



**CHEESE IMPORTERS
ASSOCIATION OF AMERICA**

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**Testimony of Robert Stang
on behalf of
Cheese Importers Association of America
Re: Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute
(Docket No. USTR-2019-0003)
August 5, 2019**

The Cheese Importers Association of America (“the CIAA”) represents firms and individuals responsible for importing the majority of cheeses entering the United States. We appreciate this opportunity to express our strong opposition to the addition of nineteen (19) tariff subheadings specific to cheeses and cheese products to the list of items proposed for duties related to the Section 301 investigation concerning the Large Civil Aircraft Dispute with the European Union. The CIAA supports free and fair trade between the United States and our trading partners, including the European Union. However, the CIAA requests that USTR remove the proposed cheese subheadings from this action due to the severe negative economic impact these tariffs will have on the entire supply chain, including U.S. jobs and consumers; the negative impact of this proposal on food safety in the U.S.; and the impact of this proposal on the U.S. Department of Agriculture’s Dairy Import License Program.

First, imposing these tariffs on goods covered under the nineteen tariff subheadings for cheese will harm cheese importers and processors, wholesalers, retailers, restaurants and consumers. The cheese importing community covers thousands of employees. Our members not only import, market, and sell cheese and cheese products to U.S. businesses “as is”, but further process and package these items for retail, food service, and ingredient use (for example, as grated cheeses or cheese powders). The cheese importing industry not only supports individuals directly employed by our members, but also supports workers in the U.S. supply chain including freight forwarders, truck drivers, and food retail and restaurant workers, many associated with smaller local enterprises.

The imposition of these tariffs will significantly burden the entire supply chain, resulting in job losses due to decreased imports. Also, we believe that increased costs due to these tariffs will be passed on directly to consumers. Moreover, many cheese and cheese products that our members import and distribute cannot be found elsewhere, the result of these tariffs on cheese and cheese products being reduced product availability to U.S. consumers and higher prices.

Second, imposing the proposed tariffs on cheese and cheese products from the EU might jeopardize the health and safety of U.S. consumers. Under the Food Safety Modernization Act



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importers are required to ensure that imported products are produced in facilities providing the same level of public health protection as foods produced in domestic facilities. Our membership takes this duty very seriously and has long standing relationships with European suppliers able to ensure that their food products are produced in appropriate sanitary facilities meeting all U.S. government requirements. It will be difficult for companies to overhaul supply chains on short notice, find alternative sources able to provide the unique flavors and quality associated with EU cheese and cheese products, and adhere to U.S. sanitation and safety standards.

Third, imposing Section 301 tariffs on these cheese tariff subheadings will disturb the U.S. Department of Agriculture's dairy import licensing program and the associated Tariff-Rate Quota ("TRQ") system.

Under the TRQ system, a specific annual volume of cheese is allowed to enter the U.S. at a low "in-quota" rate of duty, while additional imports of those products are subject to a higher "over-quota" duty rate. USDA allocates quota to importers through the dairy import license program, which issues different types of dairy import licenses, including licenses based upon historic imports. The historic licenses are issued to companies for specific cheeses from specific countries and the quota covered by one license cannot be transferred to another license that covers a different cheese or a different country. In order to maintain historical quota amounts, importers must import a specific amount of goods over a specific time period or lose the quota.

Imposing these additional tariffs on top of the existing high rate of duty will upend this administrative program because our members will import fewer cheeses from European countries covered under their historic licenses, causing a loss of historic quota allocations and reallocations that will not immediately or easily revert to pre-Section 301 tariff levels should the tariffs be rescinded.

In sum, the 19 additional and 40 originally proposed tariff subheadings covering cheese and cheese products should not be subject to Section 301 duties pursuant to the ongoing Large Civil Aircraft dispute with the EU. Doing so would cause long lasting and severe harm to numerous parties, including consumers; jeopardize health and safety; and disturb a longstanding administrative licensing program.