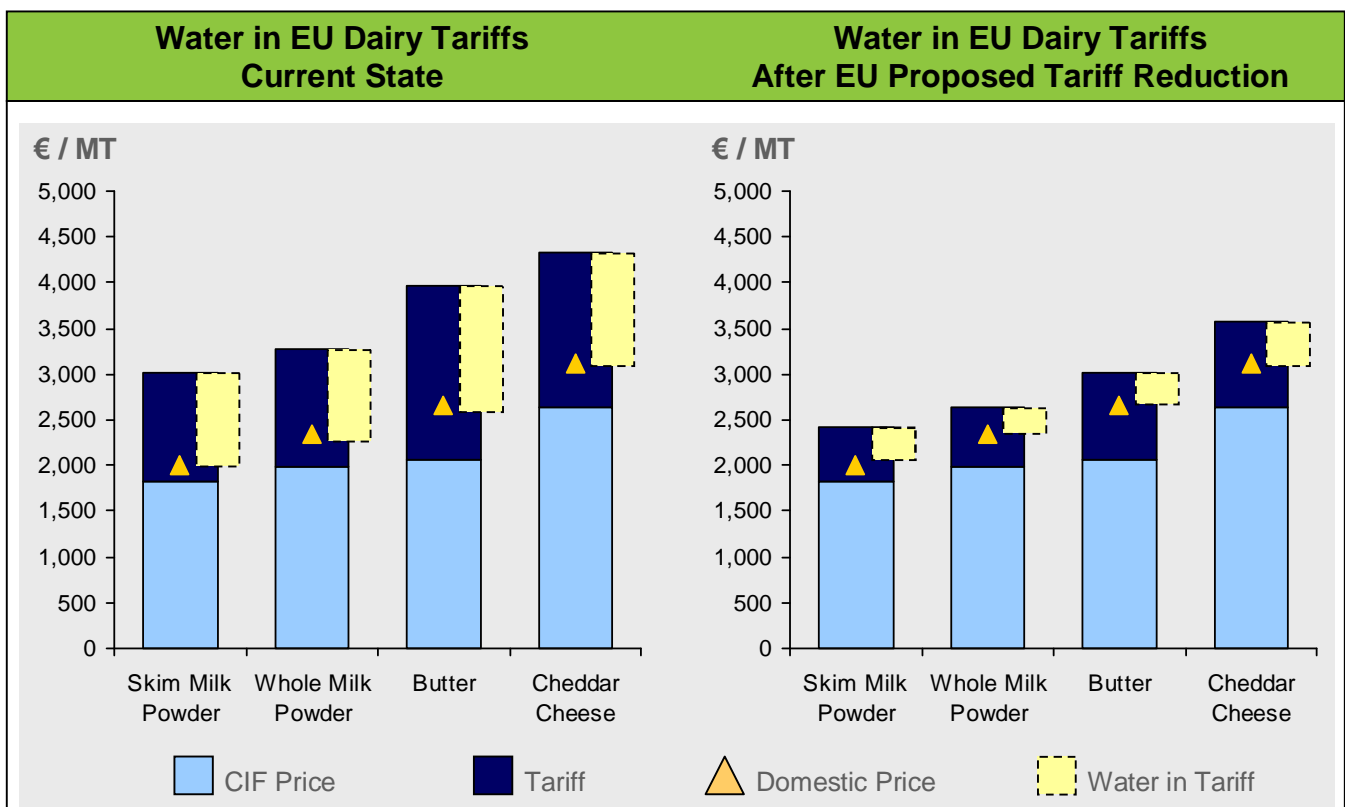


GETTING THE FACTS STRAIGHT ON DAIRY

PLENTY OF WATER IN EU DAIRY TARIFFS

- The EU claims, in their January 31 response to the USTR Fact Sheet, that there is no water in their tariffs
- This is not correct. There is a substantial amount of water in EU dairy tariffs



The water in EU tariffs translates to the following percentage of international prices:

Skim milk powder	56%	Butter	64%
Whole milk powder	47%	Cheddar Cheese	45%

- Water remains even after tariffs are cut by the EU proposal for tariff reductions
- The EU claims that imports are flowing into Europe at full duty. For dairy products there is minimal trade over the outside quota tariffs

Explanatory Note:

“Water” in a tariff is the amount by which the tariff unnecessarily exceeds the amount required to protect the domestic price. It can be defined as follows:

$$\text{Water} = (\text{CIF/CFR Price} + \text{Tariff}) - \text{Domestic Price.}$$