

GOVERNMENT

## Walpole comment: US Trade Representative announces revisions to tariffs on UK luxury

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*U.K. luxury has been caught in a spat between the United States and the European Union over subsidies to Airbus that the U.S. says discriminates against its own aero giant champion Boeing. As a retaliation, the U.S. has imposed tariffs on key U.K. products such as cashmere, tailoring, bed linen, single-malt whisky and wool. Image credit: Walpole*

By LUXURY DAILY NEWS SERVICE

Walpole, the United Kingdom's luxury trade lobby, was disappointed by the recent news of the U.S. Trade Representative (USTR) announcement that will see the continuation of retaliatory tariffs of 25 percent imposed on single-malt whisky, cashmere, wool, tailoring and bed linen products applied from Sept. 1.

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However, it was positive to see that tariffs were not extended to include additional products or increased as highlighted in the review.

Here is the statement from Walpole:

The impact of the longstanding Boeing/Airbus trade dispute is negatively affecting businesses and jobs on both sides of the Atlantic, and Walpole is committed to continue working with the Department for International Trade and our European sister organizations within the ECCIA to highlight the impact on the luxury sector and need for a resolution.

In the early hours of Aug. 13, the U.S. Trade Representative (USTR) announced they are revising their retaliatory tariffs on E.U. and U.K. products as part of a World Trade Organization dispute over subsidies to Airbus. The changes to the list include:

- The 25 percent tariff on sweet biscuits, including shortbread, will no longer target imports from the U.K. This will now only target imports from Germany
- The 25 percent tariff on all other non-aircraft related products will remain the same

Washington had previously raised the import tariff on certain high-end goods from Europe to 25 percent, hitting U.K. and E.U. luxury businesses hard and in retaliation for subsidies paid to manufacture the Airbus fleet of planes.

**Walpole** was hoping that British and European luxury brands would cease to be caught in the crossfire of the Airbus-

Boeing dispute and had presented evidence to the USTR prior to this review, explaining the harm that the 25 percent tariffs have on the luxury goods sector, the additional harm that this inflicts on U.K. luxury businesses as they deal with Brexit and the impact of COVID-19, and the negative impact on American consumers' choice and co-investment opportunities between the U.S. and U.K. This harm included the following:

- The disproportionate effects that the United States' E.U. tariffs have on U.K. producers and the creation of an imbalance between different markets e.g. that U.S. retailers will turn to Italian and Chinese cashmere producers to avoid the tariffs on Scottish cashmere; and that the Scottish whisky sector is paying over 60 percent of the U.K.'s tariff burden, six times more than metals and construction, eight times as much as dairy
- The negative consequences for U.K. luxury brands, which will have to scale down operations and export volumes in the U.S. and cut jobs

As part of the review, the U.S. was considering whether to increase and broaden punitive tariffs on British and European luxury goods, which have been caught up in the long-running dispute.

Whilst Walpole welcomes the news that the U.S. has decided to lift tariffs on sweet biscuits, not to extend the tariffs to include handbags, china glassware or sparkling wines, and not to impose additional tariffs on additional key U.K. products such as blended whiskies and gin, it is deeply concerning that the U.S. continues to apply its retaliatory tariffs under the Airbus dispute on whisky, cashmere, wool, tailoring and bed linen products.

The cost of these tariffs continues to bear heavily on businesses particularly in Scotland which are critical regional employers.

The Department of International Trade (DIT) advises Walpole that Liz Truss, the secretary of state for international trade, continues to push for the removal of all tariffs and to reach a resolution to this situation with expediency.

During her visit to the U.S. [earlier this month], Ms. Truss had a series of key meetings with the United States Trade Representative Robert Lighthizer, and other key members of the U.S. administration and Congress to protest against tariffs on critical British industry.

Walpole will continue to provide the DIT with counsel and evidence as the secretary of state continues her conversations with the USTR.

[Please click here to access the USTR press release](#)

[Please click here to access the U.K. secretary of state for international trade's response](#)

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