

EU-US Trade: FRUCOM Frequently Asked Questions

Contents

1. Why is the United States threatening to impose new tariffs on trade partners?.....	1
2. Has the United States imposed new (additional) tariffs on EU products?	1
3. What is the EU's position on potential US tariffs ?	1
4. What is the current state of play of EU-US trade in terms of tariffs?	2
➤ Section 232 / Steel and Aluminium.....	2
➤ Airbus Boeing / Large Civil Aircraft.....	3
5. What legal basis can the EU use to apply tariff measures in a trade dispute?	4

1. Why is the United States threatening to impose new tariffs on trade partners?

On 20th January Donald Trump was sworn in as the 47th President of the United States, and issued the “America First Priorities” statement, which included the “America First Trade Policy”.

In the America First Trade Policy emphasises a rebalancing of US trade policies in favour of the geo-political and economic interests, particularly what he refers to as “eliminating destructive trade deficits”.

“Sec. 2. Addressing Unfair and Unbalanced Trade. (a) The Secretary of Commerce, in consultation with the Secretary of the Treasury and the United States Trade Representative, shall investigate the causes of our country's large and persistent annual trade deficits in goods, as well as the economic and national security implications and risks resulting from such deficits, and recommend appropriate measures, such as a global supplemental tariff or other policies, to remedy such deficits.”

2. Has the United States imposed new (additional) tariffs on EU products?

At the time of writing, 10 February 2025, the European Commission has issued a statement that “we have not received any official notification regarding the imposition of additional tariffs on EU goods.”

This follows the announcements in the press on 10 February that US President Trump would impose 25% Steel and Aluminium Tariffs .

3. What is the EU's position on potential US tariffs ?

The statement issued by the European Commission on 10 February, titled “Statement by the European Commission on potential imposition of US tariffs on EU steel and aluminium”, establishes the view of the Commission that “The imposition of tariffs would be unlawful and economically counterproductive, especially given the deeply integrated production chains the EU and US established through Transatlantic trade and investment. Tariffs are essentially taxes. By imposing tariffs, the US would be taxing its own citizens, raising costs for business, and

fuelling inflation. Moreover, tariffs heighten economic uncertainty and disrupt the efficiency and integration of global markets.”

4. What is the current state of play of EU-US trade in terms of tariffs?

Where dried fruit and nuts, processed fruit and vegetables and processed fish and seafood products are concerned, the two ongoing tariff measures in place are the following:

➤ Section 232 / Steel and Aluminium

State of Play: as at 10 February 2025, the EU’s rebalancing tariffs on certain US imports are suspended until 31 March 2025.

Relevant products affected are Kidney beans (0713 33 90), Peanut butter (2008 11 10), Concentrate cranberry (in codes 2009 81 11; 2009 81 19; 2009 81 31; 2009 81 59), under the first tranche of rebalancing duties, and Dried cranberries (20089391) under the second tranche.

On 8 March 2018, President Trump signed two Proclamations to impose additional duties of 10% and 25% respectively on certain imports of aluminium and steel products into the United States. These measures took effect on 23 March 2018, and applied to the EU from 1 June 2018. These tariffs affected €6.4 billion of European steel and aluminium exports to the US. The European Union requested consultations with the United States under the WTO on 1 June 2018.

Meanwhile, on 20 June 2018 the EU introduced rebalancing measures on US exports to the EU in a value of €2.8 billion under Commission Implementing Regulation (EU) 2018/886.

The EU’s rebalancing measures under Regulation (EU) 2018/886 were scheduled as follows:

Phase 1: at the first stage, the additional ad valorem duties of a rate of 10 % and 25 % on imports of the products listed in Annex I to that Regulation entered into force on 21 June 2018 (“first tranche”)

Phase 2: at the second stage, further additional ad valorem duties of a rate of 10 %, 25 %, 35 % and 50 % on imports of the products listed in Annex II to that Regulation, as specified therein, would apply from 1 June 2021 (“second tranche”).

A number of FRUCOM member products from the United States were subject to an additional duty of 25% from 22 June 2018 under Annex I of Regulation (EU) 2018/886:

- Kidney beans (0713 33 90),
- Peanut butter (2008 11 10),
- Concentrate cranberry (in codes 2009 81 11; 2009 81 19; 2009 81 31; 2009 81 59)

FRUCOM member products from the United States would have been subject to an additional duty of 25% from 1 June 2021 under Annex II of Regulation (EU) 2018/886:

- Dried cranberries (20089391)

However, on 31 May, the second tranche / Annex II of tariffs were suspended until 30 November 2021, through the European Commission issued the Commission Implementing Regulation

(EU) 2021/866 of 28 May 2021 suspending commercial policy measures concerning certain products originating in the United States of America imposed by Implementing Regulation (EU) 2018/886.

This suspension was initiated in order for the EU and the US to work together on a longer-term solution.

On 31 October 2021, the EU and the US agreed to strengthen their partnership and address shared challenges in the steel and aluminium sector, and agreed to pause the WTO disputes they have initiated against each other regarding the US Section 232 measures (DS548) and the EU's additional duties (DS559).

As a part of that partnership, both parties intend to negotiate for the first time, a global arrangement on sustainable steel and aluminium to address carbon intensity and global overcapacity.

On 31 December 2021 the US announced a removal of the Section 232 tariffs on steel and aluminium on EU imports up to a level in line with historical levels of trade and to replace them with a tariff rate quota (TRQ). This decision was implemented as of 1 January 2022. In parallel, the US fully removed its Section 232 duties on imports of EU derivative articles.

On 31 December 2021, the EU for its part announced its temporary suspension from 1 January 2022 of the additional duties it imposed on US goods in response to the Section 232 actions, under the Commission Implementing Regulation (EU) 2021/2083 of 26 November 2021 suspending commercial policy measures concerning certain products originating in the United States of America imposed by Implementing Regulations (EU) 2018/886 and (EU) No 2020/502.

On 19 December 2023, the EU prolonged the suspension of its duties on US products until 31 March 2025 through Commission Implementing Regulation (EU) 2023/2882 of 18 December 2023 suspending commercial policy measures concerning certain products originating in the United States of America imposed by Implementing Regulations (EU) 2018/886 and (EU) 2020/502.

➤ Airbus Boeing / Large Civil Aircraft

State of play: as at 10 February 2025, the EU and US have jointly suspended tariffs under this dispute until 11 July 2026. The products concerned for FRUCOM members are Peanuts, inshell (120241); Peanuts, shelled (120242); and Salmon from Alaska (03048100)

The disputes concerning Large Civil Aircraft, pertaining government subsidies to Airbus and Boeing, have been ongoing at the World Trade Organization for over 17 years.

Products from FRUCOM members became concerned with the Large Civil Aircraft in 2020, when the WTO Dispute Settlement Body authorised the EU on 26 October 2020 to take countermeasures amounting to \$4 billion of U.S. imports. This follows the decision of 18 March 2019 of the WTO Appellate Body, which passed a ruling favourable to the EU on US subsidies to Boeing.

On 9 November 2020 the European Commission published Commission Implementing Regulation (EU) 2020/1646 of 7 November 2020 on commercial policy measures concerning

certain products from the United States of America following the adjudication of a trade dispute under the Dispute Settlement Understanding of the World Trade Organization.

A number of FRUCOM member products from the United States were subject to an additional duty of 25% from 10 November 2020 under Annex II of Regulation (EU) 2020/1646:

Peanuts, inshell (120241);
Peanuts, shelled (120242);
Salmon from Alaska (03048100)

On 5 March 2021, it was announced that the EU and U.S. had agreed to suspend all retaliatory tariffs on EU and U.S. exports imposed in the Airbus and Boeing disputes for a four-month period, to allow both sides to focus on resolving this long-running dispute. The announcement was implemented in the EU via Commission Implementing Regulation (EU) 2021/425 of 9 March 2021 suspending commercial policy measures concerning certain products from the United States of America imposed by Implementing Regulation (EU) 2020/1646 following the adjudication of a trade dispute under the Dispute Settlement Understanding of the World Trade Organization.

This was followed by an announcement on 15 June 2021 that they had jointly agreed to suspend application of tariffs for a period of five years. The European Commission implemented this agreement through Commission Implementing Regulation (EU) 2021/1123 of 8 July 2021 suspending commercial policy measures concerning certain products from the United States of America imposed by Implementing Regulation (EU) 2020/1646 following the adjudication of a trade dispute under the Dispute Settlement Understanding of the World Trade Organization.

5. What legal basis can the EU use to apply tariff measures in a trade dispute?

There are a number of legal instruments that the EU has relied on when imposing increased tariffs on imports from specific trade partners.

As a WTO member, the EU can apply anti-dumping and countervailing (anti-subsidy) duties.

In the Boeing dispute and the Steel and Aluminum, the EU relied on legislation related to the implementation of its rights under the WTO, namely through Regulation (EU) No 654/2014 of the European Parliament and of the Council of 15 May 2014 concerning the exercise of the Union's rights for the application and enforcement of international trade rules and amending Council Regulation (EC) No 3286/94 laying down Community procedures in the field of the common commercial policy in order to ensure the exercise of the Community's rights under international trade rules, in particular those established under the auspices of the World Trade Organization.

However, in relation to sanctions on goods from Belarus and Russia, under Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, the EU relied on Article 29 of the Treaty on European Union (TEU) which allows the Council of the European Union to adopt a decision to impose restrictive measures — also often referred to as sanctions — against non-EU countries, non-state entities or individuals, as well as on the Treaty on the Functioning of the European Union, and in particular Article 215 thereof.

A more recent instrument of the EU is the “Anti-Coercion Instrument” (ACI) under the Regulation (EU) 2023/2675 of the European Parliament and of the Council of 22 November 2023

on the protection of the Union and its Member States from economic coercion by third countries. Under the regulation, 'economic coercion' refers to a situation whereby a third country seeks to pressure the European Union or an EU Member State into making a particular choice by applying, or threatening to apply, measures affecting trade or investment. The ACI allows the EU to take autonomous trade measures or responses as a last resort following an examination, then determination, engagement with the coercing third country and then response.

Sources:

America First Trade Policy

<https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/>

Statement by the European Commission on potential imposition of US tariffs on EU steel and aluminium

https://ec.europa.eu/commission/presscorner/detail/en/statement_25_456

Adjusting Imports of Steel Into the United States: A Presidential Document by the Executive Office of the President on 03/15/2018

<https://www.federalregister.gov/documents/2018/03/15/2018-05478/adjusting-imports-of-steel-into-the-united-states>

EU Access to Markets – Trade Barriers – Section 232 tariffs on steel and aluminum imports

https://trade.ec.europa.eu/access-to-markets/en/barriers/details?barrier_id=14162

EU Access to Markets – Trade Barriers – Boeing Subsidies

https://trade.ec.europa.eu/access-to-markets/en/barriers/details?barrier_id=11880&sps=false

Disclaimer:

FRUCOM makes no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the information sent by email for any purpose. Any reliance you place on such information is therefore strictly at your own risk.