



**CHEESE IMPORTERS  
ASSOCIATION OF AMERICA**



**European Dairy Association**

January 13, 2021

**VIA EMAIL**

Joseph R. Biden, Jr.  
President-Elect  
1401 Constitution Avenue, NW  
Washington, D.C. 20230

Valdis Dombrovskis  
Executive Vice President  
Berlaymont Building  
200, rue de la Loi  
B 1000 Brussels  
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Re: CIAA and EDA Call for End to LCA and a Solution to the Tariff Dispute

Dear President-Elect Biden and Executive Vice President Dombrovskis:

The Cheese Importers Association of America (“CIAA”) and the European Dairy Association (“EDA”) jointly write to call for an end to the Large Civil Aircraft (“LCA”) dispute and negotiate an end to the tariffs and sanctions authorized by the World Trade Organization (“WTO”).

CIAA represents firms and individuals responsible for importing the majority of cheeses entering the United States. CIAA members directly employ thousands of people and support many thousands more throughout the producer-to-consumer supply chain. Additionally, CIAA members import into the U.S. high quality cheeses from around the world including Europe. EDA (EU transparency register 42967152383-63) is the voice of the European milk processing industry throughout all parts of Europe and across all types of dairy companies, cooperatives and privately-owned dairies, world dairy leaders and small and medium sized enterprises. EDA represents more than 95% of all milk volumes processed in the Union.

At the outset, we believe that the European dairy industry and U.S. cheese importers are being targeted unfairly in violation of WTO commitments as the LCA is a dispute over airport subsidies, not dairy or other agricultural policies. Article 22.3 of the Uruguay Round Agreement establishes that a dispute concerning civil aircrafts should first be dealt with by sanctions (tariffs or other means) on civil aircrafts or related goods. We believe that the U.S. has not appropriately met these obligations as the brunt of the tariffs were placed on unrelated goods and sectors, including cheese. While we sympathize with firms in the aircraft sector, retaliation should be carried out in a way that does not hurt businesses in completely unrelated sectors.

The LCA and resulting sanctions authorized by the WTO unfairly cause severe harm to the members of CIAA and EDA. At a time when our members and the dairy supply chains that they support—especially restaurants and the food service industry—need to recover from the ongoing impacts of COVID-19, we urge the U.S. and EU to return to promoting free and fair trade between them, and stop wrongly targeting the dairy industry.

The current Section 301 tariffs imposed by the United States are causing severe economic harm to U.S. cheese importers, many of which are small- and medium-sized businesses, their thousands of employees, and the businesses and employees in the U.S. imported cheese supply chain. Many CIAA members are simply not able to pay the increased tariffs and remain profitable when importing European dairy products. As a result, they are being forced to pass the additional tax burden onto their U.S. customers, cut jobs or simply close their businesses. The impact of price increases is especially severe on small retailers and restaurants with limited flexibility to modify product availability, many of whom have been forced to charge significantly higher prices cheese; downgrade the quality of their cheese offerings; or simply limit customer selection.

These effects are compounded due to the COVID-19 public health emergency. Additional tariffs on imports of specialty cheeses have exacerbated the fragile state of the U.S. and EU economies. With government mandated closures, many of the restaurants and other foodservice companies that our members supply have been greatly impacted. While some U.S. cheese importers have been able to transition supply to retail markets that remain open, the restaurants, specialty food stores, and foodservice companies we supply are already struggling and cannot absorb the cost of these tariffs. This results in high food prices paid by consumers especially during a period of high unemployment and increasing economic instability.

The U.S.-EU trading relationship must be mended in order to benefit both trading partners. The U.S. and the EU have a long history of mutually beneficial and intertwined supply chains. While the European dairy industry has been obviously harmed by the tariffs, the U.S. dairy industry is also being negatively impacted because dairy products exported from the U.S. to the EU are currently subject to EU retaliatory tariffs.

Additionally, U.S. consumers are harmed by the tariffs because the tariffs have reduced product availability to U.S. consumers and increased prices. For example, there is a limited number of sheep and goats raised in the U.S. for dairy production, resulting in minimal amounts of domestically produced sheep and goat milk cheese. The European specialty cheese imports are not replaceable by American cheese products due to on differences in raw materials, the recipes used, and the manufacturing practices employed—many of which have been developed and perfected over generations. Thus, U.S. consumers are not only harmed by the increased prices, they are also left with limited options. We have seen an approximate twenty percent reduction in U.S. cheese imports from the EU since the tariffs were imposed when looked at on a year to date basis.

The LCA and the resulting tariffs have negatively impacted the U.S. and EU economies, during a period when both economies are already experiencing instability from the COVID-19 pandemic. We urge the U.S. and EU to stop make it a top priority to resolve the LCA, repair the vitally

important trading relationship between, and stop unfairly targeting the dairy industry in a dispute related to aircrafts.

Sincerely,

Cheese Importers Association of America

European Dairy Association

By:



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By:



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CC: Katherine Tai, Appointee for U.S. Trade Representative  
Jason Miller, Team Lead, Office of the United States Trade Representative at Biden-Harris Transition  
Michael Hager, Head of Cabinet, European Commission  
Liis Laur, Assistant to Vice-President Valdis Dombrovskis, European Commission