

Support the FAIR TARIFF Act

The **For Accurate Import Relief To Aid Retailers and Importers of Foreign Freights (FAIR TARIFF) Act would direct the U.S. Customs and Border Protection (CBP) to provide a limited refund for duties imposed on goods in transit from the European Union (EU) on or before October 9, 2019, and which entered the United States on or after October 18, 2019.**

The WTO Case

The United States and the EU have long claimed that the other either directly or indirectly subsidizes their domestic civil aircraft industries, specifically the conglomerates Boeing (U.S.) and Airbus (EU). Following intense negotiations, in 1992 both government sides concluded a deal placing limits on government subsidies affecting the aircraft industry. Citing dissatisfaction with EU compliance, in 2004 the United States resorted to the WTO dispute settlement system and withdrew from the agreement. In 2018, the WTO Appellate Body issued a final decision in favor of the United States, which upheld a 2016 ruling that the EU and several of its member States improperly subsidized Airbus.

On October 2, 2019, the WTO concluded that the United States could impose \$7.5 billion annual countermeasures. In response to this report, United States Trade Representative (USTR) imposed additional duties on products from certain EU countries on October 9, 2019 (*Federal Register Vol. 84, No. 196, 54245*).

Europeans Should Pay, Not Americans

Among the products receiving additional duties of 25 percent were food products, including wine, spirits, olive oil, seafood, and coffee, and consumer and industrial products. USTR also set the additional duties on finished commercial aircraft at 10 percent. After these tariffs were published, American importers appropriately sought new suppliers, demanded price concessions from European suppliers, or prepared to expand production in the United States.

However, many of these same American companies had goods already in transit to the United States that were due to arrive after October 18 when the tariffs went into effect. Nearly every product impacted by these tariffs is imported to the United States from Europe by sea, which takes about 40 days to the Port of Seattle, 30 days to the Port of Los Angeles, and 25 days to the Port of Houston.

It is not right that American importers, rather than European producers, paid the pricey penalty since the goods in transit were already purchased by American importers and shipments of affected products would have had to depart Europe by early September to avoid the additional duties.

The FAIR TARIFF Act

To reverse the burden of the tariffs on these goods in transit, the FAIR TARIFF Act provides a limited refund to American importers and ensures European producers rightfully bear the entire burden of the WTO approved countermeasures