

## Trump Slams NATO And EU, Threatens BMW With Tax; Prepared To "Cut Ties" With Merkel

In Stunning Pair Of Interviews

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In two separate, and quite striking, interviews with Germany's Bild (paywall) and London's Sunday Times (paywall), Donald Trump did what he failed to do in his first US press conference, and covered an extensive amount of policy and strategy, much of which however will likely please neither the pundits, nor the markets.

Among the numerous topics covered in the Bild interview, **he called NATO obsolete**, predicted that other European Union members would join the U.K. in leaving the bloc and threatened BMW with import duties over a planned plant in Mexico, according to a Sunday interview granted to Germany's Bild newspaper that will raise concerns in Berlin over trans-Atlantic relations.

Furthermore, in his first "exclusive" interview in the UK granted to the Sunday Times, **Trump said he will offer Britain a quick and "fair" trade deal with America** within weeks of taking office to help make Brexit a "great thing". Trump revealed that he was inviting Theresa May to visit him "right after" he gets into the White House and wants a trade agreement between the two countries secured "very quickly".

Trump told the Times that other countries would follow Britain's lead in leaving the European Union, claiming it had been deeply damaged by the migration crisis. "I think it's very tough," he said. "People, countries want their own identity and the UK wanted its own identity."



Elsewhere, quoted in German from a conversation held in English, Trump predicted Britain's exit from the EU will be a success and **portrayed the EU as an instrument of German domination** with the purpose of beating the U.S. in international trade. For that reason, **Trump said, he's fairly indifferent whether the EU breaks up or stays together,** according to Bild. According to Bloomberg, Trump's comments "leave little doubt that he will stick to campaign positions and may in some cases upend decades of U.S. foreign policy, putting him fundamentally at odds with German Chancellor Angela Merkel on issues from free trade and refugees to security and the EU's role in the world."



Trump then attacked another carmarker, previosuly unnoticed by the president-elect, when

he warned the United States will impose a border tax of 35 percent on cars that German carmaker BMW plans to build at a new plant in Mexico and export to the U.S. market.

A BMW spokeswoman said a BMW Group plant in San Luis Potosi would build the BMW 3 Series starting from 2019, with the output intended for the world market. The plant in Mexico would be an addition to existing 3 Series production facilities in Germany and China. Trump said BMW should build its new car factory in the United States because this would be "much better" for the company.

He went on to say Germany was a great car producer, borne out by Mercedes Benz cars being a frequent sight in New York, but there was no reciprocity. Germans were not buying Chevrolets at the same rate, he said, making the business relationship an unfair one-way street. He said he was an advocate of free trade, but not at any cost. The BMW spokeswoman said the company was "very much at home in the U.S.," employing directly and indirectly nearly 70,000 people in the country.

Going back to foreign policy, Trump discussed his stance on Russia and suggested he might use economic sanctions imposed for Vladimir Putin's encroachment on Ukraine as leverage in nuclear-arms reduction talks, while NATO, he said, "has problems."

"[NATO] is obsolete, first because it was designed many, many years ago," Bild quoted Trump as saying about the trans-Atlantic military alliance. "Secondly, countries aren't paying what they should" and NATO "didn't deal with terrorism."

While those comments expanded on doubts Trump raised about the North Atlantic Treaty Organization during his campaign, he reserved some of his most dismissive remarks for the EU and Merkel, whose open-border refugee policy he called a "catastrophic mistake." He further elaborated on this stance in the Times interview, where he said he was willing to lift Russian sanctions in return for a reduction in nuclear weapons.

When asked about the prospect of a nuclear arms reduction deal with Russia, Trump told the newspaper in an interview: "For one thing, I think nuclear weapons should be way down and reduced very substantially, that's part of it."

Additionally, Trump said Brexit will turn out to be a "great thing." Trump said he would work very hard to get a trade deal with the United Kingdom "done quickly and done properly".

Trump praised Britons for voting last year to leave the EU. People and countries want their own identity and don't want outsiders to come in and "destroy it." The U.K. is smart to leave the bloc because the EU "is basically a means to an end for Germany," Bild cited Trump as saying. "If you ask me, more countries will leave," he was quoted as saying.

While Trump blamed Brexit on an influx of refugees he said that Britain was forced to accept, the U.K.'s number of asylum applications in 2015 was a fraction of the 890,000 refugees who arrived in Germany that year at the peak of Europe's migrant crisis.

With Merkel facing an unprecedented challenge from the anti-immigration Alternative for Germany as she seeks a fourth term this fall, Trump was asked whether he'd like to see her re-elected. He said he couldn't say, adding that while he respects Merkel, who's been in office for 11 years, he doesn't know her and she has hurt Germany by letting "all these illegals" into the country.

Among Trump's other comments to Bild::

- the Bush administration's decision to invade Iraq may have been the worst in U.S. history;
- that Jared Kushner, Trump's son-in-law, is a natural talent who will bring about an accord with Israel
- Trump plans to keep using social media including Twitter once he's in the White House to sidestep the press and communicate directly with his followers
- People entering the U.S. will face "extreme" security checks, possibly including some European nationals

But perhaps the most troubling, if only to legacy US diplomatic relations, was that, as the Times noted, "despite all of Mr Trump's expressions of admiration for Mr Putin and Mrs Merkel, he revealed that he was prepared to cut ties with both: "Well, I start off trusting both - but let's see how long that lasts. It may not last long at all."

It is unclear if this litany of strategic and tactical announcements, many of which quite shocking in their audacity and scope, is merely meant to serve as a launching pad for further negotiations, something Trump has proven quite adept at doing by stunning his counterparties into a state of abrupt silence, or if these are actually meant to serve as a basis for future US policy; if it is the latter, when US markets reopen they may have a distinct case of indigestion because while the market had desperately hoped for more clarity out of Trump on his policies, what emerged in these two interview is hardly it.

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