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U.S. And EU Agree To Engage To Reduce Tariffs And Barriers, Increase Trade, And Strengthen Efforts To Address Global Unfair Trade

On July 15, the United States and the EU issued a joint statement that appears to delay (and possibly avoid) additional U.S. tariffs on EU automobiles and automotive parts, at least for the time being. The U.S. Department of Commerce (“Commerce”) initiated an investigation of automobiles, including cars, vans, SUV’s, and light trucks, and automotive parts on May 23, 2018. That investigation will examine whether imports threaten the national security of the United States. Commerce must deliver a report to the President in February but could do so sooner than the statutory deadline. The President has in the past indicated an interest in placing significant duties on European imports of automobiles.

After a meeting between President Donald Trump and President of the European Commission Jean-Claude Juncker, the United States and the EU agreed to take several steps. As explained in a [July 15 joint statement](#), the parties agreed to:

- “work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods”;
- “strengthen . . . strategic cooperation with respect to energy”, specifying an interest in purchases of US liquefied natural gas (LNG);
- “launch a close dialogue on standards”;
- “join forces” to address “unfair global trade practices” including “intellectual property theft, forced technology transfer, industrial subsidies, distortions caused by state owned enterprises, and overcapacity”; and
- set up “immediately” an “Executive Working Group” to execute the agenda.

In addition, the joint statement stated that the parties “want to resolve” the steel and aluminum tariffs and retaliatory tariffs and also that neither would “go against the spirit of the agreement,” so long as negotiations continue.

The immediate practical effect, however, is that there is no change to the current duties imposed by the United States on steel and aluminum from the EU, and likewise no change to the retaliatory EU duties on certain U.S. products.



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