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The aviation sector, which relies heavily on international supply chains, will be hurt, but Boeing will have a harder time passing on any price increases than Airbus, and also risks losing out in the fast-growing Chinese market. | Charly Triballeau/AFP via Getty Images

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BY TOMMASO LECCA

BRUSSELS — Donald Trump's tariff wars are supposed to herald a new American dream but they could become a nightmare for Boeing, which is in danger of suffering more than its rival Airbus.

On Tuesday, Washington hit imports from Canada and Mexico with a 25 percent tariff, as well as a 20 percent fee on goods from China — the three largest United States trading partners. They are retaliating with countermeasures. The White House quickly backtracked on cars and subsequently delayed tariffs on all other goods from Canada and Mexico that comply with the duty-free terms of the U.S.-Mexico-Canada Agreement, but many of the tariffs are still in place.

The aviation sector, which relies heavily on international supply chains, will be hurt, but Boeing will have a harder time passing on any price increases than Airbus, and also risks losing out in the fast-growing Chinese market.

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“Boeing is likely to absorb these additional material costs, leading to higher production expenses and reduced profit margins per aircraft,” said Wouter Dewulf, an air transport economist at the University of Antwerp.

The tariffs add to Boeing's growing list of troubles, including safety problems and strikes that saw the company to lose nearly \$1 billion a month in 2024.

Even worse for the plane-makers, Trump has announced a plan to impose a 25 percent tariff on goods from the European Union, which he says was formed “to screw the United States.”

He has also threatened to set tariffs on aluminum and steel — crucial aircraft components.

Brussels responded that it's ready to hit back with its so-called trade bazooka, a cocktail of quotas and tariffs or restrictions on foreign investment.

Such a development would trigger “a far more significant impact,” Dewulf said. “If the Trump administration imposes a 10 percent to 25 percent tariff on imported aircraft ... this could drive Airbus’ prices up substantially,” he said.

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Donald Trump has also threatened to set tariffs on aluminum and steel — crucial aircraft components. | Stringer/Getty

But “in response, Europe would likely retaliate, making Boeing aircraft even more expensive in key markets like Europe.”

Airbus would also be partially sheltered from tariffs because it has facilities in Alabama, Mississippi and Florida; Boeing does not manufacture in the EU.

Airbus vs. Boeing

In the last week, Boeing's share price has fallen by 6.5 percent, while Airbus' has risen by 3 percent.

The U.S. aviation sector is warning the White House about the tariff impact.

“Decades-long trade agreements enabled robust civil aviation and defense trade that resulted in a sky-rocketing positive trade balance over the last 40 years, making aerospace and defense the largest American exporting industry,” said Dak Hardwick, vice president of international affairs at the U.S. Aerospace Industries Association.

“Tariffs on Canada and Mexico could change that positive trajectory,” he added.

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The General Aviation Manufacturers Association, a lobby representing the private jet industry, also criticized the trade war, saying: “Tariffs would affect the intricate and very complex global supply chain that can take years to establish given that it relies on suppliers with unique capabilities that are highly regulated and therefore cannot be easily replaced.”

Aerospace expert Jerrold Lundquist raised the same issues, noting that “a Boeing 737 has about 2,000 parts coming from 700 separate suppliers.”

Aircraft parts “frequently pass international borders more than once,” Lundquist added, noting that “this makes assigning a value to be tariffed very difficult,” and that process could cost extra time and money.

Adding to the tariff uncertainty is the impact on sales in the fast-growing Chinese market.

"The biggest victim will likely be Boeing ... especially since China's four largest airlines, all majority-owned by various levels of the Chinese government, will likely shift their focus to domestically produced aircraft (COMAC) and Airbus," Dewulf said.





Airbus CEO Guillaume Faury said in February that his firm may prioritize deliveries to non-U.S. customers. | Valentiine Chapuis/Getty Images

“I don’t see China increasing its Boeing purchases in the near future either. This situation could present an opportunity for Airbus to expand its market share in China, particularly in the wide-body segment with aircraft like the A330 and A350,” he added.

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Implications for airlines

Asked about the impact of potential Trump tariffs, Airbus CEO Guillaume Faury said in February that his firm may prioritize deliveries to non-U.S. customers.

“As part of our standard risk management, we continuously assess how to best allocate production and deliveries in response to changing market conditions,” an Airbus spokesperson said after the tariffs went into effect.

Boeing did not respond to a request for comment.

It's not just Boeing and Airbus that could be harmed by a trade war between the EU and the U.S.

“It is clear that the most prominent victim in Europe will be Ryanair, who will receive about 30 additional Boeing 737 MAX aircraft in the coming months and next year,” Dewulf said, estimating that the carrier would face about €500 million in import fees.

Poland's LOT, Germany's Lufthansa and discount carrier TUI also have orders for Boeing aircraft, but are less reliant on the American plane-maker than Ryanair.

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