

Alert | International Trade



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US, EU, and UK Suspend Airbus-Boeing Retaliatory Tariffs

On March 5, 2021, the United States and European Union agreed to a four-month suspension of the retaliatory tariffs that had been imposed on both sides pursuant to the long running Airbus-Boeing dispute. The suspension will cover all tariffs including aircrafts and consumer products and will become effective as soon as internal procedures on both sides are completed. The suspension of duties is effective March 11- July 10.

President Biden and European Commission President Ursula Von der Leyen issued a joint statement that announced the tariff suspension and stated their determination to work together to reach a negotiated solution to the aircraft dispute, rebuild the trans-Atlantic relationship, and address "challenges posed by... non-market economies, such as China."

The U.S.-EU announcement comes on the heels of the U.S.-United Kingdom March 4 announcement that the Biden administration is suspending U.S. retaliatory tariffs for four months on UK products. The UK had previously suspended the imposition of its tariffs at the beginning of 2021. The joint announcement referred to the parties' "shared goals." The UK is prioritizing the improvement of trade relations with the United States and has held talks with the goal of agreeing on a free-trade agreement.



The additional tariffs on EU and UK products stem from the long-running U.S.-EU/UK dispute over subsidies to Airbus and is pursuant to Section 301 of the Trade Act of 1974, the same provision the United States used to impose additional tariffs on products of China. The trade dispute dates to a 2004 U.S. challenge in the World Trade Organization to EU subsidies of Airbus that had "adverse effects" on the United States. Since October 2019, 25% additional tariffs were imposed on \$7.5 billion worth of EU goods including food, beverages, certain machinery and tools, and 15% on aircraft and aircraft parts. Impacted products included cheese, fruit, meat, olives, coffee, Irish and Scotch whiskies, knives, books, and British sweaters, suits, and outerwear.

On Nov. 9, 2020, the EU announced the implementation of countermeasures (at that moment the UK still applied the EU customs duties). These measures included additional tariffs of 15% on aircraft as well as additional tariffs of 25% on a range of agricultural and industrial products imported from the United States. At the same time, the EU said they wanted to work with the United States to settle the long-running dispute. The first contacts with the Biden administration in 2021 were already promising; the early February statement of nominated USTR Katherine Tai, that she looks forward to working with the EU to resolve the 16-year-long battle over Airbus-Boeing subsidies, was received with enthusiasm in the EU and viewed as an important first step in improving the U.S.-EU trade relationship.

Authors

This GT Alert was prepared by:

- Erik de Bie | +31 20 301 7315 | debiee@gtlaw.com
- Laura Siegel Rabinowitz | +1 212.801.9201 | rabinowitzl@gtlaw.com
- Donald S. Stein | +1 202.530.8502 | steind@gtlaw.com

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