



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Additional customs tariffs on certain European products entering the US market
- Information from the French delegation

Delegations will find in the Annex a note from the French delegation on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 14-15 October 2019.

Additional customs tariffs on certain European products entering the US market

The United States has announced additional duties of 25% from 18 October on some European agricultural and food products on the basis of the decision of the dispute settlement body of the WTO, that should be adopted at the extraordinary session of 14 October, following the publication of the decision of the Airbus panel (case DS 316). The set-up of these additional duties will increase the price of the European products, inducing the loss of market shares in this strategic market, reducing the profitability of the products.

These additional customs duties will worsen the situation of our European agri-food chains, already hard hit by many climate-related hazards, in an economic context marked by strong uncertainties, such as those related to Brexit.

At the French level, wine companies would be particularly affected by these additional customs duties, the United States accounting for 20% of their wine exports worldwide and a value of \$ 1.27 billion for still wines in the United States in 2018. These customs duties would penalize products that are emblematic of European know-how and quality, which are highly appreciated by American consumers.

In the light of this situation, which concerns all sectors and Member States, the answer will necessarily come through a coordinated action at European level.

If the United States implements the measures announced, France would like the European Union to provide for appropriate accompanying measures.

To that end, France invites the Commission to send the Council an analysis of the trade flows that would be allocated for each Member State and each sector and to propose an accompanying plan, which, on the basis of precise and regular monitoring, mobilizes all the instruments of the CAP, whether promotion or any type of regulatory or incentive measures to provide appropriate support especially for the wine sector, one of our flagships for export and moreover, creating value and jobs in our territories. The situation created by the implementation of US measures will require quick decisions that take due account of the unique circumstances facing this sector.

Given the uncertainties weighing on world trade and the many events affecting the confidence of European operators in export development opportunities, France reaffirms the importance of instruments for regulating production capacity. With regard to the wine sector, France would like the planting authorization scheme to be extended during the CAP reform after 2020.
