



# FedEx Regulatory Alerts & Updates

## **Regulatory Alert: U.S. and UK Announce a 5 Years Suspension of Airbus/Boeing Tariffs**

June 29, 2021

### **OVERVIEW**

The United Kingdom (UK) and the United States (U.S.) dispute on Large Civil Aircraft (LCA; also known as Airbus-Boeing Dispute) began in 2004 when the UK was part of the EU. It is the longest running trade dispute in the history of the World Trade Organization (WTO), with both sides alleging that they provided WTO-inconsistent subsidies to their respective LCA industries.

Both the UK and the U.S. called for a four-month suspension of the punitive duties assessed against both countries on March 11, 2021, while the two sides attempted to negotiate a resolution.

### **WHAT HAS CHANGED?**

The U.S. and the UK reached an understanding on June 17, 2021 agreeing to suspend application of the reciprocal tariffs for a period of 5 years. This agreement shifted nearly 17 years of disputes into a more collaborative platform to address bilateral issues as well as global challenges.

The UK and the U.S. will now seek to avoid future litigation and preserve a level playing field between its aircraft manufacturers while also working to prevent new differences from arising.

## **Q&A**

**Q 1** – Does this cooperative action by the UK and the U.S. end this WTO issue?

A 1 – No, but these negotiations demonstrate a willingness to move forward to an agreeable resolution after a nearly 17 year trade conflict.

**Q 2** – Is it possible these tariffs can be resurrected again in 5 years?

A 2 – The U.S. and the UK agreed to clear statements on acceptable support for large civil aircraft producers. These statements affirm the outcomes of the disputes and the intention of the parties to ensure that our workers and industries can compete on a level playing field. Tariffs could be re-applied if either side truly believes the playing field is NOT level and the working group is unable to satisfactorily address the concerns raised.

**Q 3** – Is there an available list of the goods for which the tariffs have been suspended under this agreement?

A 3 – Yes, the lists of all items with suspended tariffs are found in References section below for both the U.S. and the UK tariff actions.

## **REFERENCES**

Gov UK Joint UK – U.S. Statement on a Cooperative Framework for Large Civil Aircraft:

<https://www.gov.uk/government/news/joint-us-uk-statement-on-a-cooperative-framework-for-large-civil-aircraft>

U.S. Trade Representative Joint U.S. – UK Statement on a Cooperative Framework for Large Civil Aircraft:

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/june/join-us-uk-statement-cooperative-framework-large-civil-aircraft>

The UK products covered by the U.S. suspension are those detailed in this US Customs (CBP) chart:

[https://content.govdelivery.com/attachments/USDHSCBP/2020/08/27/file\\_attachments/1527665/LCA%202020%20Table%20chart%2020200825.pdf](https://content.govdelivery.com/attachments/USDHSCBP/2020/08/27/file_attachments/1527665/LCA%202020%20Table%20chart%2020200825.pdf)

The U.S. products covered by the UK suspension are those detailed in this EU Regulation Notice of November 7, 2020:

[https://eur-lex.europa.eu/eli/reg\\_impl/2020/1646/oj](https://eur-lex.europa.eu/eli/reg_impl/2020/1646/oj)

Regulatory News March 8, 2021 - Joint U.S.-UK Four-Month Suspension of Large Civil Aircraft Tariffs Takes Place:

[https://www.fedex.com/content/dam/fedex/us-united-states/International/images/2021/RegAlert\\_21-053\\_Joint\\_US-UK\\_Statement\\_on\\_Suspension\\_of\\_Large\\_Civil\\_Aircraft\\_Tariffs.pdf](https://www.fedex.com/content/dam/fedex/us-united-states/International/images/2021/RegAlert_21-053_Joint_US-UK_Statement_on_Suspension_of_Large_Civil_Aircraft_Tariffs.pdf)

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