



ALERTS

U.S. Announces Possible Retaliatory Tariffs On European Union For Airbus Subsidies

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The Office of the U.S. Trade Representative (USTR) announced in a Federal Register notice published July 5 that the agency is [considering increasing duties on certain goods from the European Union \(EU\)](#). This move is connected to a long-running World Trade Organization (WTO) dispute involving EU subsidies for Airbus, the aircraft manufacturing company.

The USTR has invited public comments on the proposed list and will hold a public hearing on Aug. 5, 2019.

Requests to appear at the hearing are due to the USTR by July 24, and written comments are due by Aug. 5. The public comment and hearing process will provide importers of goods from the EU, as well as domestic producers that compete with EU producers, the opportunity to be heard with regard to the products that may be subject to tariffs.

In April 2019, the USTR published a preliminary list of goods from the EU that could be targeted with tariffs, which included aircraft, motorcycles and wine. The July 5 list contains additional products, including whiskey, coffee, olives, pasta, cheese, pork, and metals, among other items. The goods on both lists are collectively worth about \$25 billion of imports per year.

The tariffs stem from a WTO case filed by the United States in 2004, which was resolved by the WTO Appellate Body in 2011. In that case, [European Communities and Certain member States — Measures Affecting Trade in Large Civil Aircraft \(DS316\)](#), the Appellate Body found

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that certain EU subsidies for Airbus failed to comply with the WTO's Agreement on Subsidies and Countervailing Measures (SCM Agreement).

The EU made certain changes to its subsidy regime in response to the Appellate Body's decision, but the U.S. later asked the WTO to determine that the EU had not fully complied with the decision. That request led to another Appellate Body decision published in May 2018, in which the Appellate Body agreed with the U.S. that the EU was still not in compliance with the SCM Agreement.

The WTO is expected to determine the amount of retaliatory tariffs the United States can impose sometime this summer, and the April and July 2019 tariffs proposed by the USTR are likely being prepared in anticipation of the WTO decision.

To obtain more information, please contact the Barnes & Thornburg attorney with whom you work, or David Spooner at 202-371-6377 or david.spooner@btlaw.com, Linda Weinberg at 202-408-6902 or linda.weinberg@btlaw.com, or Timo Rehbock at 312-214-4592 or timo.rehbock@btlaw.com, or Kristen McCannon at 202-831-6708 or kristen.mccannon@btlaw.com.

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