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The Rt Hon Greg Hands MP
Minister of State for Trade Policy
Department for International Trade
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US TARIFFS ON ICONIC SCOTTISH PRODUCTS

Dear Greg,

I refer to the above matter and to my letter of 22 July in which I set out the impact of these tariffs on Scottish products. I refer also to the letter from the Cabinet Secretary for Economy, Fair Work and Culture to the Secretary of State for International Trade on 17 August, in which she expressed profound disappointment at the outcome of the USTR's second review of enforcement action and the decision to maintain 25% tariffs on Scotch whisky, cheese and cashmere. While it was of course welcome that tariffs were removed from sweet biscuits, it is even more important now to step up action to secure removal of the remaining tariffs.

I ask, therefore, what the UK Government's plans are regarding (1) future engagement with the US to secure removal of these tariffs following the next review in February; (2) engagement with the EU to drive settlement of this dispute and (3) what support for affected businesses the UK Government is willing to put in place to cushion the impacts of these tariffs meantime.

These tariffs have been in place for almost a year now, denting our export performance, damaging our economy and causing real and significant harm to, and anxiety over, the future viability of individual businesses, particularly those in small, rural communities. Efforts to absorb the ensuing additional costs and weather these impacts are becoming increasingly unsustainable. This jeopardises not just the distilleries, cheese and knitwear businesses themselves but the longer term prosperity of the communities in which they are located, who depend on these industries also for the wider income they generate through hospitality and tourism. The value of these communities to the Scottish and even UK economy as a whole cannot be underestimated.

The Scottish Government has consistently called on the UK Government to increase its engagement with the US administration to prioritise the removal of these tariffs altogether and resolve this matter once and for all. I repeat that call again here and offer my support in these endeavours.

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I urge you to share with me a detailed account of the UK Government's plans regarding the management, mitigation and route for removal of these tariffs going forward.

In addition to direct engagement with the US authorities, I note the UK Government's commitment to working with, and supporting, the European Commission's efforts to settle this matter. Given Scotland's disproportionate share in the US's tariff allocation, it is not unreasonable that you should share with me full details of the nature, level and extent of the UK Government's engagement with the European Commission on this matter. Without this, neither the Scottish Government nor the Scottish business community is convinced that the UK Government truly understands the harm these tariffs are causing, nor the urgency of the need to press for a more vigorous approach towards reaching a settlement.

I ask that you also share details of the UK Government's plans for seeking removal of these tariffs from affected Scottish and UK industries post-Transition Period if they persist. As a named party in the Airbus case, the UK will continue to be liable for these tariffs.

Furthermore, I would be pleased to understand the UK Government's options for responding to the WTO panel's determination on the quantum of EU retaliatory rights against the US in the reciprocal case against Boeing, expected in the Autumn, when the UK is not able to share in the exercise of these retaliatory rights on account of having left the EU and not being a party to those proceedings in its own right.

The UK Government has relished the opportunity to exercise its own independent trade policy but the UK Government's failure to deliver on its commitment to resolve the application of these punitive but unnecessary tariffs before the UK-US trade deal negotiations got underway has done little to inspire confidence. Clearly now this matter must be resolved separately.

The impact of these tariffs has, of course, been compounded by the devastating effects of the coronavirus pandemic. I take this opportunity, therefore, to question also the support that the UK Government is willing to put in place for those businesses most affected by these tariffs to cushion the substantial harm they are enduring through no fault of their own.

Yours sincerely,



IVAN McKEE

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