



The Daily Dish

Boeing-Airbus and Trade

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Eakinomics: Boeing-Airbus and Trade

Tom Lee has updated his [research](#) on the long-running Boeing-Airbus dispute. The good news is that you don't actually have to go to the research. The update, in its entirety, is: "On June 14, 2021, the United States and European Union (EU) agreed to suspend tariffs from the Boeing-Airbus trade dispute for an additional five years. The tariffs were initially suspended for a four-month period from March 2021 to July 2021.

There it is. Now, what does one make of it? It could be that this is the World Trade Organization equivalent of Ali-Frazier and both combatants have just become too tired to fight. Or, it could be the leading edge of a broader re-embrace of U.S.-Europe open trade. Unfortunately, if either of those were the case, the tariffs would have been dropped entirely. The decision to suspend for five years sends the message that both sides want to retain the option of "playing tough" on the trade front.

The interesting question is how trade relations with Europe will figure in policy toward China. The administration has made multilateral efforts the central component of its China strategy, and selling the Europeans on the strategy was the top priority of the president's first overseas trip. When the United States was in a similar position vis-à-vis the Soviet Union, multilateral trade agreements (especially various rounds of the General Agreement on Tariffs and Trade, or GATT) were a key part of cementing together the western alliance.

Seemingly a long time ago the Obama Administration was negotiating the Transatlantic Trade and Investment Partnership, an effort that fell victim to the populist waves on both sides of the Atlantic. It will be interesting to see if the effort is revived (under any name) under the cover of an argument that confronting China is important enough to outweigh populist fears on trade.