

EU goods hit hard by US tariffs

By Jon Cheng, MBA Candidate 2021 | [DATE]

As of last week, Italian cheese, Spanish olives, Scotch whisky, and French wine, among other EU goods, have just become [more expensive to import](#) – thanks to a decision from WTO arbitrators announced [earlier this month](#).

These tariffs are forcing American importers to pay up to 25% more for the targeted items, collectively worth about \$7.5 billion. The big hit on imports is expected to severely impact sales, profit margins, and jobs.

The decision to impose these tariffs comes from a [15-year old case](#) that has just recently concluded, where the World Trade Organization ruled that the US could attempt to recover the \$7.5 billion lost from ‘unfair state subsidies’ given by the EU to Airbus, an airplane manufacturer.

Spain, the largest producer of olive oil, will be [hit hardest by the tariff hike](#). Over half of the world’s olive oil supply is coming from Spain (2018-2019), and over a tenth of Spanish exports are currently sold into the US.

Scotland is also [impacted](#) by the tariffs, as Scotch whisky is integral to the region’s economy; exports to the US were worth nearly \$1.5 billion last year. According to the WTO, the tariffs will impact Scotch and Irish whisky produced in the UK, but not whiskey from Ireland.

It signals a troubling future for post-Brexit UK, and the business and union leaders are worried. Scotland’s Secretary of the GMB Union, Gary Smith, was particularly critical of the decision, citing that it represented a “troubling glimpse into the post-Brexit future” for the UK.

That hasn’t stopped the spirits association from [fighting back](#). Over a week ago, a group of fifteen spirits associations from the US and EU called for an end to these tariffs. In their letter to the US administration and EU Commission, they said that their industries had become collateral damage in a bitter, acrimonious trade war.

However, the EU’s chance to retaliate won’t come until next year, when the WTO prepares to rule on what tariffs the EU can impose in retaliation to separate US state aid given to Boeing, Airbus’ competitor.

