

## CONTENT

### Background

In 2018, trade tensions between the EU and the USA escalated. The US imposed tariffs of 25% and 10% on steel and aluminium imports from the EU on national security grounds, against which the EU retaliated. The US also threatened the EU with tariffs on cars and car parts. In parallel, the EU is concerned about US blockage of new appointments to the Appellate Body in the WTO which has paralysed the second appeals step of the WTO dispute settlement system. In July 2018, Commission President Juncker reached a political agreement with President Trump to avoid further escalation on the tariff front. The Joint EU-US Statement adopted upon President Juncker's visit to the White House stated that the EU and US agreed to work together toward, first, zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods, as well as to reduce barriers and increase trade in services, chemicals, pharmaceuticals, medical products, as well as soybeans. Second, EU and US agreed to strengthen strategic cooperation with respect to energy. Third, the partners agreed to launch a close dialogue on standards in order to ease trade, reduce bureaucratic obstacles, and slash costs. Finally, they voiced a commitment to join forces to protect American and European companies better from unfair global trade practices, to reform the WTO and to address unfair trading practices.

In January 2019, the European Commission published two draft negotiating directives partially implementing the first point of the Joint Statement. The Commission requested the opening of negotiations on a trade agreement, which would strictly focus on the removal of tariffs on industrial goods, and exclude agricultural products; and on an agreement on conformity assessment, that would help address the objective of removing non-tariff barriers. Meanwhile in January 2019 the United States Trade Representative (USTR) published negotiating objectives for US-EU trade negotiations. The US objectives are more ambitious than those of the EU and include the elimination of tariff and non-tariffs barriers on agriculture, which is a particularly sensitive area for the EU. The Council adopted a decision to authorize the opening of negotiations with the USA in April 2019. France voted against the mandates, and Belgium abstained, in a departure from the usual consensual approach for opening trade negotiations. The negotiations never officially began under the Trump Administration, although technical talks on conformity assessment progressed slightly.

A Council decision paving the way for an EU-US agreement on imports of high-quality (hormone-free) beef into the EU was adopted in July 2019. Under the agreement, the EU granted a significant proportion its tariff rate quota on hormone-free beef imports to the USA, instead of other major beef supplying countries. According to the Commission, the agreement is a negotiated solution in the context of a long-standing WTO dispute.

In October 2019, the US imposed countermeasures worth nearly 7.5 billion USD on certain EU goods following a favourable ruling by the WTO arbitrator in a long-standing dispute over measures affecting trade in large civil aircraft (Airbus). In 2020 US tariffs on Airbus were increased from 10 to 15%. A similar case brought by the EU against the US over subsidies paid to Boeing is underway and a favourable ruling for the EU came out in October 2020, authorising the EU to take countermeasures covering 4 billion USD worth of imports. The EU imposed these countermeasures on 9 November 2020, after the US Presidential elections. In September 2020, the Commission published a proposal for a regulation of the Parliament and the Council to cut tariffs on certain imports to the EU (live and frozen lobster products) worth about €168 million. In return, the US reduced its duties on certain EU exports to the US market (prepared meals, crystal glassware, surface preparations, propellant powders, lighters and lighter parts). The agreement represented an initial step towards de-escalation. On 18 November 2020 the Council backed the mini-tariff agreement with the US.

Under the Biden Administration, the tone of EU-US trade talks has improved, but progress has been slower than expected. On 5 March 2021, the two sides agreed to suspend all retaliatory tariffs on exports imposed in the Airbus and Boeing disputes for a four-month period, while negotiating a long-term solution. On 17 May 2021, they announced that no further tariff increases would be imposed in relation to the steel and aluminium exports dispute, while they engaged in a dialogue on addressing global capacity, with a view to finding solutions 'before the end of the year'.

### **The European Parliament's recommendations**

The Parliament has issued no recommendations on the opening of EU-US negotiations. On 14 March, the Parliament rejected a draft resolution recommend the opening of EU-US trade talks (on both industrial goods and conformity assessment). The Parliament resolution is not binding to the process, but carries significant political importance and seeks to influence the mandate. Prior to the vote Commissioner Malmström had said that a negative vote would be a vote 'in favour of maintain the current trade tensions'. The draft resolution from the International Trade Committee (INTA) reiterated that the EU should not negotiate with the US under threat but accepted that talks are needed. INTA also made the conclusion of the agreement, not the start of talks, conditional on the lifting of tariffs on aluminium and steel. The resolution was rejected by 223 votes against 198, with 37 abstentions. In November 2019, the Parliament adopted a resolution on the allocation of a share of the EU quota for hormone-free beef to the US.

On 11 November 2020, the Parliament's INTA Committee approved the mini-tariff agreement (lobsters) with the US with no amendments.

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### Further reading:

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- European Parliament, EPRS, [EU-US dispute over civil aircraft subsidies](#), At a Glance, November 2020

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