

GOVERNMENT

US, EU agree to suspend set of tariffs for 5 years

June 16, 2021



After more than 16 years, the United States and European Union have reached a truce regarding aircraft subsidies. Image courtesy of Aerin Lauder

By LUXURY DAILY NEWS SERVICE

The United States and the European Union have agreed to a truce regarding an aircraft subsidies conflict, ultimately suspending one set of tariffs implemented by former President Trump.

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In March, the U.S. and E.U. agreed to a four-month suspension of tariffs on \$11.5 billion of goods from E.U. cheese and wine to U.S. tobacco and spirits, with business so far paying more than \$3.3 billion in subsidies. On June 15, the two world leaders announced they would suspend tariffs for five years, while still working on the agreement they proposed in March.

Tariff progress

The U.S. and E.U. have been in conflict since 2004 regarding subsidies for U.S. aircraft manufacturer Boeing and European rival Airbus. The tariff that the U.S. and E.U. are suspending for five years was put in place by the Trump administration.

As the United Kingdom is no longer a member of the E.U., the country is awaiting its own deal and a separate dispute regarding steel and aluminum, keeping U.S. whiskey tariffs in place.



U.K. luxury had also been caught in a spat between the U.S. and E.U. Image credit: Walpole

In March, the U.S. announced a four-month pause in aerospace tariffs with both the U.K. and E.U. The latest agreement adds five years onto that suspension with the E.U., and the U.K. is hoping to implement a similar agreement.

If both agreements are implemented, existing 25 percent tariffs will be trapped on alcoholic beverages including wine from France, Germany, Spain and the United Kingdom, including stronger wines from France and Germany that were added in January, including Cognac and brandy.

Spirit producers in the United States will also benefit as their products will experience lifted tariffs across the Atlantic. American rum, brandy, vodka and vermouth will no longer be subject to respective 25 percent tariffs in Europe.

This latest development is continued growth after Walpole and other luxury British brands welcomed 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 in March ([see story](#)).

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