

The Honorable [NAME]

United States Senator

Washington, DC 20510

June XX, 2020

Dear Senator [NAME]:

As members of [STATE]'s food and beverage industry, which includes restaurants, e-tailers, grocers, manufacturers, importers, and distributors, and those that serve them, we have been providing our customers in [STATE] and throughout the country high quality products for decades. We appreciate the work you have done and continue to do to support our economy through this crisis, but are concerned that existing support programs do not, and will not, address the critical risk we face: the 25 percent additional tariffs on many food and beverage products from the European Union. Relief of these tariffs would greatly improve the health of our industry and improve our prospects for being able to serve the people of [STATE] through this crisis and beyond it.

When the national economic crisis hit, our industry was already several months into our tariff crisis. On October 18, 2019, to pressure the EU to reform its commercial aircraft subsidy regime, as per our World Trade Organization (WTO) rights, the United States Trade Representative (USTR ) placed a 25 percent additional tariff on many of the European food and beverage products that are the core of our industry, including fruit, wine, distilled spirits, olive oil, pork, and cheese. In the months leading up to the coronavirus crisis, we did everything in our power not to pass along the extra costs of these duties to consumers. Many in our industry were pushed to the brink, weakening our creditworthiness right before we would need it most.

The economic crisis caused by COVID-19 has shocked the food and beverage industry. Demand for specialty food products through food service channels has plummeted. Demand for staples through retail channels has surged. The 25 percent additional, and entirely discretionary, tariffs have remained in place, harming businesses and families at the worst possible time. In the face of historic levels of unemployment, the tariffs cause households to spend extra for fruit, pork, yogurt, and olive oil. Importers and distributors have paid tariffs on months' worth of product, much of it perishable, without any horizon for when customers might return. For restaurants, wine and other specialty products are so important to their viability, but tariffs consume their profits on those items.

We are grateful for the support Congress provided through the Paycheck Protection Program (PPP), which will help small companies throughout [STATE] stay afloat. We are concerned that because the program does not cover federal taxes of any kind, including tariffs, the program is inadequate for our industry. We are grateful that Congress recently revised the scope and rules of the program, but Congress did not, and likely will never, allow the program to cover federal taxes, and especially not tariffs. For those in our industry that need PPP, relief of the 25 percent additional EU tariffs would ensure that those loans and grants achieve their objective of sustaining small businesses through their crisis.

As Congress considers additional action to support our economy, we ask for relief of the 25 percent additional tariff on food and beverage products from Europe. Relief could come in the form of a refund,

whether in whole or in part, or pause in collection. A refund of the additional tariffs we have paid since October would provide those hit hardest by the tariffs an immediate cash injection and improve our creditworthiness, a crucial financial boost for the economic uncertainty ahead. Proposals like H.R. 5911, the FAIR TARIFF Act of 2019, provide a legislative framework for refunding the additional EU tariffs. Congress could also pause application of the tariffs for 90 days, or until our economic crisis passes, which would improve our financial outlook and lower retail prices for many products.

Neither a backward-looking refund nor a forward-looking hiatus, if defined and temporary, would impact ongoing talks between USTR and the EU. We expect the United States to assert its WTO rights, but pursuit of those rights must be sensitive to the current economic crisis. We ask that Congress recognize that our industry did nothing to deserve these tariffs other than source the high quality products that our customers demanded. The current additional tariffs are an existential threat to many of us. Until this crisis passes, we ask that Congress relieve the burden of these costly additional tariffs.

Thank you for consideration of our views. We are doing everything in our power to care for our businesses, employees and customers and want to be ready to serve our customers once this crisis begins to ease. We would welcome the opportunity to discuss these requests with your staff.

Sincerely,