

## Business

# EU girds for trade riposte after US ups ante on tariffs

## Washington gets WTO nod to act on Airbus subsidies

PARIS: European nations scrambled yesterday to prepare a response to new US tariffs on billions of dollars' worth of EU goods after Washington got the go-ahead from the World Trade Organization to strike back over state subsidies for planemaker Airbus. But officials also indicated they still hoped to find common ground to avoid escalating trade tensions that risk battering economies across the globe.

"We've been arguing for a trade deal for months. Our hand is extended," French Finance Minister Bruno Le Maire said. "I hope the United States will listen to this voice, which to my mind is the voice of reason," Le Maire told journalists in Paris, calling Washington's move to tax \$7.5 billion of EU imports a "serious economic mistake."

US President Donald Trump has already imposed tariffs on steel and aluminum imports, saying America has gotten a raw trade deal from its partners. The Airbus ruling on Wednesday marked the first time the WTO has cleared the United States to impose countermeasures on EU products under international trade law.

"A nice victory!" Trump wrote on Twitter, saying the EU "has for many years treated the USA very badly on Trade due to Tariffs, Trade Barriers, and more." However, the EU has also filed a WTO suit claiming illegal aid for Airbus's US rival Boeing, with a decision expected in the coming months.

In the meantime, the bloc has warned it will retaliate in kind. "If the American administration refuses to accept the hand extended by France and the EU, we are ready to respond with sanctions approved within the WTO framework," Le Maire said.

### 'Hit US consumers'

In the immediate line of fire are civilian air-



In this file photo, US Trade Representative Robert Lighthizer testifies during a Senate Finance Committee hearing in Washington, DC.

craft from Britain, France, Germany and Spain—the countries which formed Airbus—which will cost 10 percent more when imported to the US from October 18. According to US data, the country imported about \$3.5 billion in aircraft from the EU in 2018. But the tariffs also target consumer products like French wine, which Trump had vowed to take aim at in recent months. Bottles from France, Spain and Germany will now face 25 percent tariffs.

Cheeses from across Europe will also cost 25 percent more for American consumers, as will "Made in England" suits, cashmere

(Swiss) franc mortgages will be able to claim their rights in courts," Kwiecinski said, adding that the finance ministry was monitoring the situation in the banking sector.

Around 700,000 Polish households took out mortgages in Swiss francs more than a decade ago, attracted by low interest rates. They were hit hard when the zloty depreciated sharply against the franc, nearly doubling the costs of their loans.

The CJEU ruling will serve as a precedent for further litigation in the Polish courts, a lengthy process which experts say will give banks time to build up buffers.

Swiss franc mortgage holder Barbara Husiew accused banks of "greed" and acting in "bad faith" at a special press conference in Warsaw yesterday organized by fellow borrowers to watch a live broadcast of the CJEU ruling. "Banksters, prepare to be whipped in courts rooms," she said, adding that a "tsunami (of litigation) will flood courts."

There are currently around 500,000 Swiss franc mortgages worth some 100 billion zloty. They account for around 20 percent of all housing loans in Poland. Melina Skouridou, a senior analyst with global ratings agency Moody's, has described the performance of the Swiss franc mortgages as "relatively good", despite the fact the value of the currency has nearly doubled against the zloty. —AFP



PARIS: Washington got the go-ahead from the World Trade Organization to strike back over state subsidies for planemaker Airbus. —AFP photos

sweaters and pyjamas. Italian farmers breathed a sigh of relief, since Italian favorites such as tomatoes, olive oil and wine will not be taxed.

The Coldiretti agriculture body said Thursday the US tariffs would impact 500 million euros' (almost \$550 million's) worth of the roughly four billion euros of Italian food exports to the United States. The EU meanwhile warned yesterday the tariffs would only end up hurting Americans' wallets.

"This is a move that will first and foremost hit

US consumers and companies, and will make efforts towards a negotiated settlement more complicated," Commission spokesman Daniel Rosario said in Brussels. US Trade Representative Robert Lighthizer said Wednesday he expected to begin talks with Brussels soon to try and resolve the dispute. The EU and United States have reached such settlements in the past. But European officials had already offered in July to call a truce on subsidies for airplane makers, in which both sides would admit fault and agree to curtail state aid—to no avail. —AFP

## Polish banks brace for lawsuits after EU court ruling

WARSAW: Polish banks braced for a slew of lawsuits yesterday after the EU's top court ruled Poles holding crippling foreign-currency mortgages could renegotiate them, a potentially costly move for both banks and the Polish economy. Estimates of the potential losses for lenders vary, with experts indicating the banks concerned could reach from one to six times of their 2018 earnings.

The Luxembourg-based Court of Justice of the European Union ruled yesterday in favor of Polish mortgage holders, affirming their right to petition domestic courts to restructure loans containing abusive clauses. "Some banks used illegal, abusive, terms that were prohibited," Polish Finance Minister Jerzy Kwiecinski told reporters in Warsaw, reacting to the CJEU's ruling.

"This means that the owners of this type of

## US tariffs grate on Italy's Parmesan cheesemakers

MILAN: US consumers will pay around \$5 a kilogram more for Italian Parmesan cheese because of duties announced by Washington on a range of European goods, a cheesemaking consortium said yesterday, complaining it was set to take an unfair hit in the trade spat.

According to Consorzio Parmigiano Reggiano the duties on Parmesan products will go from \$2.15 per kilogram to around \$6 per kilo, meaning the US consumer will have to pay more than \$45 per kilo as of Oct. 18 from around \$40 per kilo at present. Nicola Bertinelli, president of the con-

sortium, said he was dismayed at the move, adding it would unjustly impact one of the strongest sectors of Italy's economy.

"Italy, which has got nothing to do with the Airbus consortium, finds itself having to foot a bill that is quite frankly meaningless," he said. The United States announced on Wednesday it would slap 10 percent tariffs on European-made Airbus planes and 25 percent duties on French wine, Scotch and Irish whiskies, and cheese from across the continent as punishment for illegal EU aircraft subsidies.

Last year the Parmesan Consortium sold around 2.4 billion euros worth of cheese to consumers, with more than 40 percent of production earmarked for export. The United States is its second-biggest export market receiving around 10,000 tons of the cheese per year from a total export production of 54,000 tons. Bertinelli called for the European Union to take extraordinary measures to make sure the tariffs did not have a traumatic impact on the industry. — AFP