

US to Impose Tariffs on European Goods

Roberta Cutillo (October 11, 2019)



Following authorization from the World Trade Organization, the Trump administration plans to impose tariffs on \$7.5 billion worth of goods, including aircrafts but also Italian cheeses, French wine, Scotch whiskey, and other products from the European Union beginning October 18th.

On Wednesday October 2nd, the [World Trade Organization](#) [2] (WTO) authorized the United States to impose tariffs on goods coming from the European Union. This is the latest development in a 15-year fight over subsidies for aircraft companies [Airbus](#) [3] and [Boeing](#) [4].

The United States claims that Airbus, the European multinational aerospace corporation and one of the world's main aircraft manufacturers, has been receiving illicit subsidies from the EU.

"For years, Europe has been providing massive subsidies to Airbus that have seriously injured the U.S. aerospace industry and our workers," stated U.S. Trade Representative Robert Lighthizer. "Finally, after 15 years of litigation, the WTO has confirmed that the United States is entitled to impose countermeasures in response to the EU's illegal subsidies."



President Donald Trump echoed him calling the WTO ruling a “big win for the United States.”

The same complaint has however been expressed by the EU with regards to Airbus’ American counterpart, Boeing and the WTO had previously determined that both aircraft makers received illegal government subsidies. The case against Airbus’ subsidies simply moved through the system first. The ruling on Boeing’s subsidies is set to take place early next year, at which point the EU will have the authorization to strike back.

“If somebody is imposing tariffs on our aviation companies, we will do exactly the same.” said European Commission President Jean-Claude Juncker.

But resorting to such a tariff war would harm both sides. For one, it puts both the US and Europe at a disadvantage compared to Russia and China, which are both subsidizing their own aircraft makers.

Furthermore, duties would raise costs for airlines on both sides of the Atlantic and American airlines already committed to Airbus aircrafts have called out against implementing these measures. “Imposing tariffs on aircraft that U.S. companies have already committed to will inflict serious harm on U.S. airlines, the millions of Americans they employ and the traveling public,” a Delta spokesperson claimed.

And of course, as EU Trade Commissioner Cecilia Malmstrom said, **a tariff war “would only inflict damage on businesses and citizens on both sides of the Atlantic.**

The **eight-page list of goods facing 25% tariffs**, which was published on Wednesday October 2nd is quite varied, covering items ranging from German camera parts to UK-made sweaters, cashmere items and wool clothing. It also includes **many food products, amongst them French wine, Scotch whisky, Greek, French and Portuguese olive oil, EU-produced pork sausage and other pork products other than ham, Italian and French cheeses, and German coffee.**

Back in August, specialty food importers had urged the Trump administration to skip the tariffs, saying “there are few to no domestic products” that could replace the imported items.

Additionally, such measures will drive up the costs of the products imported from either side, in many cases pushing consumers to choose products from other countries instead. This is particularly an issue for Italy, which already struggles to get American consumers to understand why they should pay more for authentic Italian products when they can get cheaper “Italian sounding” ones, which in some cases are made in the US but often come from third-party countries.

For example, the US is set to put tariffs of 25% on Italy's Pecorino Romano, Parmigiano Reggiano and provolone cheeses, which according to the Parmigiano Reggiano consortium would take the price of authentic parmesan cheese for the American consumer up from around 40 dollars a kilo to over 45 dollars.

For now, **Italian olive oil, pasta, prosecco and DOP Mozzarella di Bufala from Campania have been exempted** and Italian cold cuts such as prosciutto should be exempt as well.

Overall, Italy seems set to suffer a slightly lighter blow compared to other countries, such as France, Germany, Spain and the UK, which were hit the hardest by the new tariffs. However, the U.S. Trade Representative’s Office said it would “continually re-evaluate these tariffs based on our discussions with the EU.”

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