



## Global Trade Advisory Alert

### All supplemental tariffs imposed by the US and EU in the large civil aircraft dispute suspended for four months

On 5 March 2021, the US and the EU agreed to suspend all supplemental tariffs between them resulting from the large civil aircraft dispute for four months effective as soon as internal procedures on both sides are completed. This announcement came a day after the US and the UK released a joint statement announcing a four-month suspension of US tariffs on the UK related to the ongoing large civil aircraft dispute effective 4 March 2021. The UK had already stopped imposing tariffs on US-origin goods when it left the EU on 1 January 2021.

According to the parties, these decisions represent a step towards resolving two of the longest running disputes at the World Trade Organization (WTO), and the four-month suspension will allow time for the parties to negotiate a balanced settlement to the disputes and begin addressing the challenges posed by new entrants to the civil aviation market from non-market economies.

#### Background

In October 2019, the US imposed approximately USD 7.5 billion per annum in supplemental tariffs on EU-origin products as a result of an arbitrator's favorable decision received in the WTO large civil aircraft dispute between the US and the EU. This included 15 percent tariffs on

certain EU aircraft and aircraft parts, and 25 percent tariffs on a variety of EU-origin goods, such as wine, cheese, chocolate, and other luxury goods. In January 2021, the US narrowed the 25 percent tariffs to include goods of just French and German origins, but also expanded them to include additional goods.

In November 2020, following another WTO arbitrator's decision that, this time, favored the EU in the large civil aircraft dispute between the EU and the US, the EU imposed supplemental tariffs on US-origin goods covering an estimated trade value of USD 4 billion per annum. These included 15 percent tariffs on certain US aircraft, and 25 percent tariffs on a variety of imports of goods of US origin, including rum, cheese, chocolate, and other luxury goods. On 1 January 2021, which coincided with Brexit, the UK stopped applying these tariffs, stating that it was done in the interest of deescalating its trade relationship with the US and encouraging negotiations.

### **How we can help**

Deloitte's Global Trade Advisory specialists are part of a global network of professionals who can provide specialized assistance to companies in global trade matters. Our professionals can help companies seeking to manage the impacts and potential impacts of the developments described above by:

- Obtaining and analyzing import data to assess the potential impacts of the trade measures;
- Scrutinizing the accuracy of tariff classifications; and
- Planning changes to the supply chain.

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