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EU Imposes Additional Tariffs on U.S. Products

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Trade Policy Monitoring

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Report Highlights:

On June 21, 2018, the EU published its regulation imposing additional tariffs on U.S. exports valued at 2.8 billion euro (\$3.2 billion). The tariffs will come into effect on Friday, June 22.

General Information:

On May 31, 2018, the U.S. government <u>announced</u> that it would put in place measures to address the impairment to the national security (Section 232) threatened by imports of steel and aluminum from Mexico, Canada and the European Union (EU). As of June 1, 2018, the United States imposed additional duties of 25 percent and 10 percent respectively on imports of steel and aluminum from the EU.

In response to the U.S. action, on June 21, 2018, the European Commission published measures to impose additional tariffs on 2.8 billion euro (\$3.2 billion) of U.S. exports which includes approximately \$1 billion in agricultural products. The new tariffs will come into effect on Friday, June 22, 2018. The Commission intends to take action on an additional 3.6 billion euro (\$4.1 billion) – in three years' time or after a finding in WTO dispute settlement process whichever comes sooner. The Commission has stated that the EU tariffs will be effective for as long as the U.S. measures are in place.

On June 21, 2018, the Commission published Commission Implementing Regulation (EU) 2018/886 on certain commercial policy measures concerning certain products originating in the United States of America and amending Implementing Regulation (EU) 2018/724, which lays down additional rates ranging from 10 to 25 percent effective on June 22, and confirms the list of U.S. products that shall be impacted including bourbon and whiskeys, corn, sweet corn, rice, kidney beans, orange juice, cranberry juice, peanut butter, and tobacco products. It also specifies additional tariffs of 10 to 50 percent which may apply after the WTO dispute process is complete.