



Department for
International Trade



Department for
Business, Energy
& Industrial Strategy

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The Rt Hon Lord Goldsmith QC
Chairman
International Agreements Committee
House of Lords
London
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18 November 2020

Dear Peter,

Update on the World Trade Organisation (WTO) Boeing dispute

I am writing to update you and your committee on the latest issues pertaining to the Airbus and Boeing disputes.

On the 26 October 2020 the World Trade Organisation authorised the EU to impose countermeasures of approximately \$4bn per annum on US products, as a result of the Boeing dispute. The WTO had earlier ruled that the US has provided illegal subsidies to Boeing and had not taken steps to bring its support into compliance with WTO rules. This most recent ruling recognises the harm felt by the UK and the EU aerospace sectors by authorising substantial countermeasures.

On 9 November the EU published their implementing regulation which includes a definitive list of products that will be targeted by these retaliatory tariffs. The EU has chosen to place tariffs on the following:

- A 15% tariff on aircraft
- A 25% tariff on a range of non–aircraft products including agricultural and industrial products imported from the U.S.
- Examples of these products include agricultural tractors, wine and spirits, nuts, cheese, sweet potatoes, bags, games and tobacco

A full list of the measures and the EU's announcement can also be found [here](#).

These products have been selected from the EU preliminary list which were considered in a public consultation in April 2019. The products have been chosen to ensure maximum impact on the US, while seeking to limit any negative impact on the Airbus nations and other EU Member States.

For the remainder of the transition period, the UK will apply retaliatory rights imposed by the EU by virtue of the EU Enforcement Regulation. From January 2021, the UK will represent itself independently at the WTO and will operate an independent tariff policy. The UK will take all steps necessary to protect its position and assert its legal rights under the WTO rules.

I hope the swift imposition of tariffs will lead the US to negotiate a fair and balanced settlement in order to finally put an end to the disputes. The UK is determined to de-escalate the issue as soon as possible to help all those impacted by US tariffs on UK products as a result of the Airbus dispute. The Secretary of State for International Trade raises the issue of tariffs at every opportunity with both the US and the EU and has stepped up talks to remove punitive tariffs as soon as possible.

My department engages regularly with industry on the issue of the Airbus and Boeing disputes, and corresponding tariffs, and will be reaching out to affected industries following this announcement to reassure them that the UK Government is doing everything we can to settle the disputes as soon as possible.

Best wishes,

A handwritten signature in black ink, appearing to read 'Grimstone'.

Lord Grimstone of Boscobel, Kt
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