EU Raises Retaliatory Tariffs on US Jeans

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American-made jeans destined for Europe will now be subject to a higher retaliatory tariff imposed because of a long-going anti-dumping and countervailing issue between the U.S. and EU.

The EU will increase its retaliatory tariff on women's jeans made in the U.S. from 0.35% to 1.5% on top of the 12 percent base rate, bringing the total duty to 13.5%.

As Elise Shibles, a member of the Sandler, Travis & Rosenberg (STR) customs and international trade law firm, explained, the duty rate hike on jeans and a few other non-apparel U.S. exports is a continuation of sanctions the World Trade Organization (WTO) authorized in retaliation for the United States' failure to fully comply with a WTO ruling against the Continued Dumping and Subsidy Offset Act of 2000, also called the Byrd Amendment.

"This law allowed the U.S. to distribute the additional duties collected on imports of unfairly traded goods to the U.S. industries affected by such practice," Shibles said.

The law was repealed but its effects were allowed to carry on in anti-dumping and countervailing cases initiated before the law changed. Because of that, the WTO lets other countries raise tariffs on goods imported from the U.S. up to the value of the distributed funds, which varies each year.

This year's increase, however, is drastically lower than the 26 percent imposed on top of the 12 percent base in 2013 because distributions—and subsequently the targetable value of U.S. exports to the EU—spiked to $121.7 million in 2012. Distributions in 2013 dipped to $68.2 million, resulting in a tariff reduction to 0.35%.

"U.S. Customs and Border Protection recently reported that CDSOA distributions were back up again in 2014, rising nearly 20 percent to $81.7 million, prompting the increase in the EU retaliatory duties," an STR trade report released Friday noted.