



The Daily Dish

Tariffs Done Right

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Eakinomics: Tariffs Done Right

As Thomas Paine said: “These are the times that try men’s souls. The summer market-opener and sunshine trade-promoter will, in this crisis, shrink from the World Trade Organization’s service of their country; but he that stands by it now, deserves the love and thanks of man and woman.” Ok, so maybe not exactly that. But there is a point. This is an era of boiled-ocean trade policy characterized by steel and aluminum tariffs here, China tariffs there, threatened auto tariff over yonder, and general railing against the international processes set up under the auspices of the World Trade Organization (WTO).

Those issues and sentiments may dominate the debate, but they are not everything. As AAF’s Jackie Varas [points out](#), the WTO recently sanctioned tariffs by the United States on nearly \$7.5 billion of European imports. Importantly, “they follow 15 years of due process at the WTO during a fight between United States and the European Union (EU) over illegal government subsidies for commercial jetliners.”

The dispute dates to 2004, when the United States filed a complaint at the WTO against the EU for providing illegal aid to Airbus to launch new airliners. By 2010, the WTO had ruled that the European subsidies were a violation. After a series of back-and-forth WTO filings in 2018 the WTO ruled that the EU was not in compliance and authorized the United States to impose tariffs on \$7.5 billion of European goods. The particular goods were chosen by the U.S. Trade Representative and will range from 10 to 25 percent on October 18. If the WTO ever finds the EU has come into compliance, the United States will no longer be allowed to impose the tariffs.

Not all tariffs are created equal. Using and improving the WTO processes is a sensible item for the future trade agenda.