

## **Tariff package granted by the EU Council on Wednesday 18 November in the framework of the EU/US trade war**

As part of the EU's \$4 billion countermeasures against the US, the European Commission adopted on November 7, 2020 an Implementing Regulation 2020/1646 to impose an additional 25% duty on certain US products such as vanilla, cereals, dairy products, fruits and vegetables, etc.

Tensions between the European Union and the United States are not new. It all began with illegal aid granted by the European Union to Airbus, causing commercial damage to its American competitor Boeing.

- In **1992** the two American and European aircraft manufacturers signed an **agreement on aid to the aeronautics sector** stipulating that states can grant reimbursable advances to aircraft manufacturers for up to 33% of research and development costs.
- In **2004**, Boeing's CEO expressed his indignation at the subsidies illegitimately benefiting Airbus. The **US Trade Representative, Robert Zoellick, announced that the United States would submit a complaint to the WTO against the European union. Brussels replied by filing a complaint with the WTO against the "massive subsidies" affected by Boeing.**
- In **2010**, the **WTO** recommends that **"every subsidy to Airbus that has been found to be prohibited"** be withdrawn within 90 days. **Boeing then asked Airbus to repay 4 billion dollars of illegal aid received for the A380.**
- In **2012**, the **WTO** estimates that the **U.S. aircraft manufacturer received several billion dollars in illegal aid.**
- In **October 2019**, the **WTO** gives the green light to the **United States to tax European products to the tune of 7.5 billion dollars**, for damages suffered by the country due to European subsidies to Airbus. Immediately, Washington published the **list of 150 product** categories that will be surcharged from October 18. Trump then decided to impose a **25% duty on French non-sparkling wines in bottles of less than 14 degrees**. Other European products are concerned such as Spanish olives, Scotch whiskies and Italian cheeses. American taxes have caused a 40% drop in French wine exports to the United States in the first half of 2020.

After several months of respite, the United States again threatened to impose customs duties on European cars. A means of pressure designed to push the Europeans to initiate proceedings against Iran for violation of the nuclear agreement, said the German Defense Minister.

- On **October 13, 2020**, the WTO authorizes the EU to ask the Dispute Settlement Body for authorization to take countermeasures against the U.S. for an amount equal to 4 billion dollars. A decision that echoes the authorization given by the WTO a year ago in the United States to surcharge European products for 7.5 billion dollars.
- On **October 26**, the EU is authorized by the WTO Dispute Settlement Body to adopt countermeasures against the US, the Commission then adopts the EU Implementing [Regulation 2020/1646 dated November 7, 2020](#).  
The EU shall apply **additional customs duties on imports into the EU of US products listed in Annexes I and II to this Regulation from 10 November 2020** and under certain conditions. The products subject to an additional duty of 25% include: *dairy products, certain fruits and vegetables, cereals, seeds, prepared dishes, vanilla, etc.*
- Despite this measure, **the European Union wants to open communication with the United States and affirms to be opened to the suspension of these taxes.** With the election of the new President of the United States, Brussels hopes to find a way out of this conflict, which penalizes many sectors different than the aeronautic sector. Indeed, the trade relationship between the **EU and the United States represents more than 1,300 billion euros per year**, making it the most important economic partnership in the world.
- It is in the context of this desire to ease tensions that the **Council of the EU supported this [Wednesday, November 18, a mini-tariff package of mutual concessions with the United States](#) with the aim of improving transatlantic trade relations.** The EU will then eliminate tariffs on **lobster imports**. In return, the United States will reduce its tariffs on certain European products exported to the United States. This tariff package is the first tariff reduction between the EU and the U.S. in two decades. The previous Implementing Regulation is now forwarded to the European Parliament, which will adopt it at a forthcoming plenary session.
- Then, "The Permanent Representatives Committee decided on Wednesday 18 November to support the implementation of the joint declaration, announced on 21 August 2020 by the EU and the United States, aimed at reducing or even eliminating customs duties on the basis of the Most Favored Nation rule. **Tariff relief is expected to increase access to the EU and US markets by approximately 200 million euros per year.** The measures would apply retroactively to August 1, 2020 for a period of five years. ».

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**The Customs and International Trade team of DS Avocats is at your disposal to provide you with any further information you may require.**

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