



FedEx Regulatory Alerts & Updates

Regulatory Alert Update: U.S. Modification to the WTO Large Civil Aircraft Dispute

January 11, 2021

Background

On October 2, 2019, the World Trade Organization (WTO) issued an arbitration decision that authorized the United States to impose tariffs on European Union (EU) imports worth \$7.5 billion annually for illegal subsidies certain EU members provided to Airbus.

The U.S. Trade Representative (USTR) initiated tariffs on imports from a number of EU countries beginning October 18, 2019. The initial tariff increases were 10% on large civil aircraft and 25% on agricultural and other products. The USTR made it clear that it can raise these tariffs at any time or change the products on the tariff list.

In September 2020, the EU was authorized to impose tariffs affecting \$4 billion in annual U.S. trade as a result of WTO litigation related to illegal subsidies that the U.S. provided to Boeing.

What Has Changed?

The USTR has determined that the trade data used by the EU to implement its tariffs was distorted due, in part, to the COVID-19 pandemic. As a result, the USTR has resolved to implement additional tariffs that it determined will be commensurate with the EU tariffs.

The additional tariffs specifically target products from France and Germany and will go into effect on **January 12, 2021**.

Q&A

Q1: Where can I find a list of products impacted by the U.S.'s tariff actions?

A1: The impacted products are detailed in the USTR Large Civil Aircraft Revision Notice found in the References section.

Q2: Is there a set end date for these Section 301 tariffs?

A2: There is not a pre-determined end date. This case has been ongoing for over sixteen (16) years within the WTO. The tariffs will likely end if both sides come to an agreement on how to settle this dispute within the WTO framework.

References:

USTR Large Civil Aircraft Revision Notice

<https://ustr.gov/sites/default/files/files/Press/Releases/LCARRevisionNotice.pdf>

(EXTERNAL Posting) RegAlert 21-026 U.S. “Modification to the WTO Large Civil Aircraft Dispute” (posted on 9/4/2020)

[https://www.fedex.com/content/dam/fedex/us-united-states/International/images/2020/RegAlert_21-026_U.S. Modification to the WTO Large Civil Aircraft Dispute.pdf](https://www.fedex.com/content/dam/fedex/us-united-states/International/images/2020/RegAlert_21-026_U.S._Modification_to_the_WTO_Large_Civil_Aircraft_Dispute.pdf)

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