



Will Your Business Be Impacted by Massive Tariffs? What Can You Do About It?

07.02.2020 | By **Frederick T. Dombo III**

On Friday, June 26, the United States Trade Representative (USTR) issued a new list of products from European countries that it is considering subjecting to massive import duties – as much as 100% *ad valorem*. For many businesses that use imported products from the EU or other European countries, these tariffs will mean a significant financial impact, on top of the impact caused by the COVID-19 pandemic. If your business imports auto parts, breads and pastries, cheese, essential oils, fish (like smoked salmon or trout), fruits, jams, glassware, iron, liquors (including liqueur, cordials, gin, vodka, and more), olives, pasta, steel, or even ski suits, then you have until July 26, 2020 to comment and try to be excluded from this burden.

Background

Earlier this year, the United States and the European Union (EU) had a World Trade Organization (WTO) trade dispute involving Airbus regarding large civil aircraft. The investigation focused on whether the EU provided, and Airbus received, illegal government subsidies to enable Airbus to have beneficial market access and market share. The WTO concluded that there were illegal subsidies. As a result, a WTO Appellate Body decided that the United States government could implement a “tariff carousel” approach to specific EU and other country-specific products. The EU and the U.S. Government, represented by USTR, continue to negotiate a settlement to ease the impact of the tariff carousel.

Meanwhile, USTR is exercising the authority to impose duties on certain EU products and issued its first list of products and duties in April 2019, followed by a second list in July 2019 and a third list last week. USTR is currently conducting a review of the action being taken in the Airbus investigation to facilitate a possible modification of the action in accordance with the amended Section 306(b)(2)(B)(i) of the 1974 Trade Act. In connection with this review, USTR invites public comments with respect to the maintenance or imposition of additional duties on certain products from specific, current or former EU member States indicated in the notice. See 85 Fed. Reg. 38488 (Jun. 26, 2020).

There are three lists, or annexes, discussed in the Federal Register Notice.

- **Annex I** lists the specific products of current or former EU member States currently subjected to additional duties of 15 or 25%.
- **Annex II** lists products of current or former EU member States for which additional duties of up to 100% were previously proposed, but for which no additional duties currently are imposed, but are under consideration for additional duties.
- **Annex III** lists products that are under consideration for future duties.

Which countries are involved?

Generally, this notice pertains to products from Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom (including in some instances Northern Ireland).

Next Steps

USTR is seeking public comments from interested parties with respect to:

- whether products listed in Annex I should be removed from the list or remain on the list;
- whether the rate of additional duty on specific products should be increased, up to a level of 100 percent;
- whether additional duties should be imposed on specific products listed in Annex II or Annex III; and
- on the rate of additional duty of up to 100 percent to be applied to any products drawn from Annex II or Annex III.

Comments must be submitted by July 26, 2020.