



FedEx Regulatory Alerts & Updates

Regulatory Alert: Joint U.S.-EU Four-Month Suspension of Large Civil Aircraft Tariffs Takes Effect

March 16, 2021

BACKGROUND

The Boeing/Airbus litigation case has been ongoing within the World Trade Organization (WTO) for over sixteen (16) years. During that time, the WTO has ruled that the United States (U.S.) and European Union (EU) both provided infringing subsidies, despite both sides making some changes to comply with the rulings.

These rulings led to the authorization by the WTO of the use of tariffs and subsequent implementation of several tariff rounds by both the U.S. and the EU against the other party.

WHAT HAS CHANGED?

The U.S. and the EU released a joint statement on March 5, 2021 announcing a four-month suspension of tariffs related to the ongoing large civilian aircraft dispute.

The two sides stated that the mutual suspension for four months of the tariffs related to the WTO disputes will cover all tariffs, both on aircraft as well as on non-aircraft products. The suspension action will allow both the U.S. and the EU to ease the burden on their industries and workers, while focusing their efforts towards resolving these long running disputes at the WTO.

This announcement follows a similar, earlier announcement of a suspension of tariffs by the U.S. and the United Kingdom (UK) relating to the same dispute on March 4, 2021.

WHEN WILL THE SUSPENSION TAKE EFFECT AND FOR HOW LONG WILL IT LAST?

The suspension came into force on March 11, 2021 and will be in effect for a period of four months, up to and including July 10, 2021.

If no agreement has been reached between the two sides by this date, the tariffs will automatically apply from July 11, 2021.

WHAT PRODUCTS DOES THE SUSPENSION COVER?

The U.S.-EU suspension covers all tariffs, both on aircraft as well as on non-aircraft products, related to the dispute.

The list of products for which tariffs on U.S. imports are temporarily lifted by the EU are those that were included in the initial [EU Regulation of 7 November 2020](#), when the EU originally implemented its tariffs.

The products covered by the U.S. suspension are those covered by the latest [modification of the tariff action of August 18, 2020](#), which updated previous notices. The U.S. CBP also put together this [chart](#) which details the products in scope and their corresponding HS codes.

WHAT IS THE DIFFERENCE BETWEEN THE U.S.-EU SUSPENSION AND THE U.S.-UK SUSPENSION?

The two announcements relate to the same dispute, which began while the UK was still a member of the EU. As a former EU member, the UK remains part of the dispute. Now that the UK has left the EU; however, it is implementing its own trade policy and is able to negotiate independently with the U.S. Nevertheless, the products covered by the U.S.-UK suspension are the same as in the U.S.-EU dispute.

This background is the reason for the two separate announcements, although the timing of the announcements was coordinated.

Timeline for Implementation: Temporary suspension covering the period from March 11, 2021 – July 10, 2021

Legislative base:

COMMISSION IMPLEMENTING REGULATION (EU) 2021/425 of 9 March 2021 suspending commercial policy measures concerning certain products from the United States of America imposed by Implementing Regulation (EU) 2020/1646 following the adjudication of a trade dispute under the Dispute Settlement Understanding of the World Trade Organization - https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2021.084.01.0016.01.ENG&toc=OJ%3AL%3A2021%3A084%3AFULL

USTR March 5, 2021 Notice – Joint Statement of the European Union and the United States on the Large Civil Aircraft WTO Disputes - <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/march/joint-statement-european-union-and-united-states-large-civil-aircraft-wto-disputes>

References:

COMMISSION IMPLEMENTING REGULATION (EU) of 7 November 2020 on commercial policy measures concerning certain products from the United States of America (the United States) following the adjudication of a trade dispute under the Dispute Settlement Understanding of the World Trade Organization (WTO) that provides for the application of additional customs duties on imports into the Union of a number of products originating in the United States - https://eur-lex.europa.eu/eli/reg_impl/2020/1646/oj

US CBP chart detailing products covered under US tariff actions as of September 9, 2020 - https://content.govdelivery.com/attachments/USDHSCBP/2020/08/27/file_attachments/1527665/LCA%202020%20Table%20chart%2020200825.pdf

US FEDERAL REGISTER 85 FR 50866 of August 18, 2020 – Notice of Modification of Section 301 Action: Enforcement of U.S. World Trade Organization (WTO) Rights in Large Civil Aircraft Dispute - <https://www.federalregister.gov/documents/2020/08/18/2020-17973/notice-of-modification-of-section-301-action-enforcement-of-us-world-trade-organization-wto-rights>

EUR-LEX - COMMISSION IMPLEMENTING REGULATION (EU) 2021/425 of 9 March 2021 suspending commercial policy measures concerning certain products from the United States of America imposed by Implementing Regulation (EU) 2020/1646 following the adjudication of a trade dispute under the Dispute Settlement Understanding of the World Trade Organization - https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2021.084.01.0016.01.ENG&toc=OJ%3AL%3A2021%3A084%3AFULL

USTR March 5, 2021 Notice – Joint Statement of the European Union and the United States on the Large Civil Aircraft WTO Disputes - <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/march/joint-statement-european-union-and-united-states-large-civil-aircraft-wto-disputes>

External Regulatory Alert - 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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