

# EU Targets November 10 for Imposition of Nearly \$4 Billion in Tariffs on U.S. Goods in Aircraft Case

[Jennifer E. McCadney](#)

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The WTO has given final approval for the EU to impose tariffs on at least \$4 billion of U.S. goods in retaliation over illegal aid in connection with the Boeing/Airbus aircraft dispute. The EU has set a target date of November 10, 2020 to impose tariffs, regardless of the outcome of the U.S. presidential election. Press accounts indicate the EU Commission has given EU member states until November 3 to provide input on the targeted products.

While the U.S. and the EU have indicated general support for a settlement of the 16-year aircraft dispute, the two sides continue to disagree on settlement terms. The EU has urged the U.S. to remove tariffs over EU subsidies to Airbus because it has repealed those programs, while the U.S. contends that since it has already removed the subsidies to Boeing, there is no legitimate basis for EU retaliation. It seems unlikely the parties will reach a settlement by the November 10, 2020 deadline. The EU has stated that it will move forward with the tariffs if there is no settlement by November 10, 2020.

President Trump has warned that the U.S. will strike harder should the EU impose tariffs. The U.S. to date has not applied the maximum tariff level in the \$7.5 billion damages award against the EU from the WTO in 2019. Instead, the U.S. has imposed 15% tariffs on Airbus aircraft and 25% levies on various other European exports such as French wine, Scotch whisky and Spanish olives. The U.S. could raise these import taxes to 100%, which would effectively bar many of these European products from entering the U.S. market.

It is widely anticipated that the updated list of U.S. goods subject to the new EU retaliatory tariffs will be based on the EU's preliminary April 2019 list, which identified U.S. products under consideration for the application of additional tariffs. Products of note on the April 2019 list include: fresh and frozen fish of a variety of species; fresh and dried fruits and vegetables, sugar, cocoa powder and chocolate, nuts and seeds, orange juice and grapefruit juice, wine and alcohol, polymers, suitcases and handbags, shovel loaders and tractors, and video game consuls.

While any listed product may be subject to additional tariffs, the EU may not apply tariffs exceeding the approved level of countermeasures, totaling just under \$4 billion.

Kelley Drye continues to monitor developments related to this case, including the publication of a final updated list. If you are interested in receiving updates or have any questions, please contact:

[Jennifer McCadney](#).