



10 December 2019

Urgent need to resolve trade dispute with the US affecting EU dairy exports

Eucolait strongly opposes the imposition of punitive tariffs on EU dairy products by the US as a result of the WTO Airbus ruling. Disputes relating to aircraft subsidies should be resolved within that industry.

Since 18 October, an additional 25% duty has been applied by the US on a wide range of dairy tariff lines (in particular cheese and butter) from almost all Member States. We have already received reports from exporting companies of the damage these tariffs have caused for themselves and for their US counterparts, with contract conclusions being delayed, noticeably lower volumes being shipped and retailers both delisting product lines and postponing the listing of new product lines. Companies have also had to come up with arrangements to split the costs involved with these new tariffs for contracts that were concluded prior to the announcement of the Airbus decision at WTO level. For contracts concluded after the announcement of the tariff increases, companies must engage in difficult negotiations with buyers as regards who should take on the burden of these extra costs. In summary, importers in the US are very hesitant and business is certainly not conducted in a normal manner.

With the publication of the WTO panel report on compliance on 2 December and the finding that the EU has not demonstrated the withdrawal of subsidies or taken appropriate steps to offset the adverse effects, the USTR has now launched a procedure to assess whether tariffs should be increased further and additional products subjected to tariff increases.

In parallel, the USTR has concluded that the French digital services tax discriminates against US digital giants and published a notice soliciting comments on the proposed retaliation, including possible tariff increases of up to 100% on numerous dairy product lines with a focus on cheese and butter.

The US is by far our main export market for both cheese and butter, with a total value exceeding € 1 billion per year. Further tariff hikes would represent a serious blow to the European dairy sector which is already caught in the crossfire in unrelated trade disputes, has had to adjust to the loss of its main export market Russia and is currently facing the consequences of a potential hard Brexit. We therefore urge the European Commission to push for solutions which will reverse this tariff imposition and prevent the situation from escalating further.