

[BY PERMISSION OF THE CHAIRMAN:]

**EUROPEAN UNION
DELEGATION OF THE EUROPEAN COMMISSION**

7 June 2002

The Honorable Philip M. Crane
Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C.

Subject: HR 1786

Further to the Subcommittee's request of May 3rd, 2002 for written comments on certain miscellaneous trade and tariff bills, on behalf of my authorities I would like to express our deep concern regarding the initiative to restrict imports of casein, casein products, and milk protein concentrate. The bill (H.R. 1786) sponsored by Representatives Obey, Gutknecht, Sanders, Baldwin, and McHugh would, if passed into law, impose restrictive tariff-rate quotas on these products. This action, conceived to address a market imbalance, would clearly miss its target since all objective analysis has shown that the imbalance in the U.S. has arisen from domestic policy which discourages U.S. production of these protein products.

My authorities are seriously concerned by this proposal which, if passed, would cut across U.S. undertakings and EC rights under the Uruguay Round agreements. Furthermore, the application of such a trade restricting measure at this crucial moment of WTO discussions on trade liberalization would be damaging to U.S. credibility in these negotiations, given that it would run counter to U.S. stated trade policy objectives.

My authorities wish to stress that should this measure be introduced the EU will seek equivalent concessions - which are unlikely to be welcomed by the dairy sector.

On behalf of the EU, I urge the subcommittee to oppose passage of this bill and would like to express our appreciation for having had the opportunity to express our opposition to the proposed measure.

Yours sincerely,

Gerard Depayre
Charge d'Affaires, ai