

GOVERNMENT

British luxury producers relieved over aerospace tariff suspension

March 4, 2021



The U.S. has lifted tariffs on multiple British luxury industries. Image credit: Walpole

By LUXURY DAILY NEWS SERVICE

Walpole and other luxury British brands are welcoming the joint announcement from the United States and United Kingdom that the U.S. will suspend a 25 percent retaliatory tariff imposed on single-malt whiskey, cashmere, wool, tailoring and bed linen products.

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The announcement states that the tariff suspension will ease the burden on these industries, signaling a step towards resolving the longest running dispute at the World Trade Organization. The impact of the long-standing Boeing, Airbus trade dispute has negatively affected businesses and jobs in both nations.

"News that the US tariffs on single-malt whiskey, cashmere wool, tailoring and bed linen products have been suspended for four months is very welcome," said Helen Brocklebank, CEO of Walpole, in a statement. "Globally famous brands like Dunhill, Glenfiddich whiskey, Hendrick's Gin, Johnstons of Elgin and Peter Reed have helped create a jewel in the crown' luxury sector that was growing at nearly 10 percent each year before the pandemic, worth 48 billion pounds to the UK economy.

"The impacts of the tariffs on British luxury businesses have been disproportionate and resulted from a dispute not of our sector's making," she said. "Walpole fought in every corner to get these tariffs abolished, so this suspension is a very welcome relief and, hopefully, signals that our government and the new U.S. administration will break new ground with a speedy free-trade agreement."

Tariffs lifted

The U.S. government had previously raised the import tariff on certain high-end goods from Europe to 25 percent, hitting U.K. and EU luxury businesses hard and in retaliation for subsidies paid to manufacture the Airbus fleet of planes ([see story](#)).



Glenfiddich was one of the luxury spirits brands affected by the tariffs. Image credit: Glenfiddich

The 25 percent tariff on sweet biscuits, including shortbread, was abolished in September 2020 by previous U.S. Trade Representative (USTR) Robert Lighthizer, following his last review of the tariffs.

The U.K. ceased applying retaliatory tariffs in the Boeing dispute from Jan. 1, 2021 to de-escalate the issue and create space for a negotiated settlement to the Airbus and Boeing disputes.

Beginning March 4, the U.S. will suspend retaliatory tariffs in the Airbus dispute for four months. This suspension will allow time to focus on negotiating a balanced settlement to the disputes, and begin addressing the challenges posed by new entrants to the civil aviation market from non-market economies.

This will benefit a wide range of industries in both nations, and allow for focused settlement negotiations to ensure that U.K. aerospace industries find a resolution and focus on COVID-19 recovery and other shared goals.

In early January, the Trump administration planned to implement tariffs of 25 percent on high-end French goods to retaliate against a tax by France on tech companies such as Amazon and Facebook, however the plan was suspended by Mr. Lighthizer on Jan. 7 ([see story](#)).

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