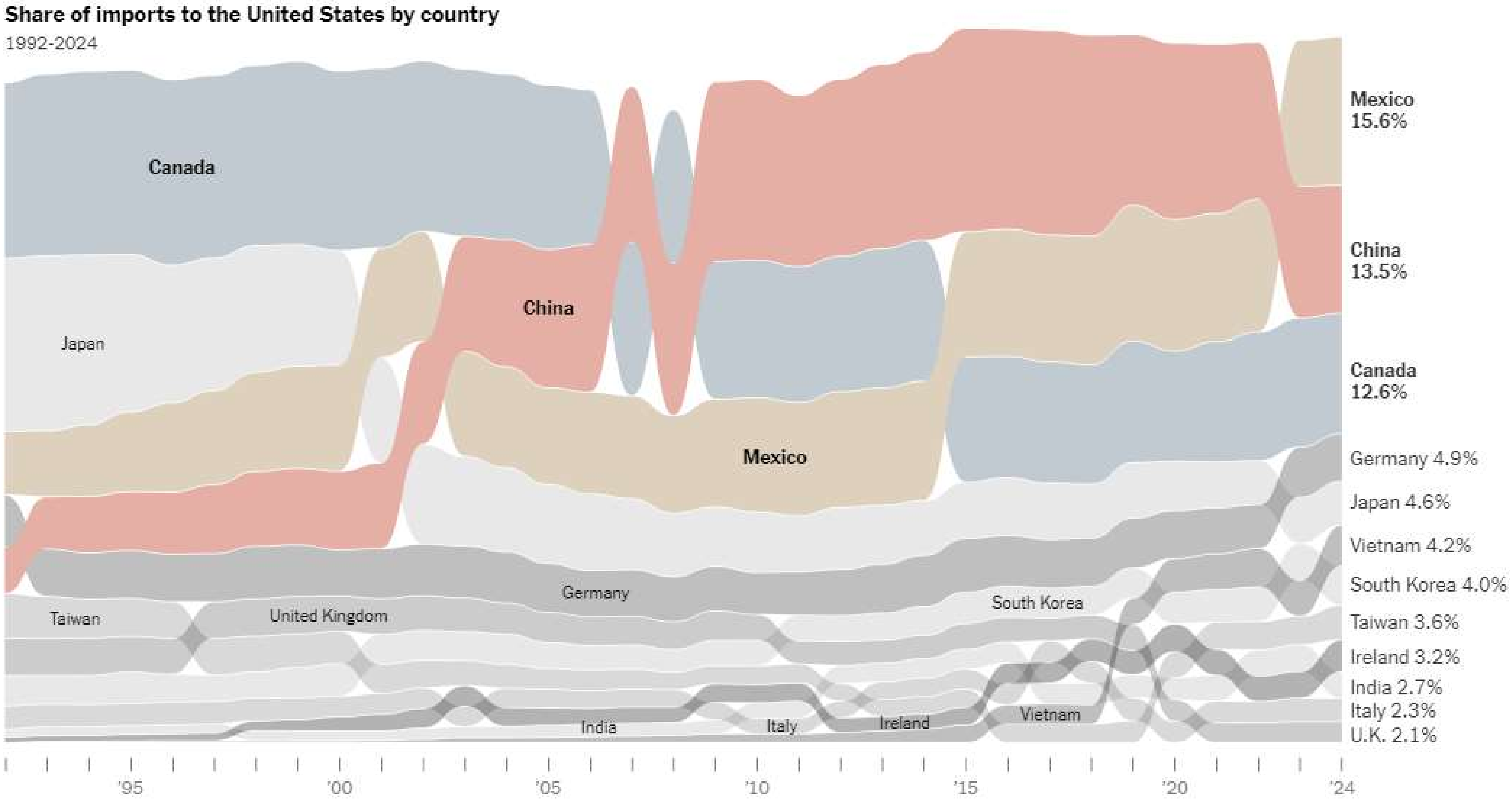
- Political Landscape
- Economic Landscape
- **Tariffs**
- Consumer Market
- Corporate Activity
- De-Regulation

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

(Donald J. Trump, May 2025)

Tariffs

Targets



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

25% (non-USMCA)

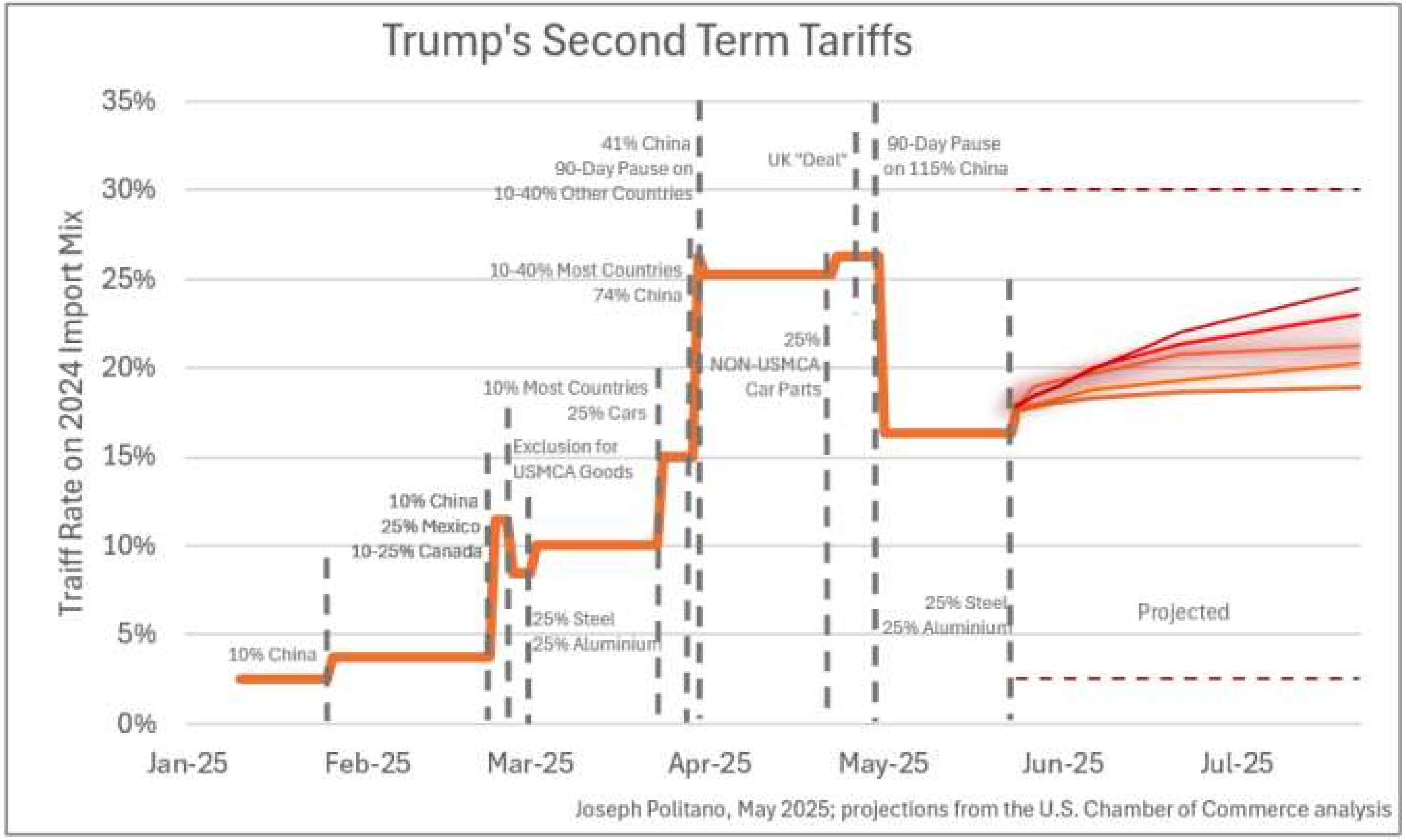
30% (145%)

25% (non-USMCA)

50% (10%)

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

*IEEPA Executive Declaration on National Emergency – April 2, 2025

Tariffs

3D-Chess*

Threat of massive Tariffs

Put the Tariffs in place and adjust

Pause the Tariffs to allow negotiations

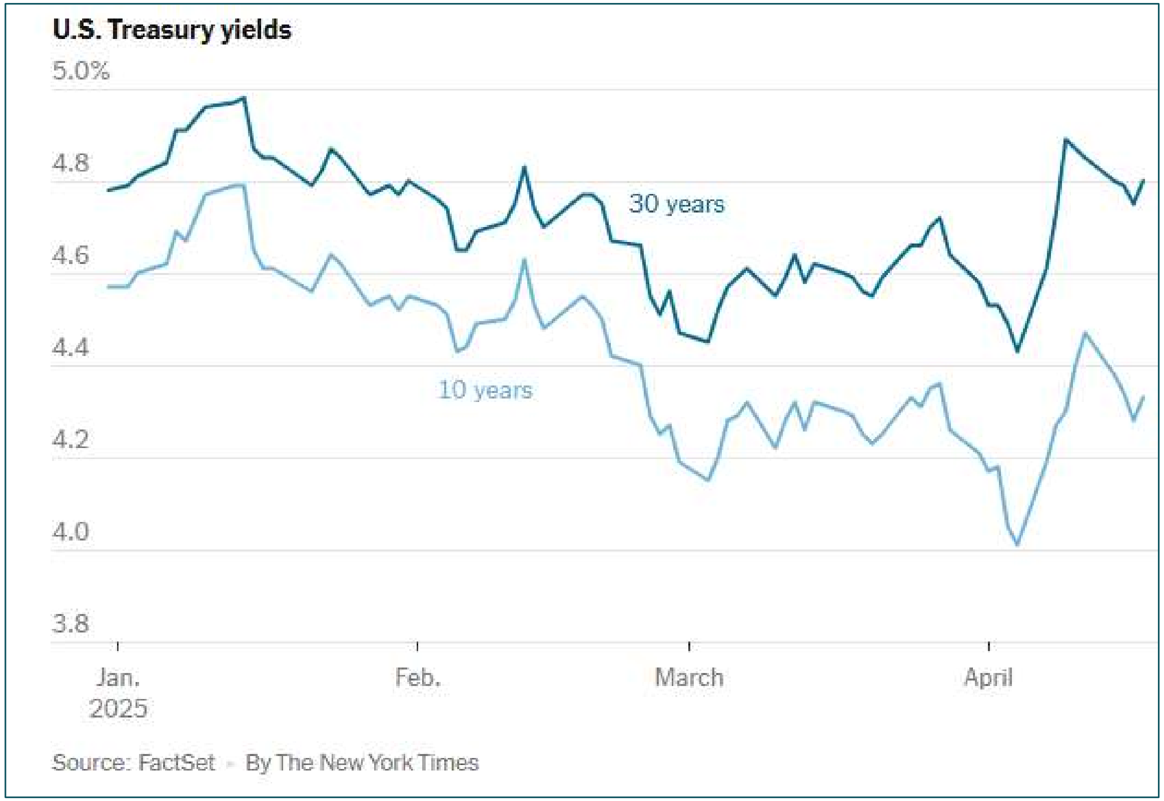
*Peter Navarro, NYT, April 20, 2025 (quote)

Tariffs

Impact of Announcements

S&P 500 reaction to tariff updates

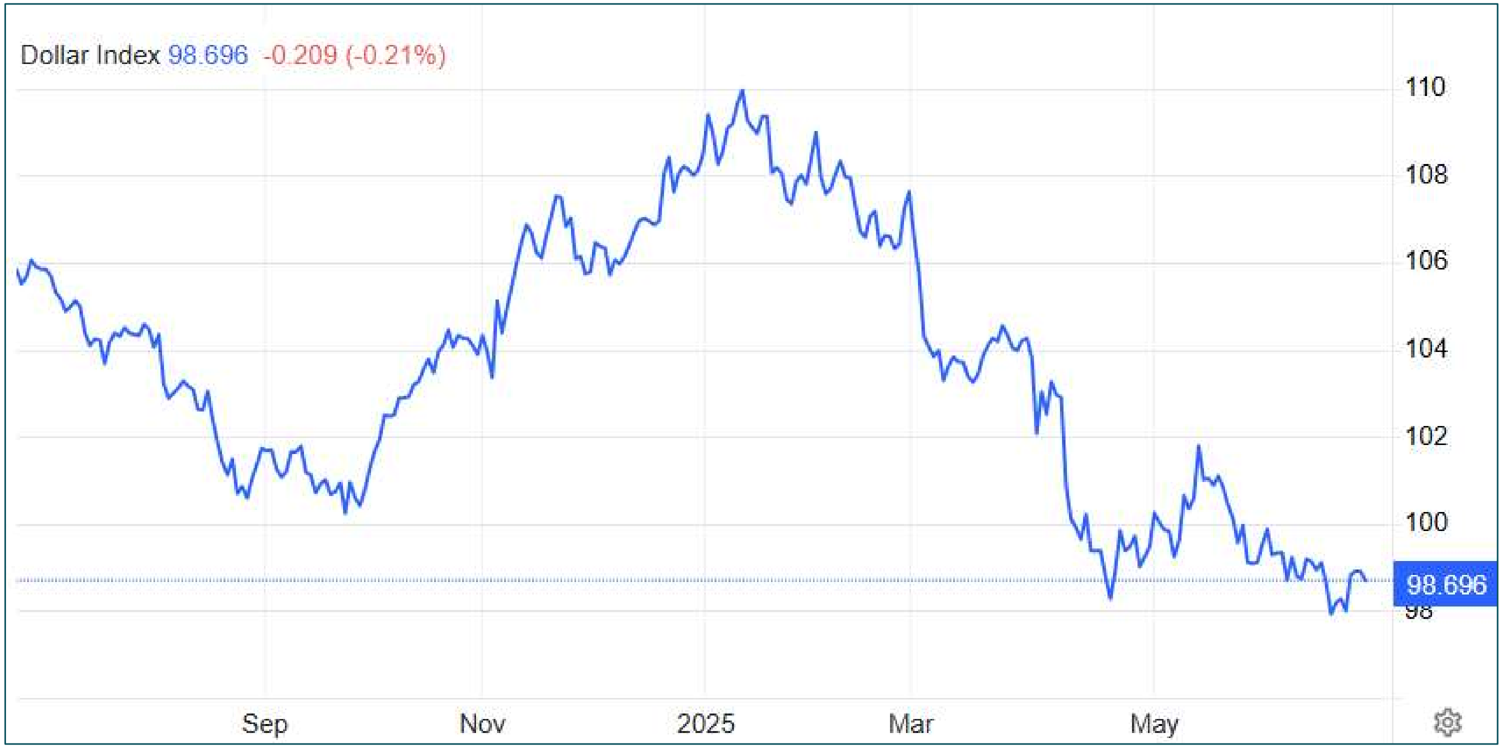
Source: AlixPartners Management Survey, S&P500 Index (06-27-2025)



Source: New York Times, April 18, 2025

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
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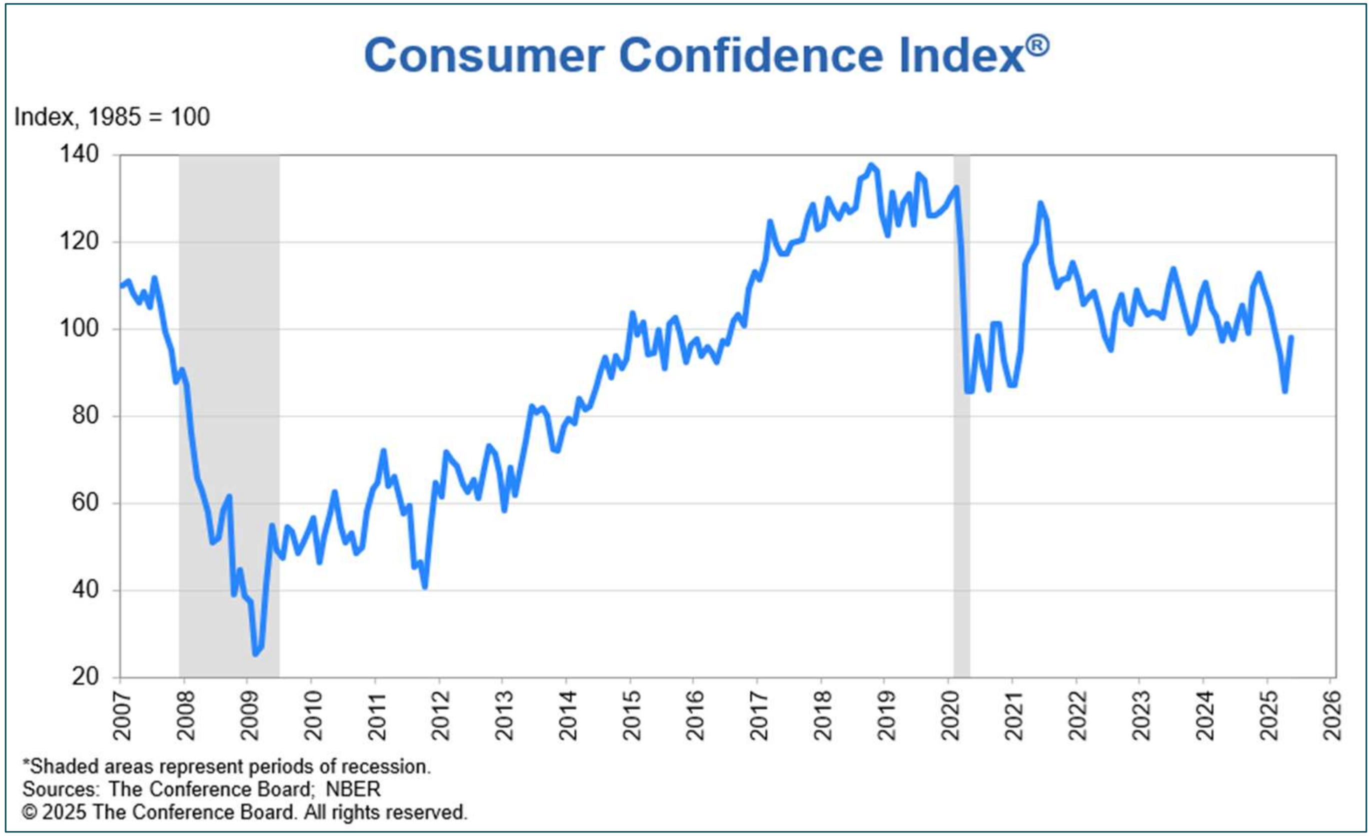
- Tarrifs
- **Consumer Market**
- Corporate Activity
- De-Regulation

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

(McKinsey, Consumer Survey, May 30, 2025)

Consumer Market

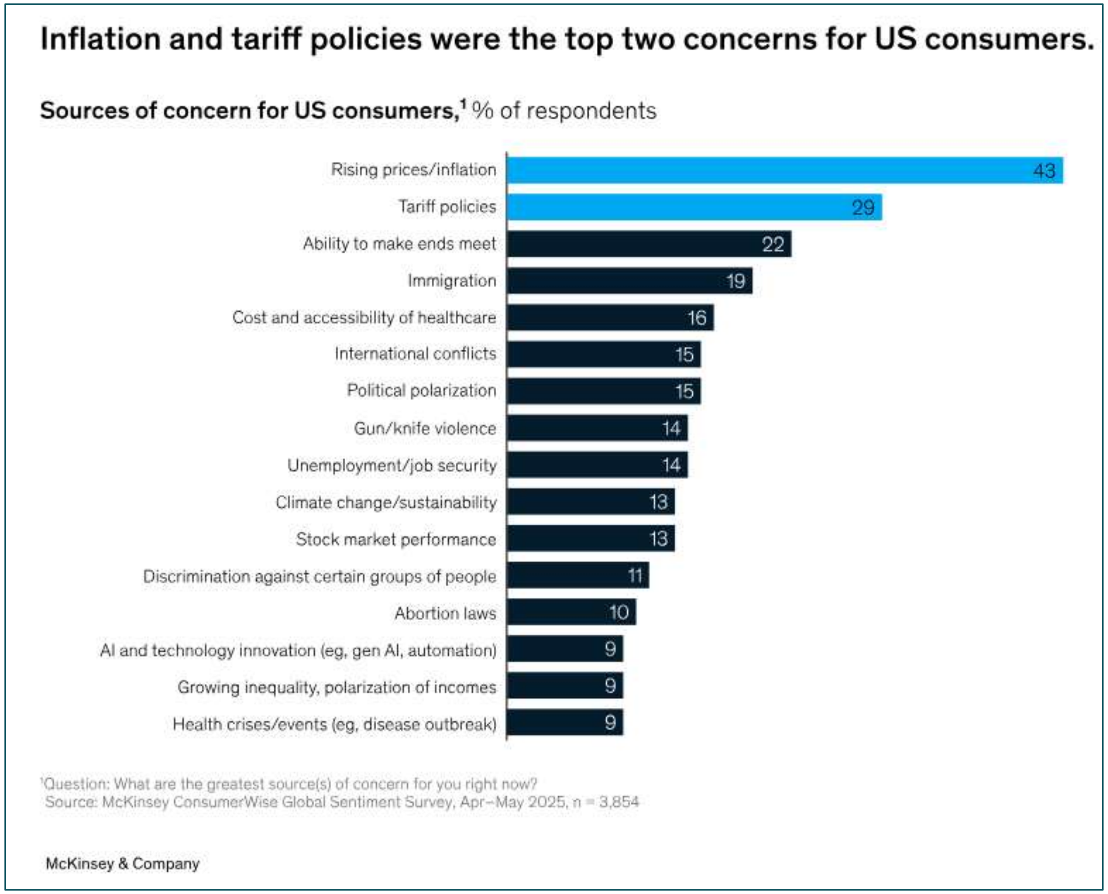
Consumer Confidence



Date: 05-27-2025

Consumer Market

Consumer Concerns



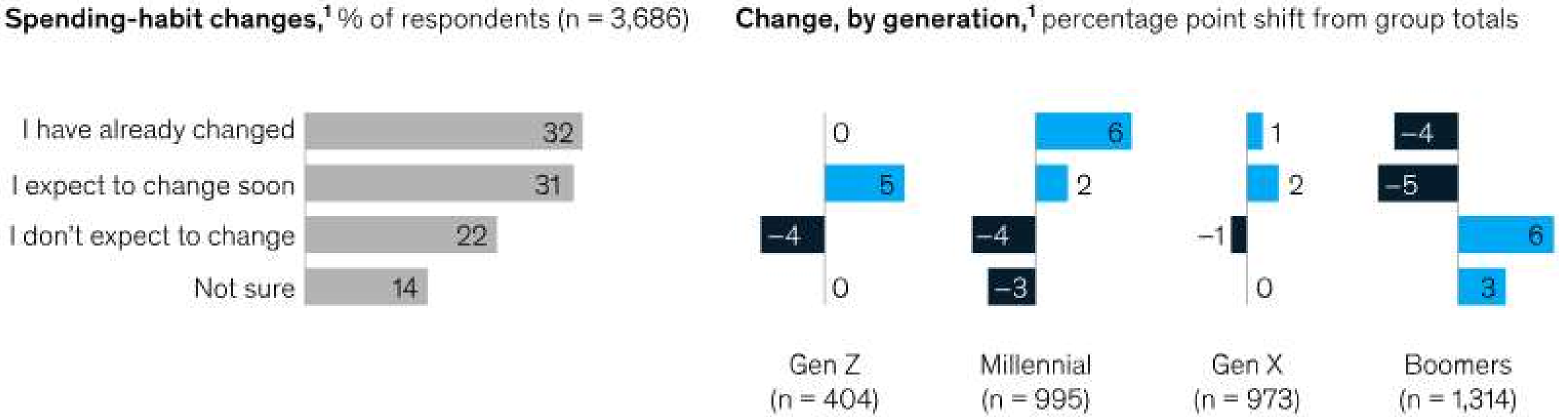
https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-state-of-the-us-consumer

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



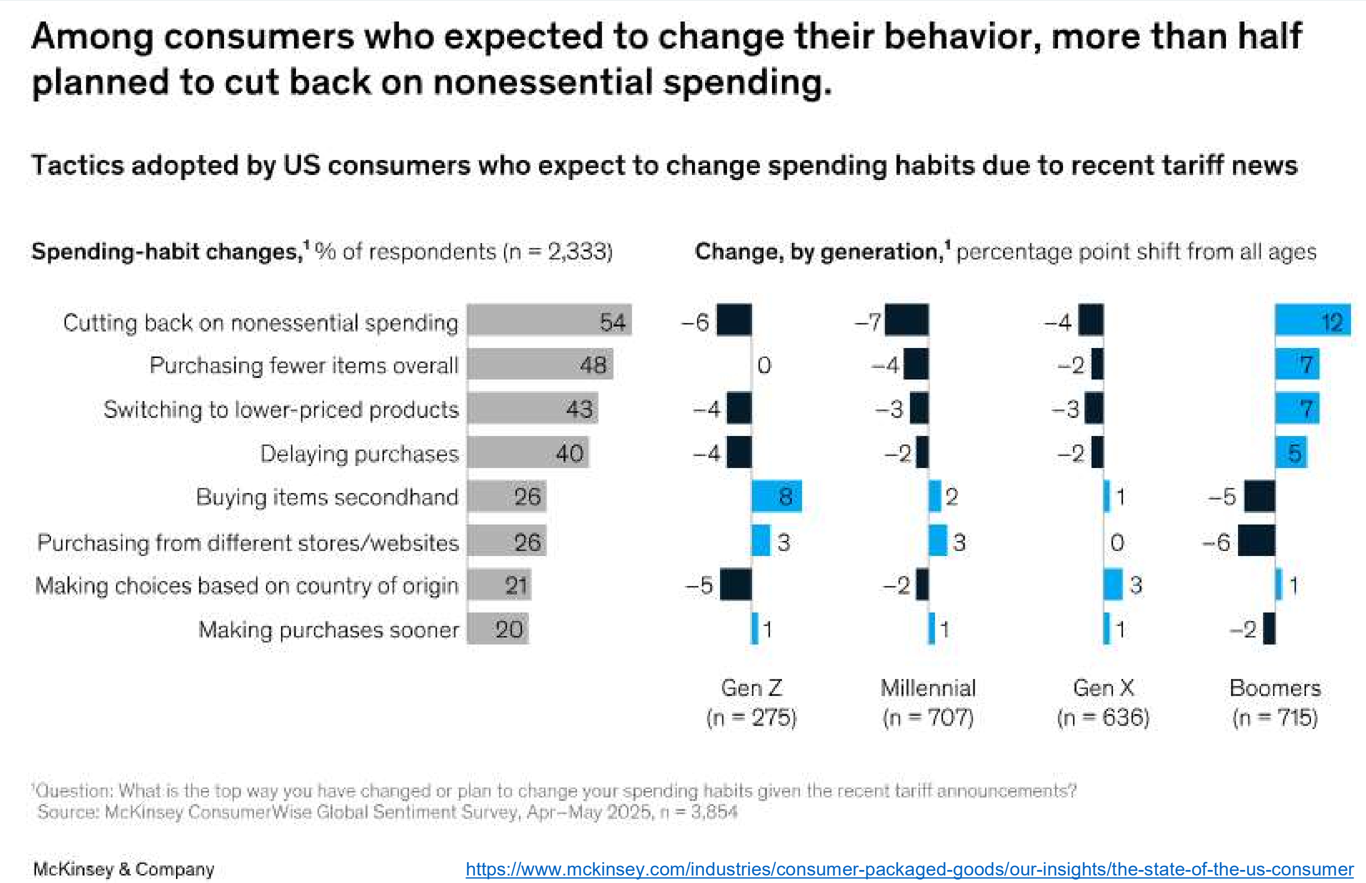
[1]Question: Have you changed or do you plan to change your spending habits as a result of recent tariff announcements?
Source: McKinsey ConsumerWise Global Sentiment Survey, Apr–May 2025, n = 3,686

McKinsey & Company

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

Consumer Market

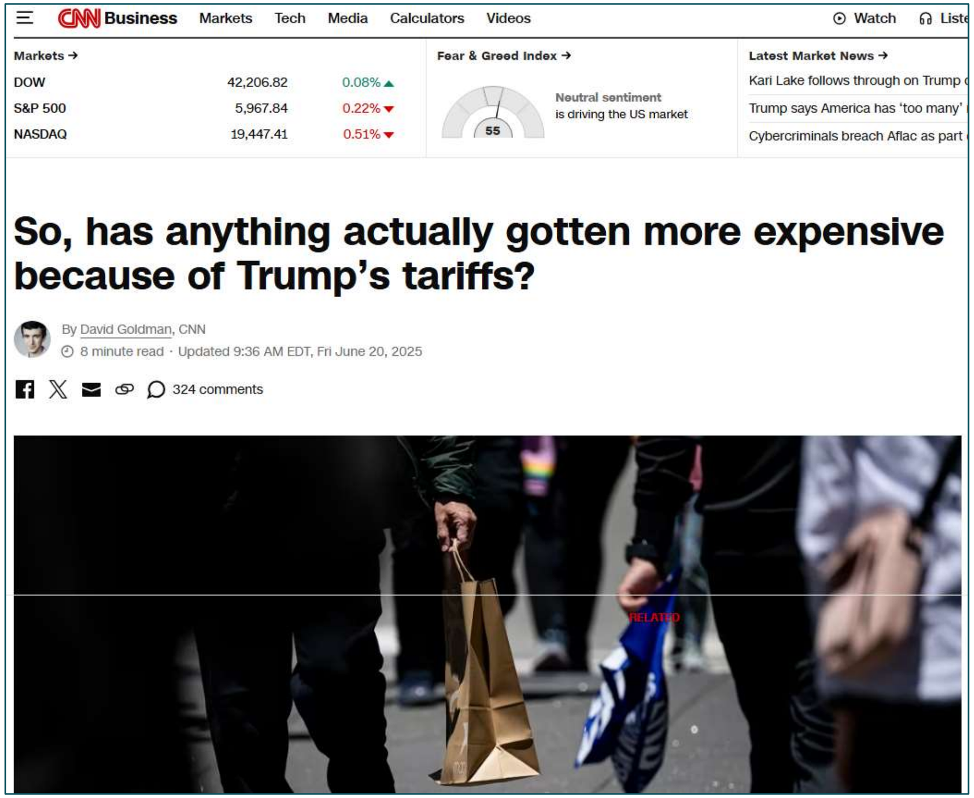
Consumer Reaction



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

Consumer Market

Impact on Prices


CNN Business Markets Tech Media Calculators Videos Watch Liste

Markets →

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

Fear & Greed Index →

55

Neutral sentiment is driving the US market

Latest Market News →

Kari Lake follows through on Trump

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

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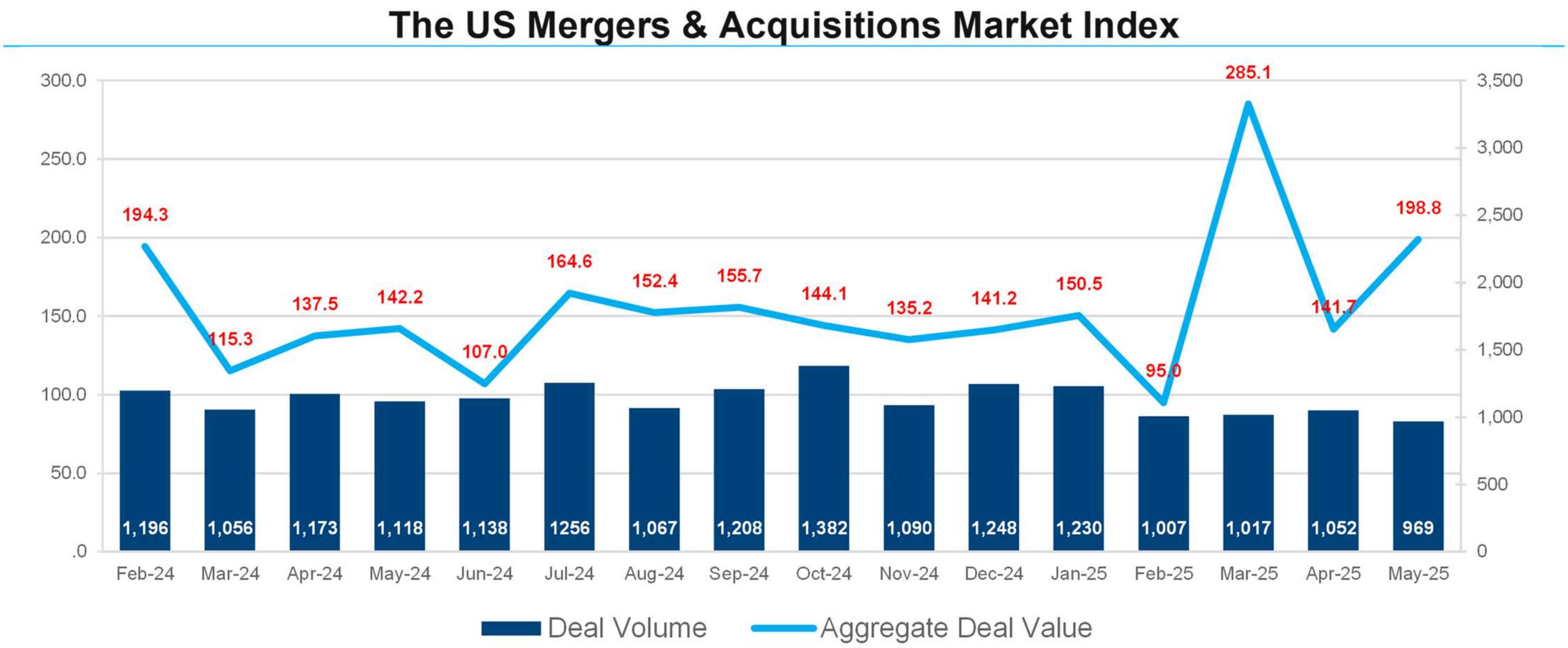
- De-Regulation

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

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

Corporate Activity

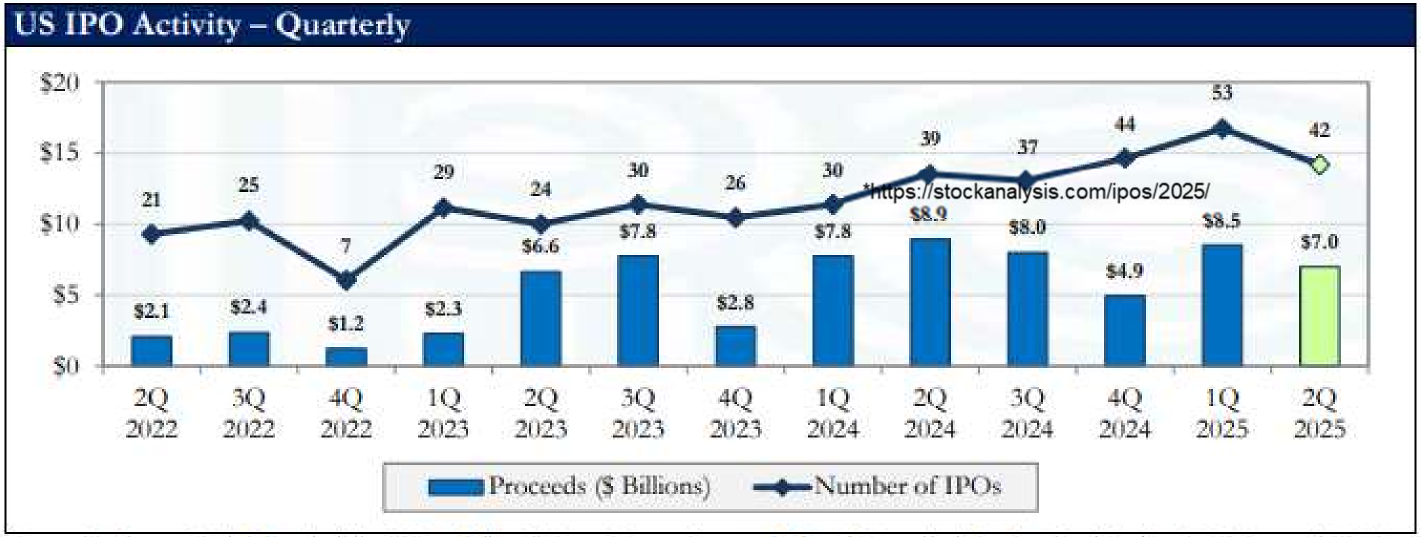
M&A Market



https://insight.factset.com/u.s.-mergers-acquisitions-monthly-review-may-2025

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			
	7	**11**	**12**	**13**
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

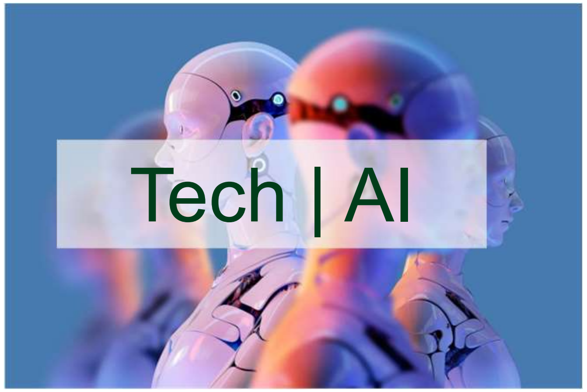
>0 Rule

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

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