

Written note CDG Fruits & Vegetables on US tariffs on F&V products following the Boeing-Airbus dispute

The Dispute

Following the publication by WTO on 2 October 2019 of the decision authorising the US to retaliate vis à vis the EU for 7,49 billion USD of trade (Airbus subsidies case), the US imposed on 18 October 2019 additional tariffs on a list of EU products. The list included tariffs of 10% ad valorem on new aircrafts from the four Airbus producers Member States (DE, FR, SP and UK) and tariffs of 25% ad valorem on a list of industrial, fisheries and agricultural products mostly, but not only, from the four Airbus producers MSs.

USTR made a revision of the list effective from 18 February 2020. The revision affected notably aircraft where the additional duties were increased to 15% (from 10%). Non-aerospace products and non-Airbus MS were largely not affected.

An additional revision took place on 12 August 2020. This revision did not modify the tariff rate but introduced changes on the basket of products for a few agricultural goods: certain cheeses from Greece and sweet biscuits from the UK were removed from the list, while certain jams from France and Germany were included. Modifications took effect from September 1, 2020.

From its side, the EU is waiting for the WTO to issue a final decision establishing the amount of US products on which the EU will be allowed to impose additional tariffs within the framework of the WTO Boeing subsidies case.

The EU objective is, nevertheless, to find a commonly agreed solution with the US that would put an end to the WTO civil aircraft disputes.

Impacts on Fruits & Vegetables Sector

With regards to the F&V products originally included in the first round, the possible impacts were estimated at around EUR67M which corresponds to the value of exports to the US in 2018 i.e. a full year without the tariffs disruption. The impacts are then considered quite small (especially if compared to other sectors) also given the low F&V trades with the US which are still somewhat limited by numerous SPS barriers.

The table below shows the F&V products concerned by this new tariff increase as per EU CN codes. The table includes the MS impacted as well as the total value exported in 2018, the weight/importance of the exports to the US for the MS impacted over total exports, the MS which exported the most for a given product and how the situation has evolved after the introductions of the tariffs (comparing the first 6 months of a year with tariffs - 2020 – with the first 6 months of a year without tariffs – 2018)¹.

¹ Please be aware that, given the fact that a perfect match between US codes and EU CN codes was not possible to find for all the products, so for some products DG AGRI took the best proxy available which usually

List of products as per EU CN codes	MS impacted	2018 - EUR K	Exporta to US / Total exports	#1 MS exporter	Half 2020 vs. Half 2018
Oranges	EU27	566	0,2%	Spain	-77%
Small citrus	EU27	6.995	2,0%	Spain	-37%*
Clementines	EU27	5.279	3,0%	Spain	No more exports
Lemons	EU27	5.064	3,3%	Spain	-79%
Cherries provisionally preserved	EU27	6.949	25,3%	Italy	-39%
Dried fruits, edible (excluding many fruits)**	EU27	4.521	11,2%	Germany	304%
Cherries (sour and sweet) frozen***	EU27 excl. FR/PL	1.683	15,8%	Greece	82,8%
Cherries prepared or preserved	EU27 excl. FR/PL	5.263	29,2%	Italy	-30,5%
Peaches (including nectarines****) prepared or preserved	EU27 excl. FR/PL	7.915	6,4%	Greece	133,5%
Cherry juice, concentrated or not concentrated	EU27 excl. FR/PL	2.775	51,3%	Austria	-1,1%
Other fruit and veg juices*****	EU27 excl. FR/PL	18.362	14,2%	Austria	-2,8%
Pears prepared or preserved	EU27 excl. FR	705	7,93%	Spain	187%
Pear juice concentrated or not concentrated	EU27 excl. FR	1.092	12%	Spain	-67%
<i>* half 2020 vs. half 2019 ** as proxy for cherries dried</i>	TOTALS	67.170			
<i>*** as proxy for "fruit, nesoi, frozen"; **** as a proxy for only peaches (excluding nectarines)</i>					
<i>***** as a proxy for Juice of any single vegetable, other than tomato, concentrated or not concentrated</i>					

As explained in the introductory section one of the “major” changes from the revision that took place in August 2020 is the inclusion of certain jams² from Germany and France which have been facing an ad valorem duty of 25% on their exports to the US since September 1. Similarly as before, as there is not a 100% match between US and EU databases, the analysis was undertaken on “all jams” (so the numbers and impacts below might well be slightly overstated).

By looking at 2018 and 2019 data, **the exports of jams to US for FR is worth around 50-60M EUR per year and for GER 7M-8M** for year representing around 70% of total EU27 exports to the US in terms of value and 50%-60% in terms of quantities. To be highlighted also that the US market represents around 30% for FR jam exporters and 17% for GER. To be noted finally the good performance over the first 5 months of 2020 both for FR (+20%) and GER (+26%) vs. same period in 2019 (the year 2019 was higher than 2018).

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included a slightly larger set (e.g. the nectarines are excluded from the tariffs whereas in the table presented they are included). So the numbers presented might be slightly overestimated.

² Lingonberry and raspberry jams, Strawberry jam, Currant and other berry jams, nesoi, Apricot jam, Cherry jam, Peach jam and Strawberry pastes and purees, being cooked preparations