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The Office of United States Trade Representative (USTR)

600 17th Street NW

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USA

We are writing in response to the USTR's request for comments on the Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute requested in the Federal Register Notice 84 FR 67992, published on 12th December 2019 (Docket ID: USTR-2019-0003).

BritishAmerican Business (BAB) is the leading transatlantic trade association created as a result of the merger between the British-American Chamber of Commerce in the U.S. and the American Chamber of Commerce in the UK.

We are committed to strengthening the economic corridor between the United States and the United Kingdom. We support policies and actions that protect and enhance the environment for transatlantic trade and investment on behalf of our members.

BAB sits at the heart of a vibrant transatlantic community of stakeholders and businesses, small and large, which together form and contribute to one of the most successful economic relationships in the world: the U.S. is the UK's largest single trading partner for the UK, accounting for 19% of exports, and the 2nd largest source of imports with 11% of the total. Moreover, the UK is the U.S.' largest foreign investor - \$541 bn in 2017. Conversely, the US is the largest foreign investor in the UK - \$747 bn.

BAB acknowledges the WTO rulings on the dispute about state aid to Airbus between the U.S. and the EU and we are opposed to anything which impedes free and open trade; consequently, we acknowledge the U.S. Government's legitimate decision in response. However, we have in the past stressed that tariffs – especially between trusted allies – impact our members' global competitiveness. We remain firmly convinced that such barriers to trade should be avoided or better still removed completely.

It is particularly important for our business community to stress that the UK will leave the EU formally on January 31st, 2020 and cease therefore to play a role in the EU's decision-making. We do not believe applying tariffs to the UK is an effective means of convincing the EU to reconsider its current trade policy and comply with its WTO obligations; instead, the UK's departure from the EU represents an opportunity for the U.S. to de-escalate tensions with the UK, particularly as the two are looking to forge stronger bilateral ties.

In this context, BAB urges the U.S. Government to take the current review as an opportunity to consider de-escalating and reducing trade tensions.

Specifically, BAB recommends removing United Kingdom products from the list of Products Currently Subject to Additional Duties in the Investigation (Annex I) as well as from the list of Products Not Currently Subject to Additional Duties in the Investigation (Annex II), which would reflect U.S.-UK commitments to agreeing on a future trade deal, as well as the UK's departure from EU structures.

Tariffs currently in place have already had a negative impact on businesses in the transatlantic market, with the food and drink sector being a prominent example. For some sectors targeted, there will be a particularly negative impact on SME's. Many small producers and distributors from the UK to the U.S. have made substantial investments in the U.S. These investments create jobs and boost economic growth across the country.

Targeting value-adding industries such as spirits, textile & clothing, confectionery, manufacturing, or dairy, will impact U.S. consumers through higher prices and threaten to undermine future investments and jobs in the U.S.

Finally, imposing additional tariffs on UK products at a time when all energies should be focused on advancing transatlantic trade negotiations sends the wrong signals to our business community and beyond. Rather than enhancing competition and investment, the imposition of additional tariffs risks lowering trade and investment levels.

Using the Section 301 investigation review as an opportunity to de-escalate and suspend current tariffs, in particular on goods originating in the UK, while at the same time not introducing new ones, would send a positive signal and reinforce the stated U.S. Government desire to move quickly on a U.S.-UK trade agreement.

BAB stands ready to assist the U.S. Government further both with the current investigation and with shaping a new trade relationship fit for the 21st century.

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