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## United States Modifies Tariffs on EU Products in Large Civil Aircraft Dispute

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The United States is adjusting tariffs on certain products imported from the European Union. The U.S. was authorized in October 2019 to impose additional duties on approximately \$7.5 billion in EU products as a result of the WTO Large Civil Aircraft litigation. The United States implemented its authorized countermeasures in a restrained way and used trade data from the prior calendar year to determine the amount of products to be covered.

In September, 2020 the EU was authorized to impose tariffs affecting \$4 billion in U.S. trade as a result of related WTO litigation. In implementing its tariffs, however, the EU used trade data from a period in which trade volumes had been drastically reduced due to the horrific effects on the global economy from the COVID-19 virus. The result of this choice was that Europe imposed tariffs on substantially more products than would have been covered if it had utilized a normal period. Although the United States explained to the EU the distortive effect of its selected time period, the EU refused to change its approach.

As a result, to keep the two actions proportionate to each other, the U.S. is forced to change its reference period to the same period used by the European Union. However, in order to not escalate the situation, the United States is adjusting the product coverage by less than the full amount that would be justified utilizing the EU's chosen time period.

The EU made another choice that unfairly increased the amount of retaliation. The EU calculated the amount of trade to be covered using EU-27 trade volume (i.e., excluding UK trade). The effect of this was to unfairly increase the retaliation for the 52 days in which the UK remained within the EU for tariff purposes. The EU needs to take some measure to compensate for this unfairness.

The products subject to the additional tariffs include aircraft manufacturing parts from France and Germany, certain non-sparkling wine from France and Germany, and certain cognac and other grape brandies from France and Germany.

Additional details will be provided in a forthcoming Federal Register [notice](#).

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