



**CHEESE IMPORTERS
ASSOCIATION OF AMERICA**

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CIAA Bulletin

**An Exclusive CIAA Member
Update**

**U.S. Trade Representative Proposal to Impose Additional Duties on Cheeses
Imported From The European Union**

The Office of the U.S. Trade Representative (USTR) has proposed implementing additional duties on goods imported into the U.S. from the European Union (EU). The lengthy list of products includes cheeses imported from the EU. For example, the list of products designed for additional duties includes imports of parmesan, provolone, Gouda, Edam, pecorino, stilton, and Roquefort, among others. In total, USTR's proposed action would cover cheeses under 59 different tariff subheadings.

While no specific tariff level has been proposed at this point, USTR has said that all of the items on this list could be subject to additional *ad valorem* duties of up to 100 percent.

According to USTR, this action is designed to pressure the EU to fully implement the World Trade Organization (WTO) Dispute Settlement Body's recommendations in regard to the EU's subsidies to Airbus on large civil aircraft.

Who Will Be Impacted by These Tariffs?

Imposing a 100 percent increase on already existing tariffs on imported EU cheeses is expected to result in additional duties of approximately \$1 billion - in effect, an additional tax of \$1 billion on the covered cheeses. Consumers are anticipated to be at the receiving end of the additional duties when these costs are passed on to them in the form of increased prices. Also, we anticipate that imposing these tariffs will reduce the variety of cheeses available to U.S. consumers.

No matter your role in the supply chain, we expect that tariffs on EU cheeses will cause significant financial burdens for the industry and result in U.S. job losses due to decreased imports. The sale of EU cheeses supports not just employees of cheese importing companies, but also many jobs throughout the entire U.S. cheese supply chain, including freight forwarders, truck drivers, cheese processing companies, and food retail and restaurant workers.

We also believe the U.S. cheese industry will not come away unscathed, as cheeses exported from the U.S. to the EU will be subject to retaliatory tariffs by the EU. The lack of diversity and increased prices at retail will drive U.S. consumers away from cheese as a category to other products sold at retail. Additionally, this action could cause U.S. cheese to be less competitive on the global market compared to EU products, as the EU will likely shift inventory, causing prices to slide.

Act Now!

USTR is accepting written comments on this action through August 5, 2019. USTR will also accept written submissions until August 12, 2019 that address topics covered at the August 5, 2019 public hearing to be held in Washington, DC. USTR is specifically seeking comment on:

- The specific products to be subject to increased duties, including whether the proposed products listed as potentially subject to tariffs should be removed from the list.
- The level of the increase, if any, in the rate of duty for the affected goods.
- Whether increased duties on particular products might have an adverse effect upon U.S. stakeholders, including small businesses and consumers.

According to the advance notice, all submissions must be in English and sent electronically via www.regulations.gov. To submit comments via www.regulations.gov, enter docket number USTR-2019-0003 on the home page and click "search." The site will provide a search results page listing all documents associated with this docket. Find a reference to this notice and click on the link entitled "comment now!"

Best regards,
Phil Marfuggi
President
CIAA

Dates to Remember

August 31, 2019

Last day to enter dairy products into U.S. Customs territory that may be used to qualify and establish eligibility for a calendar year 2020 license.

September 3, 2019

First day of 2020 license applications

Last day to request a globalization of a calendar year 2019 license

September 16, 2019

Last day of licensees applying for reallocated license amounts for 2019

October 1, 2019

Last day to surrender 2019 license amounts

October 15, 2019

Last day of 2020 license applications

November 7, 2019
Member Meeting
9:30 am - 11:30 am
Saddle Brook Marriott
Saddle Brook, NJ

* If a deadline date falls on a Saturday, Sunday, or Federal holiday, the deadline will be the next business day (Section 6.36(a) of the Dairy Tariff-Rate Import Quota Licensing Regulation). This does not apply to dates of entry for eligibility.

Cheese Importers Association of America

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