

# Draghi Asks Who Needs Friends Like These Amid Trump Threat

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8 marzo 2018, 15:29 CET

*Updated on* 8 marzo 2018, 16:00 CET

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- ECB president questions the state of international relations
  - Starting a trade war could affect exchange rates, Draghi says
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European Central Bank President Mario Draghi added his voice to those criticizing the U.S. threat to slap import tariffs on some products and called on governments to work together rather than end up in a tit-for-tat dispute.

While he downplayed the impact on the economy, he said recent developments still raise questions about the health of global relations. The past week has seen President Donald Trump announce plans for tariffs on steel and aluminum imports as well as threats of retaliation by some of the U.S.'s biggest trade partners.

“If you put tariffs against what are your allies, one wonders who the enemies are,” Draghi told a news conference in Frankfurt when asked about Trump’s plans.

Even in Draghi’s opening statement at the press conference, effectively the voice of the ECB’s Governing Council, he noted the trade-war risk, adding “rising protectionism” to the

list of downside risks to the outlook.

“We are convinced that disputes should be discussed and resolved in a multilateral framework and unilateral decisions are dangerous,” Draghi said. The ECB chief also wondered aloud, “what’s going to be the response of the exchange rate?”

In the U.S., Trump’s move has led to the resignation of chief economics adviser Gary Cohn. The loss of a pro-trade figure at the White House has only served to heighten concern <https://www.bloomberg.com/politics/articles/2018-03-07/eu-still-hopes-trump-will-back-down-from-import-tariff-threats> about the extent of the emerging trans-Atlantic dispute. However, the plan continues to evolve, and the U.S. announced Thursday that it may initially exempt Canada and Mexico.

Speaking earlier on Bloomberg Television, Draghi’s predecessor at the ECB, Jean-Claude Trichet, said Trump’s tariff proposal was “a very dangerous move” that added to the risks facing the international economy.

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