

Macro Roundup Article

Headline: [How the U.S. and EU Could Harmonize Their Approaches to Trade in EVs and Steel](#)

Article Link: <https://www.cfr.org/blog/how-us-and-eu-could-harmonize-their-approaches-trade-evs-and-steel>

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Tweet: [.@Brad_Setser argues the US and EU should harmonize trade and industrial policy specifically in terms of EV and steel to create domestic manufacturing capacity and offset Chinese mercantilism.](#)

Summary: Europeans are frustrated that European batteries and cars don't qualify for U.S. consumer EV subsidies in a straightforward way (though the "leased vehicle" exception provides ample ground for trade), as well as the persistence of national security tariffs that apply to close security allies. Americans are frustrated by the contortions created by the EU's desire to respond to China's distortions by only using measures that fit within the narrow confines clearly allowed by the WTO (The U.S. also takes a more expansive view than the EU about what the WTO allows). These competing approaches to managing the Chinese threat have led to the fracturing of the transatlantic markets for not only clean energy goods, but also dirty goods like steel that need to become clean to lower global carbon emissions.

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Primary Topic: Trade (not deficits)

Topics: GDP, Op-Ed/Blog Post, Trade (not deficits)

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