

EU Releases Proposed List for Retaliatory Tariffs on U.S. Products

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The European Union has just released a list of U.S. products for retaliatory tariffs following the recent announcement by the U.S. of its [intent to levy additional duties on European products](#). The EU list covers nearly \$23 billion worth of U.S. goods including tractors, luggage, frozen fish, fruit, wine, ketchup, nuts, and orange juice. [The proposed list](#) is available for public comment until May 31, 2019.

The U.S. and EU retaliatory measures follow the long running dispute over the respective subsidies to Boeing and Airbus. Both parties are awaiting WTO decisions on the dispute settlement proceedings before the measures will go into effect and will determine the permissible level of damages. The U.S. valuation decision is expected this summer and the EU decision by May 2020. The U.S. list is expected to cover \$11 billion worth of goods.

These recent retaliatory tariffs emerge amid growing trade tensions between the two blocks as they initiate negotiations for a transatlantic trade agreement. However, EU Trade Commissioner Cecilia Malmstrom stated that "I still believe that dialogue is what should prevail between important partners such as the EU and the US...."

On April 15, 2019, the EU agreed to launch trade negotiations with the U.S. on the condition that the U.S. does not impose new tariffs on EU good and that the U.S. agrees to remove existing steel and aluminum tariffs. The EU has adopted negotiating mandates for the talks, but agricultural products have been excluded. The EU, which considers this issue a red line, stated that "agriculture will certainly not be part of these negotiations."

That said, with the exception of France (and an abstention from Belgium), the EU Member States expressed their support for a trade agreement with the U.S. Germany, particularly, champions a trade deal, due to its substantial car and car part exports industry. France, on the other hand, opposes negotiations with the U.S. in light of President Donald Trump's announcement to withdraw the U.S. from the Paris Climate Agreement.

On the U.S. side, Senate Finance Committee Chairman Chuck Grassley (R-Iowa) stated that the U.S. cannot proceed unless agriculture is part of the talks. Clearly, the situation is fluid and is creating uncertainty for importers of EU products into the U.S. and exporters of U.S. products into the EU.