
Lagarde urges Europe to expand trade beyond United States



Published on August 20, 2025

Document Date: Wed, Oct 08 2025 06:07:59 pm

Category: ,English,International - ,Snippets

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Frankfurt, Aug. 20 — European Central Bank (ECB) President Christine Lagarde has urged Europe to broaden its trade relations beyond the United States, warning that recent tariff arrangements have eased but not removed risks for the continent's economy.

Speaking at the International Business Council of the World Economic Forum in Geneva on Wednesday, Lagarde emphasized the need for Europe to diversify its trading partnerships.

“Europe must deepen its trade ties with other jurisdictions, even as the U.S. remains a key

partner,” she said.

Lagarde highlighted Europe’s strong foundation in global commerce, noting that the European Union (EU) is the top trading partner for 72 countries and already maintains the world’s largest network of trade agreements.

Reflecting on the recent EU-U.S. trade deal, Lagarde said Europe had avoided a worst-case scenario where tariffs on exports could have exceeded 20 percent. Instead, the effective average tariff now stands between 12 and 16 percent—still notably higher than pre-April levels. “Recent deals have alleviated, but certainly not eliminated, uncertainty, which persists due to unpredictable policies,” she cautioned.

Despite tariff pressures, Lagarde said the euro area economy has demonstrated resilience, benefiting from strong U.S. demand for European exports, along with robust private consumption and investment at home.

She confirmed that the ECB will incorporate the implications of the U.S. trade deal into its September projections, which will shape upcoming monetary policy decisions.

Lagarde’s remarks signal continued concern over transatlantic trade headwinds, while underscoring the EU’s strategy to strengthen ties with a wider range of global partners to safeguard long-term economic stability.