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U.S. and Europe Announce New Trade Cooperation, but Disputes Linger

A new trade and technology partnership aims to counter China, but tensions over issues like metal tariffs remain.



By Ana Swanson

WASHINGTON — The United States and the European Union took a step this week toward a closer alliance by announcing a new partnership for trade and technology, but tensions over a variety of strategic and economic issues are still simmering in the background.

The establishment of the Trade and Technology Council, which aims to establish a united front on trade practices and sophisticated technologies, is a significant test of whether President Biden can fulfill his pledge to mitigate trans-Atlantic tensions that soared under President Donald J. Trump. The Biden administration has long described Europe as a natural partner in a broader economic and political confrontation with China, and it criticized the Trump administration for picking trade fights that alienated European governments.

But while officials on both sides say trans-Atlantic relations have been improving, the U.S.-Europe reset has been rockier than anticipated.

The inaugural meeting of the Trade and Technology Council in Pittsburgh this week was nearly scuttled after the Biden administration said it would share advanced submarine technology with Australia, a deal that enraged the French government.

Europeans say they have been frustrated by a lack of consultation with the Biden administration on a range of issues, including the U.S. withdrawal from Afghanistan. And officials face a difficult negotiation in the coming weeks over metal tariffs that Mr. Trump imposed globally in 2018.

Europeans have said they will impose retaliatory tariffs on other U.S. products as of Dec. 1 unless Mr. Biden rolls back a 25 percent tax on European steel and a 10 percent duty on aluminum.

“The E.U. initially viewed the Biden administration as a ‘breath of fresh air’ but is now increasingly wondering how much Biden will differ from Trump,” Stephen Olson, a senior research fellow at the Hinrich Foundation and a former U.S. trade negotiator, wrote in a recent analysis. “Prospects for a U.S.-E.U. ‘united front’ have been overblown from the start.”

Valdis Dombrovskis, the European commissioner for trade, said in a round table with journalists in Washington on Tuesday that the two sides had been doing intensive work on the issue. They were aiming to reach an agreement by early November to have enough time to avert European countertariffs, he said.

The European Union was disappointed with the Biden administration’s handling of the Australian submarine agreement, Mr. Dombrovskis added, but “occasional divergences” should not disrupt their strategic alliance.

“Of course, as allies and friends, we do not always agree on everything, and we have seen this in recent weeks,” Mr. Dombrovskis said, adding that there had been more

In meetings this week, Secretary of State Antony J. Blinken; Gina Raimondo, the commerce secretary; Katherine Tai, the U.S. trade representative; and their European counterparts pledged to collaborate on a variety of 21st-century issues, such as controlling exports of advanced technology, screening investments for national security threats and offering incentives to manufacture chips in Europe and the United States as a semiconductor shortage continues.

Though official documents did not explicitly mention China, the partnership is clearly aimed in part at countering the country’s authoritarian practices. Among other goals, the council promised to combat arbitrary and unlawful technological surveillance and the trade-distorting practices of nonmarket economies.

U.S. and European officials in June announced an agreement ending a 17-year dispute over aircraft subsidies given to Airbus and Boeing.

But a lingering fight over Mr. Trump’s metal tariffs on imports from Europe and elsewhere could prove harder to resolve. Mr. Biden is under intense pressure to maintain barriers to imports from domestic steel makers and labor unions that supported his campaign.

In a virtual round table on Thursday, industry executives and labor leaders said that cheap steel produced in Europe could still damage the U.S. industry.

While China is best known for subsidizing its steel industry, European makers have also been major recipients of government subsidies, giving them an unfair advantage over U.S. competitors, said Lourenco Goncalves, the chief executive of Cleveland-Cliffs Inc., an American iron ore mining company.

He urged the Biden administration to negotiate from a “position of strength.”

“We need the White House, and we need the ones on the front line not to be affected by sweet talk, particularly from the Europeans,” Mr. Goncalves said. “I believe that the friends are a lot worse than the enemies.”

U.S. officials made an offer to their European counterparts this summer to transform the current 25 percent tariff on European steel into a so-called tariff-rate quota, an arrangement in which higher levels of imports are met with higher duties, according to a person familiar with the discussions, who spoke on the condition of anonymity to discuss confidential matters.

The Europeans have argued for a more flexible arrangement, and discussions are expected to intensify over the next three weeks, the person said.