



Specialty Food Association  
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Office of the President

**Request of the Specialty Food Association to Appear at the Public Hearing and  
Summary of Testimony**  
Office of the U.S. Trade Representative  
Docket No. USTR-2019-0003

The Specialty Food Association (SFA) requests to appear and present testimony at the May 15, 2019 Section 301 Committee hearing in Docket No. USTR-2019-0003. SFA thanks the Office of the U.S. Trade Representative (USTR) for this opportunity to present the views of the small and medium sized food companies that are the foundation of the specialty food industry and form the membership of SFA.

**THE SPECIALTY FOOD ASSOCIATION AND INDUSTRY**

The Specialty Food Association (SFA) is the trade association for all segments of the specialty food industry. The 3,800+ SFA members - mostly small and very small food manufacturers, importers, distributors and retailers - are located throughout the U.S. They make and handle food products that are often referred to as "high value" or specialty. Specialty foods represent 15% of all food sales at retail and are growing at a rate seven times that of mass market foods. SFA sponsors the Summer and Winter Fancy Food Shows and education programs in San Francisco and New York, publishes *Specialty Food Magazine* and industry reports for members, and co-publishes with Mintel the annual State of the Specialty Food Industry Report. Specialty food manufacturers and retailers value their positive relationship with their customers, many of whom are strong proponents of consumer choice in food. International foods along with local products are the backbone of their product offerings.

**SUMMARY OF TESTIMONY**

SFA will testify in response to two questions raised in the Federal Register Notice. The testimony will explain the harmful effect of added 100% *ad valorem* import duties on the specialty foods marketed and sold by small food retailers around the country - SME's - that are the engine of the specialty food industry. Given their effect on small food businesses, the proposed tariffs would not be "appropriate and feasible" in this industrial trade dispute.

**① Small Food Companies Will be Harmed**

*Whether increased duties on particular products might have an adverse effect upon U.S. stakeholders, including small businesses and consumers.*

Many of the processed foods listed by USTR are specialty foods, such as cheeses, olives, olive oil, processed fruits, nuts and juices. These foods are sold by small retailers who distinguish themselves in part by their selection and mix of high quality and trending foods, often combining domestic and imported foods. The proposed increased duties on specialty food

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products will have an adverse effect on U.S. small food businesses, decreasing sales and adversely affecting employment. A store with fewer specialty food imports or with only domestic specialty foods will be less attractive to consumers, resulting in fewer sales and less income for the retailers and their distributors. The harm will be seen in the reduced product selection at retail as well as in higher prices.

This business format and the possible negative effect of the proposed tariffs on this successful small business strategy will be explained in more detail in SFA's May 28<sup>th</sup> written statement.

**2** *Increased Tariffs on Specialty Food Imports Would Not Be "Appropriate and Feasible"*

*The specific products to be subject to increased duties, including whether products listed in the Annex should be retained or removed*

Processed food products should be excluded from the product list attached to the Federal Register Notice, given the industrial nature of this long standing dispute, the many valuable industrial imports that could be substituted, and the likelihood that the European Union might respond by placing EU tariffs on the very processed food products that U.S. specialty food exporters (also SME's and SFA members) are beginning to sell in the EU market. These small businesses should not be sacrificed in a dispute about (and between) competing global transport companies. Including small food companies and the specialty foods they carry is not "appropriate and feasible".

### CONCLUSION

The Specialty Food Association looks forward to presenting its views about the proposed tariffs on May 15<sup>th</sup>, including why the proposed tariffs are not appropriate and feasible in general and would be especially harmful to the nationwide network of small and medium-sized food businesses that sell domestic and imported specialty foods to a growing consumer base.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Kafarakis", written in a cursive style.

Phil Kafarakis  
President