Remove Olive Oil Imports From Trade Dispute

Dear Colleagues:

We write to encourage you to support our efforts to ensure olive oil imports are not targeted for additional import duties in relation to the Large Civil Aircraft Dispute before the World Trade Organization (WTO). Several billion dollars of European products, including olive oil, could face 100 percent import duties to penalize the European Union (EU) for not complying with the WTO ruling.

The U.S. and the EU have long claimed that the other either directly or indirectly subsidize their domestic civil aircraft industries, respectively Boeing and Airbus. Following intense negotiations, in 1992 both sides concluded a deal placing limits on government subsidies affecting the aircraft industry. Citing dissatisfaction with EU compliance, in 2004 the United States resorted to the WTO dispute settlement system and withdrew from the agreement. In 2018, the WTO Appellate Body issued a final decision in favor of the U.S., which upheld a 2016 ruling that the EU had not eliminated illegal state aid to Airbus.

A final decision is pending on whether the U.S. has complied with a previous WTO ruling to address U.S. subsidies through tax breaks. The U.S. is proposing new import duties on goods, like olive oil, from the EU over the subsidies for Airbus.

Without imports of olive oil from Europe, the United States cannot meet current consumer demand. The United States is the largest importer of olive oil, about 70 percent of which comes from the EU. Even if all non-EU olive oil available for export was to be exported to the United States, there would still be a shortage of about 100,000 tons, or 30 percent of current consumer demand. The lack of an alternative supply to European olive oil means that such import duties would lead to significant increases in the price of olive oil for consumers, food retailers, food manufacturers, restaurants, and many others in the supply chain.

To ensure EU olive oil imports are not targeted for additional import duties, please sign on to our letter below. If you have any questions, please contact Dylan Sodaro in Rep. Bill Pascrell's office at Dylan.Sodaro@mail.house.gov and Kaley Mathis in Rep. Jodey Arrington's office at Kaley.Mathis@mail.house.gov.

Sincerely,

Bill Pascrell, Jr. Jodey Arrington

Member of Congress Member of Congress

Letter Text

The Honorable Robert E. Lighthizer

U.S. Trade Representative

600 17th Street, NW

Washington, D.C. 20508

Dear Ambassador Lighthizer:

We write in support of your work to compel the European Union (EU) to implement the World Trade Organization (WTO) Dispute Settlement Body recommendations in the Large Civil Aircraft Dispute (DS316) case. We firmly endorse your commitment to securing U.S. rights under the WTO Agreements by holding the EU accountable for the massive trade-distorting subsidies it has provided to Airbus. However, we are concerned that additional import duties on olive oil as a result of the EU's failure to comply with the WTO decision would cause significant harm to the United States since there is no sufficient alternative supply of olive oil. We ask that you remove olive oil from any future product lists related to this case.

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As you may know, the Food and Drug Administration (FDA) has approved two Qualified Health Claims for the heart healthy qualities of monounsaturated fat and oleic acid in olive oil.[1][2] Additionally, food manufacturers use it as an ingredient to differentiate their products, to reduce harmful fat content, and to increase sales.

We have supported the previous decades of growth in olive oil consumption because it has improved the diet of millions of Americans. However, large price increases can push many consumers and food manufacturers to choose food oils that lack the unique health qualities of olive oil, as well as increase the incentive for unscrupulous actors to sell misbranded olive oil.

Without the imposition of import duties, America's olive oil consumption has significant room for growth—only about 40 percent of U.S. households use olive oil, and per capita consumption remains a small fraction of that in Greece, Italy, and Spain, according to consumer spending data compiled by Nielsen. Federal policies should not deter this potential for growth.

We respectfully ask that you remove olive oil from any future product lists related to this case. Thank you for your careful consideration and attention to this issue. We look forward to working with you to hold the EU accountable to its WTO commitments in ways that both minimize domestic harm and promote public health.

Sincerely,

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[1] https://www.fda.gov/food/cfsan-constituent-updates/fda-completes-review-qualified-health-claim-petition-oleic-acid-and-risk-coronary-heart-disease

[2] http://wayback.archive-it.org/7993/20171114183732/https:/www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/ucm072963.htm