

Government reaches historic deal on US tariff dispute

Press release

Deal will ensure retaliatory tariffs which affected UK exports to the US worth £550m remain suspended



The International Trade Secretary Liz Truss has today struck an historic deal with the US on the Airbus-Boeing dispute in a major win for industries like Scotch whisky.

After talks with US Trade Representative Katherine Tai at the Department for International Trade's headquarters in central London, both sides have agreed to suspend retaliatory tariffs for 5 years and cooperate more closely on tackling unfair trade practices by non-market economies.

The 17-year dispute, the longest-running in the history of the World Trade Organization, has seen damaging retaliatory tariffs levied on products on both sides of the Atlantic due to disagreements over support for large civil aircraft.

The disagreement has hit industries such as cashmere, machinery, and single-malt Scotch whisky that employ tens of thousands of people across the UK. The Scotch Whisky Association estimates the tariffs have cost the sector hundreds of millions of pounds in lost revenue.

The UK, which was involved as a member of the EU, took the decision to deescalate the dispute by unilaterally suspending retaliatory tariffs on the US at the start of this year, which encouraged the US to agree to a four-month suspension of tariffs while both sides negotiated a longer-term arrangement.

The UK and US will now work together to put the agreement into practice and strengthen cooperation in the large civil aircraft sector.

Today's deal marks our intention to: * Not imposing countermeasures for 5 years. * Establishing a working group on large civil aircraft that is led by

the respective Minister responsible for trade. * Providing financing to a large civil aircraft producer for the production or development of large civil aircraft on market terms. * Providing research & development funding for large civil aircraft: through an open and transparent process; making the results widely available; and not providing R&D funding, or other support, to producers of large civil aircraft in a way that would cause negative effects to the other side. * Collaborating on tackling non-market practices of third countries that may impact on their large civil aircraft industries.

Liz Truss, International Trade Secretary, said:

This deal will support jobs across the country and is fantastic news for major employers like Scotch whisky and sectors like aerospace. We took the decision to de-escalate the dispute at the start of the year when we became a sovereign trading nation, which was crucial to breaking the deadlock and bringing the US to the table.

I want to thank Katherine personally for her role in making this happen. Today's deal draws a line under an incredibly damaging issue and means we can focus on taking our trading relationship with the US to the next level, including working more closely to challenge unfair practices by nations like China and using the power of free trade to build back better from the pandemic.

Published 17 June 2021