



INSITUTE OF INTERNATIONAL ECONOMIC RELATIONS

# EU - US NOT AN (ALWAYS) EASY ALLIANCE



## 1953: THE FIRST CONTACT

In 1953 for the first time, the US Ambassador met with representatives of the European Coal and Steel Community. In the next sixty years, European integration progressed, and the relationship between the US and EU became stronger based primarily on trade.

## EU-US TRADE

The two shores of the Atlantic together make up to 60% of global wealth, more than 30% of international trade in goods, and more than 40% of international trade services. Trade connects the US and EU, and the overall good relationship between the two global powers is based on profitable trade cooperation.



## TRADE IN NUMBERS

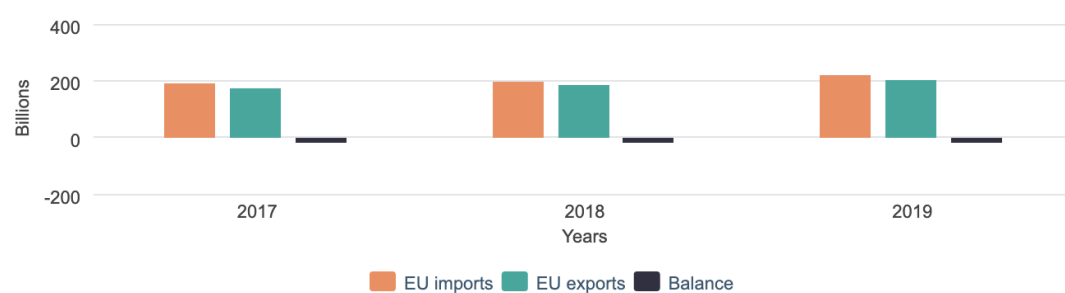
The EU and the US have the largest bilateral trade and investment relationship and enjoy the most integrated economic relationship in the world. Although overtaken by China in 2021 as the largest EU goods import source, the US remains the EU's largest trade and investment partner by far.

EU-USA: Trade in goods



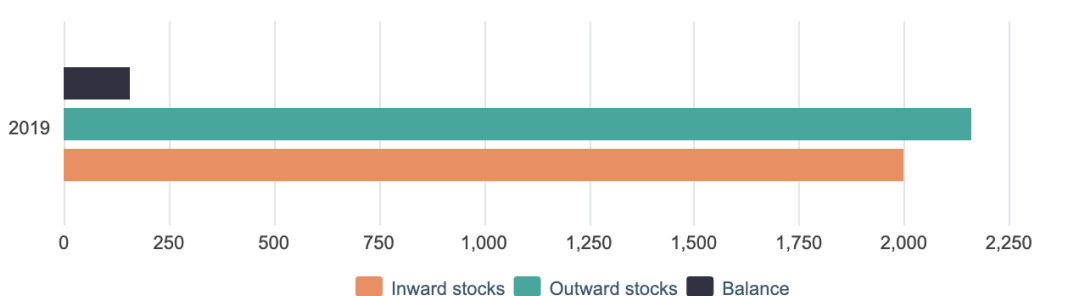
SOURCE: WWW.EUROPA.EU

EU-USA: Trade in services



SOURCE: WWW.EUROPA.EU

EU-USA: Foreign direct investment



SOURCE: WWW.EUROPA.EU

# THE TRANSATLANTIC COUNCIL



In 2007, after extensive negotiations, the German Council struck a deal with the White House to establish a permanent forum that will be convened once per year and will work to promote the EU - US partnership. The Transatlantic Council was a major step for the relationship of EU-US and eased the discussion of a potential EU-US FTA.

## TTIP: TOO MUCH? TOO SOON?

EU and the US started in 2010 to negotiate an agreement to connect the two largest economies in the world. The negotiators supported that the agreement will boost the EU economy by 120 billion dollars and the US economy by 100 billion dollars, and the rest of the world economy by 90 billion dollars. In the EU, unions, NGOs, and various organizations criticized the proposed agreement arguing that it will only help the big corporations. The election of Donald Trump resulted in the official termination of negotiations.



## BIDEN: EUUS SUMMIT

The election of D. Trump changed the rules of the game. The EU and the US entered a new phase of cold relations. President Trump publicly attacked the EU and made clear its intention to make the European allies pay more for their defense and stop relying on the US arsenal and army. The recent election of Biden was a turning point for US-EU relations. Biden wants to extend a branch of olive to the EU, which he considers friend and ally.



## BOEING - AIRBUS

President Biden and President Von der Leyen started their summit by ending the longest WTO dispute in history: the BOEING - AIRBUS dispute. US and EU have been for years accusing each other of unethical assistance to their flagship aircraft manufactures. In 2019, WTO ruled in favor of the US, and the White House imposed 7.5 billion dollars tariffs on the EU. A five years agreement has been reached between the allies:



1. no tariffs
2. ministerial-level working group for resolution of issues that might occur
3. commitment to practices that do not harm any part
4. action against non-market practices of third parties (China)

