



EUROPEAN COMMISSION

Commissioner Phil Hogan
Trade

Brussels, 11 August 2020
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Dear Mr Van Stipdonk,

Many thanks for your letter of 6 July on US countermeasures on European dairy products in the context of the WTO-Airbus dispute and its impact on the sector, which drew my highest attention. The Commission is fully aware of the damaging effects of the US measures imposed on European dairy products, which as you point out are aggravated by the effects of the Covid-19 pandemic. The US market is an important destination for European dairy exports and US consumers and retailers count on continued and affordable access to European products.

Please let me reassure you that our priority remains to reach a balanced negotiated solution to the longstanding civil aircraft disputes with the US as soon as possible. To this end, we have shared with the US concrete proposals on a possible settlement on the existing subsidies with on-going effects to our respective aircraft manufacturers. We have also showed readiness to agree on future subsidy disciplines for the sector as a whole. I have made numerous visits to Washington to convey to US interlocutors the importance of finding a negotiated solution as soon as possible.

Despite our best efforts, it looks like we will not be able to solve our differences before the WTO arbitrator's award on the EU's countermeasure rights in the Boeing dispute, as the US has not so far engaged in negotiations. The recently announced consultation on changes to the US retaliation list is not a good signal for an early settlement. Given the lack of progress, we have to be prepared to impose EU tariffs on US products – in the same way as the US has imposed additional duties on EU products since last October. We certainly prefer to avoid imposing tariffs, but the US seems to leave us with little choice. I will reach out yet again to my counterparts in the days ahead to see if there has been any development of their position.

I look forward to remaining in contact with you and the European Association of Dairy Trade/Eucolait on this important issue.

Yours sincerely,

Phil Hogan

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