THE WASHINGTON STATE
REPORT ON FOREIGN TRADE BARRIERS TO AGRICULTURAL EXPORTS

March, 2013

PART I - Alphabetical Listing by Country

PART II. - ALPHABETICALLY LISTING BY COMMODITY

PART I

LISTING BY COUNTRY

ALGERIA

Apples: Tariff (Import Policies)
The Government of Algeria currently imposes a 30% tariff on U.S. apple exports.

Cherries: Tariff (Import Policies)
The Government of Algeria currently imposes a 30% tariff on U.S. pear exports.

Pears: Tariff (Import Policies)
U.S. pear exports to Algeria are restricted by a 30% tariff.

ANGOLA

Frozen French Fries: Tariff (Import Policies)

U.S. frozen French fry exports to Angola currently face a 15% tariff.

ARGENTINA

Apples: Tariff and Statistical Tax (Import Policies)
Argentina imposes a 10% import duty and a 0.5% statistical tax on imported U.S. apples. By comparison, imports of apples from Argentina's MERCOSUR partners (Brazil, Paraguay and Uruguay) are exempt from the tariff and statistical tax. This tariff and tax discrepancy places U.S. apple exporters at a competitive disadvantage.

In fact, Washington has not exported any apples to Argentina since 2001 and, the government has not issued any import permits since 2009 due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that apple exports would increase by less than $5 million per year if Argentina eliminated the tariff and subsidy program. This estimate is based on current market conditions.

Cherries: Tariff and Statistical Tax (Import Policies)
The Government of Argentina charges a 10% import duty and a 0.5% statistical tax on American cherries. By comparison, imports of cherries from Argentina's MERCOSUR partners (Brazil, Paraguay and Uruguay) are exempt from the tariff and statistical tax. This tariff and tax discrepancy places U.S. cherry exporters at a competitive disadvantage and as a result, Washington cherries are not exported to Argentina.

Pears: Tariff and Statistical Tax (Import Policies)
The Government of Argentina collects a 10% tariff and a 0.5% statistical tax on U.S. pears. By contrast, imports of pears from Argentina's MERCOSUR partners (Brazil, Paraguay and Uruguay) are exempt from the tariff and statistical tax. This tariff and tax discrepancy places U.S. pear exporters at a competitive disadvantage.

The last time Washington exported pears to Argentina was in 1999. The Government of Argentina has not issued any import permits since 2009 due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina exports a significant quantity of pears to the U.S. market. As a result, the elimination of Argentina's tariff on pears would help level the playing field for the U.S. pear industry, which estimates that pear exports would increase by less than $5 million per year if the tariff and subsidy programs were eliminated. This estimate is based on current market conditions.

Processed Potatoes: Tariff (Import Policies)
The Government of Argentina imposes 10% to 14% tariffs on potato products from non-MERCOSUR countries. The current tariff on frozen French fries is 14%. Moreover,

U.S. exporters are placed at a competitive disadvantage due to the preferential tariffs provided to regional producers. The industry urges Argentina to significantly reduce its tariffs on processed potatoes as part of the ongoing WTO round of negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
Quick Service Restaurants are making inroads into the Argentine market, increasing the demand for frozen French fries. Washington has not exported frozen French fries to Argentina since 2002. If U.S. frozen fry exporters were provided with the same level of market access enjoyed by regional competitors, the industry estimates that exports would increase by several million dollars per year.

Wine: Tariff (Import Policies)
U.S. wine exports to Argentina face a 20% tariff.

Apples: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Sometime prior to 2009 apple importers were no longer able to obtain import permits from the Government of Argentina, which apparently suspended imports due to concerns over the transmission of *Erwinia amylovora,* the bacteria that causes fire blight. USDA/APHIS has submitted technical information to the Government of Argentina that documents that the risk of transmitting the bacteria on mature symptomless apples is very low.

The Government of Argentina, however, has not responded to APHIS' letter. Instead, Argentina has started its own pest risk assessment (PRA) to replace the 2005 PRA, and has indicated that the new information will be used to determine the import permit requirements for apples.

For several reasons, the U.S. apple industry believes that Argentina's actions can only be interpreted as being designed to prohibit imports or perhaps gain some negotiating leverage in plant health negotiations with USDA. First, there have been no reported pest violations on any U.S. apple shipments to Argentina. Second, only a small amount of apples have ever been exported to Argentina each year (less than 100 MTS per year.) Third, there is only a very short shipping season of one or two months. And finally, fire blight poses little risk as has been underscored by the WTO dispute resolution decisions in U.S. vs. Japan and New Zealand vs. Australia.

Given these factors and the low risk posed by US apples, Argentina should issue import permits with the requirements that were in effect prior to 2009.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that the lifting of the apple import prohibition would lead to less than $5 million in exports per year. Washington has not exported any apples to Argentina since 2001 although there have been exports from other states in the intervening years.

Cherries: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Since the mid-1990s, the Government of Argentina has banned the importation of Pacific Northwest cherries due to concerns about cherry fruit fly and other insect pests. As of this time, the governments of the United States and Argentina have not reached an agreement on an export protocol.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the lifting of the cherry import prohibition would lead to less than $5 million in exports per year.

Beef: BSE Import Restriction (Standards, Testing, Labeling & Certification)
The U.S. industry cannot export beef to Argentina based on lingering BSE concerns.

Pears: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Sometime prior to 2009 Argentine pear importers were no longer able to obtain import permits from the Government of Argentina, which apparently suspended imports due to concerns over the transmission of *Erwinia amylovora*, the bacteria that causes fire blight. In 2009 USDA/APHIS submitted technical information to the Government of Argentina that documents that the risk of transmitting the bacteria on mature symptomless pears is very low.

The Government of Argentina, however, has not responded to APHIS' letter. Instead, Argentina has started its own pest risk assessment, indicating that the information will be used to determine the import permit requirements for pears.

For several reasons, the U.S. pear industry believes that Argentina's actions can only be interpreted as being designed to prohibit imports or perhaps gain some negotiating leverage in plant health negotiations with USDA. First, there have been no reported pest violations on any U.S. pear shipments to Argentina. Second, only a small amount of pears have ever been exported to Argentina each year (less than 100 MTS per year.) Third, there is only a very short shipping season of one or two months. And finally, there is a lack of risk from fire blight as demonstrated in the WTO dispute resolution decisions in U.S. vs. Japan and New Zealand vs. Australia.

Given these factors and the low risk posed by U.S. pears, Argentina should issue import permits with the requirements that were in effect prior to 2009.

Estimated Potential Increase in Exports from Removal of Barrier
The last time Washington exported pears to Argentina was in 1999. The industry estimates that the lifting of the pear import prohibition would lead to less than $5 million in exports per year.

Seed Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The phytosanitary basis for the Government of Argentina's current ban on the importation of American seed potatoes is unclear.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the lifting of the import prohibition would immediately lead to $3 million in seed potato exports due to Argentina's large processing industry.

Apples: Export Rebate Subsidy (Export Subsidy)
The Government of Argentina subsidizes fruit exports by means of an export rebate program. The rebate is based on the FOB price per MT as declared by the exporter. Exporters of apples in boxes containing 2.5 kilos or less (net weight) receive a 6% rebate. Apple exports in boxes above 2.5 kilos and less or equal to 20 kilos (net weight) are subsidized by a 5% rebate.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina is a significant exporter of fresh apples to the United States and does not need subsidies when they already enjoy cost of production advantages over U.S. producers. The U.S. industry estimates exports of apples would increase by less than $5 million per year if Argentina's tariff and subsidy program were eliminated. This estimate is based on current market conditions.

Pears: Export Rebate Subsidy (Export Subsidy)
The Government of Argentina subsidizes pear exports by means of an export rebate program. The rebate is based on the FOB price per MT as declared by the exporter. Pear exports in boxes containing 2.5 kilos or less (net weight) receive a 6% rebate. Exports of pears in boxes above 2.5 kilos and less or equal to 20 kilos (net weight) are subsidized by a 5% rebate.

Estimated Potential Increase in Exports from Removal of Barrier

Argentina is a significant exporter of pears to the United States and the country's growers do not need subsidies because they already enjoy cost of production advantages over U.S. producers. The U.S. pear industry estimates that pear exports would increase by less than $5 million per year if the tariff and subsidy programs were eliminated. This estimate is based on current market conditions.

AUSTRALIA

Apples: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

Although Australia does not impose tariffs on U.S. apples, it prohibits their importation. By contrast, Australian apples have duty-free access to the U.S. market. Until 2011 Australia banned the importation of apples from all countries when it allowed Chinese apples to be imported and New Zealand apples following a successful WTO dispute settlement case brought in 2007. The U.S. apple industry, however, is not aware of any New Zealand apple exports to Australia in 2012 likely due to the costly workplan requirements.

Pacific Northwest growers, packers and shippers have sought market access for over 15 years without success. The main issue is the bacterial disease fire blight. Although Australia fears that the disease could be transmitted to the country's domestic crops, the U.S. Agricultural Research Service, in coordination with plant scientists from New Zealand, published research that documents that there is negligible risk of mature, symptomless apples produced under commercial conditions of being a vector for the disease. The findings of this study have been confirmed through the World Trade Organization Dispute Panel proceedings that the United States brought against Japan concerning Tokyo's treatment of American apples. (In the wake of the WTO ruling, Japan removed its fire blight restrictions on U.S. apples.)

In November 2006, Australia issued its final risk assessment for New Zealand apples, which ignored most of the concerns of New Zealand and the United States and internationally affirmed science on fire blight. In 2009, Biosecurity Australia finally published its PRA for Pacific Northwest apples, which contained the same overly restrictive requirements that were placed on New Zealand apples.

The measures proposed by Australia are not consistent with Article 2 of the WTO Sanitary and Phytosanitary Agreement (SPS Agreement) and U.S. officials should strongly make this point in their meeting with their Australian counterparts. In addition, the U.S. apple industry believes that the issue should be discussed at the Standing Technical Working Group on Animal and Plant Health Measures established under the SPS Chapter of the bilateral trade agreement between the United States and Australia.

Estimated Potential Increase in Exports from Removal of Barrier

If Australia lifted the import prohibition, the industry estimates that exports would reach $5 to $25 million per year.

Apricots: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The Government of Australian prohibits the importation of U.S. apricots due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier

If the phytosanitary import prohibition were eliminated, Washington apricot exports to Australia would be less than $5 million per year.

Beef: BSE Import Restriction (Standards, Testing, Labeling & Certification)

Australia prohibits the imports of bovine products from the United States. In March 2010, the Government of Australia announced that Biosecurity Australia would have to conduct a separate import risk assessment for each county prior to considering the reopening of the market. As of this time, the risk assessment has not been completed.

Nectarines: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The Government of Australian prohibits the importation of U.S. nectarines due to phytosanitary concerns.

Peaches: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The Government of Australian prohibits the importation of U.S. peaches due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier

If the phytosanitary import prohibition were eliminated, Washington peach exports to Japan would be less than $5 million per year.

Pears: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

With the exception of Ya pears and Fragrant Pears from China and Nashi pears from Japan, China and South Korea, the Government of Australia prohibits the importation of pears due to a variety of phytosanitary issues. (The country does not impose a tariff on pear imports.) By contrast Australian pears have access to the U.S. market.

As with apples, the main phytosanitary issue is the bacterial disease fire blight, which Australian officials fear could be transmitted to their own crop. The U.S. position is that mature, symptomless fruit that were produced under commercial conditions have not been shown to transmit the disease. Research supporting this position was published in 2007.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that the lifting of this import prohibition would lead to less than $5 million in U.S. pear exports per year based on sales to similar markets.

Plums: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The Government of Australian prohibits the importation of U.S. plums due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
If the phytosanitary import prohibition were eliminated, Washington plum exports to Japan would be less than $5 million per year.

BANGLADESH

Apples: Tariff (Import Policies)
The Government of Bangladesh applies a 37 tariff on imports of U.S. apples. After other taxes are imposed, the total tax is over 57%.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff would lead to an increase of less than $5 million in additional apple exports. This estimate is based on current market conditions.

Cherries: Tariff (Import Policies)
The Government of Bangladesh imposes a 37% tariff on U.S. cherry imports. Once additional domestic taxes are added, that total tax burden on imported cherries is over 57%.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff would lead to an increase of less than $5 million in additional cherry exports due to current market conditions in Bangladesh.

Pears: Tariff (Import Policies)
The Government of Bangladesh assesses a 37% tariff on U.S. pear imports. The effective tax rate on imported pears rises to over 57% once domestic taxes are included.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff would lead to an increase of less than $5 million in additional pear export based on current market conditions in Bangladesh.

BARBADOS

Wine: Tariff (Import Policies)

The Government of Barbados imposes a 20% duty on imported wine.

BOLIVIA

Apples: Tariff (Import Policies)
The Government of Bolivia collects a 15% tariff on apple imports. U.S. exports are at a competitive disadvantage because apple imports from the other Andean Community countries (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay and Venezuela) are not assessed any tariff by the Bolivian government. Furthermore, Chilean apple imports enter the country duty-free under a bilateral trade agreement. As a result of these duty-free arrangements, U.S. apples are in effect excluded from the Bolivian market.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that the tariff is eliminated, the industry estimates that U.S. exports would increase by less than $5 million a year based on current market conditions in the country.

Cherries: Tariff (Import Policies)
The Government of Bolivia imposes a 15% tariff on U.S. cherry imports. Imports of fruit from the other members of the Andean Community (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay and Venezuela), as well as fruit from Chile, enter Bolivia duty-free.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that the tariff is eliminated, the industry estimates that U.S. cherry exports would increase by less than $5 million a year based on current market conditions in the country.

Pears: Tariff (Import Policies)
U.S. pear exports to Bolivia face a 15% tariff. Exports of fruit from other Andean Community countries (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela), enter Bolivia duty-free. Chilean pears also receive duty-free treatment under a bilateral trade agreement.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Bolivia, the industry estimates that U.S. pear exports would increase by less than $5 million a year if the tariff was eliminated.

Beef: BSE Import Restriction (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, the Government of Bolivia has banned imports of beef, beef products and live cattle from the United States.

BOTSWANA

Frozen French Fries: Tariff (Import Policies)

U.S. frozen French fry exports to Botswana currently face a 20% tariff and a 15% VAT.

BRAZIL

Apples: Tariff (Import Policies)
Brazil assesses a 10% duty (CIF) on American apples imports. Apple growers from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on their product were eliminated on January 1, 1995.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Brazil, the industry estimates that U.S. apple exports would increase by less than $5 million a year if Brazil removed the tariff.

Cherries: Tariff (Import Policies)
The Government of Brazil assesses a 10% tariff (CIF) on imports of U.S. fresh sweet cherries. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on these products were eliminated on January 1, 1995.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Brazil, the industry estimates that U.S. cherry exports would increase by under $5 million a year if the country eliminated the tariff.

Fresh Potatoes: Tariff (Import Policies)
As a member of MERCOSUR, Brazil maintains a Common External Tariff (CET) of 10% on imports of U.S. fresh potatoes.

Frozen French Fries: Tariff (Import Policies)
As a member of MERCOSUR, Brazil maintains a Common External Tariff (CET) of 14% on imports of American frozen French fries. In addition, Brazil recently proposed increase tariffs on 100 products, including frozen French fries and on September 27, 2012 announced that it had raised the tariff on frozen French fries to 25%, which is below the country's bound rate of 35%. The rate is supposed to be valid for one year with the possibility that it will be extended until the end of 2014.

The tariff increases the price differential between higher cost U.S. frozen French fries and lower cost product from Canada, the Netherlands, and Argentina. As a result, the U.S. industry has completely lost the market to Argentina, which receives preferential tariff rates under MERCOSUR, and to the EU.

Estimated Potential Increase in Exports from Removal of Barrier
U.S. frozen French fry exporters believe that the large Brazilian economy offers significant opportunities. If the industry received the same tariff treatment as that provided to Argentine industry, U.S. exports would increase by several million dollars.

Pears: Tariff (Import Policies)
The Government of Brazil imposes a 10% duty (CIF) on U.S. pear imports. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on their pears were eliminated on January 1, 1995.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011 Washington pear exports to Brazil totaled nearly $10 million. Based on current market conditions in Brazil, the industry estimates that U.S. pear exports would increase by under $5 million a year if the country removed the tariff.

Wheat: Marine Renewal Tax (Import Policies)
The Government of Brazil collects a 25% merchant marine renewal tax (MMRT) on imports of U.S. wheat. Although the MMRT transportation tax was suspended for shipments to the Northeast port of Fortaleza for a ten-year period, it has been reinstated. Under the General Agreement on Tariffs and Trade (GATT), additional fees like the MMRT are only supposed to cover the cost of service and the 25% MMRT on ocean freight seems excessive. While mills in the Northeast can request a refund on the tariff, the additional paperwork and hassle, as well as the possibility of not receiving the money back puts U.S. wheat at a competitive disadvantage to Argentine wheat that does not have to pay the MMRT under MERCOSUR.

Estimated Potential Increase in Exports from Removal of Barrier
Increased competitiveness from the removal of Brazil's domestic subsidies and MMRT, and the implementation of a TRQ, could add between $100 and $500 million in annual wheat sales at today's prices.

Wheat: Tariff (Import Policies)
Under the WTO Uruguay Round, Brazil agreed to establish a duty free 750,000 MT TRQ for wheat imports. Brazil has never established the TRQ and in 1996 notified the WTO of its intention to eliminate it. In the meantime, the Government of Brazil imposes a 10% duty on imported wheat. The United State should work with Brazil to either implement the TRQ or establish the terms (compensation) for the elimination of the commitment.

Wine: Tariff (Import Policies)

The Government of Brazil currently imposes a 27% tariff on imported wine but is being pressured by the domestic industry to increase the tariff to 55%.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were eliminated the industry estimates that annual wine exports would increase by $5 million to $25 million.

Beef: BSE Import Restriction (Standards, Testing, Labeling & Certification)

Since the detection of a BSE-positive animal in the United States, the Government of Brazil has banned imports of beef, beef products and live cattle from the United States. During high-level discussions, the Government of Brazil indicated that it was not willing to follow the guidelines of the International Office of Epizootics (OIE) which is a standard setting-body recognized by the WTO.

Dehydrated Potatoes: Sulfite Tolerance (Standards, Testing, Labeling & Certification)

Brazilian authorities have not established a sulfite food additive tolerance for dehydrated potatoes. As a result, the American dehydrated potato products industry cannot use sulfites in products exported to Brazil. The U.S. processed potato industry urges Brazil to apply a sulfite tolerance level at the internationally-accepted standard of approximately 500 ppm.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-2012 marketing year the U.S. industry exported $150,000 in dehydrated potato products to Brazil. If Brazil establishes a higher sulfite tolerance, the U.S. industry expects high quality product could be exported to Brazil leading to $5 million in sales.

Seafood Products: DIPOA Certification: Sulfite Tolerance (Standards, Testing, Labeling & Certification)

A Washington seafood exporter reports difficulties in obtaining a Department of Inspection of Products Originated from Animal (DIPOA) certificate, which Brazil requires as a condition for importing the product into the country.

Estimated Potential Increase in Exports from Removal of Barrier

The company estimates that the removal of the barrier would lead to $3,000,000 to $5,000,000 in additional exports per year.

Seed Potatoes: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

In 2004 the Government of Brazil officially agreed to open the market to U.S. seed potatoes but exports have been held back by a series of obstacles. The most significant obstacle is that Brazil sometimes applies requirements for seed potatoes that go beyond the agreed upon IN-6 regulation governing the importation of seed potatoes.

This policy reflects the lack of transparency in Brazil's import regulations. Shipments are frequently stopped at ports while "fees" are requested before they are released. Failure to pay the fees often leads to unexpected problems with the shipment such as soil or pest finds. These problems are not unique to U.S. seed potatoes.

In recent years Brazilian potato growers complained to their government about the difficulties they face in obtaining the release of seed potato imports because they feared that they would miss the planting season.

The U.S. industry urges the Government of Brazil to establish transparent and predictable import requirements based on sound science and international SPS principles.

Estimated Potential Increase in Exports from Removal of Barrier

Given the large Brazilian potato industry, an immediate $3 million market for U.S. seed potatoes could be achieved if the phytosanitary import requirements were adjusted to allow for trade.

Wheat: SPS Restrictions (Standards, Testing, Labeling & Certification)

For years, the Government of Brazil has maintained bans on pests that are unsuitable to the country's climate and farming practices despite APHIS' repeated attempts to negotiate the removal of these phytosanitary restrictions.

At the present time, Brazil only allows the importation of certain classes of wheat and excludes shipments from West Coast ports mainly due to concern over flag smut (*urocystis agropyri*) and cephalosporium stripe. Brazil maintains this import ban even though it allows the importation of wheat from Argentina where flag smut is present. In addition, cephalosporium stripe requires the repeated freezing and thawing of the ground in the spring to cause root damage, which is unlikely to occur in Brazil and is very unlikely to be conveyed in grain shipments. In response to the raising of these issues, Brazil has threaten to reconsider all possible quarantine pests in wheat with the possibility of finding new restrictions even though it has not been able to identify any actual quarantine problems with U.S. wheat. These restrictions are counter to the non-discrimination and scientific principles of the WTO SPS Agreement. This situation has been going on for over 10 years without any sign of progress.

Brazil is a major wheat importer, purchasing an average of about 6 million MTs over the last five years. The import amount varies in accordance with the size of the country's domestic crop. During the last ten year the highest market share for U.S. wheat was only 13%, mainly due to the preferential tariff treatment accorded to Argentine and other MERCOSUR wheat exporters. Moreover, U.S. wheat shipped from the West Coast impacted by the SPS requirements would rarely be price competitive compared with exports from Gulf of Mexico ports. Finally, the U.S. wheat industry is concerned that Brazil's unwarranted restrictions on flag and cephalosporium stripe could be copied by other importers, causing further damage to U.S. wheat growers.

Estimated Potential Increase in Exports from Removal of Barrier
In those years when West Coast prices are competitive in Brazil, a 10% increase in U.S. wheat exports using the current hard red winter export free on board price of $340 per metric ton would lead to an economic gain of $100 to $500 million.

Wine: Certificate of Analysis (Standards, Testing, Labeling & Certification)
In December 2009, Brazil instituted rules requiring certificates of origin and product analyses for imported wines, which raise costs for U.S. wine producers seeking to export to Brazil. The United States noted in bilateral meetings with Brazil in November 2010 and March 2011 that these requirements are unnecessary and duplicative because the U.S. Alcohol and Tobacco Tax and Trade Bureau issues certificates of analysis of chemical parameters and origin for U.S. wines. The United States is continuing to work with Brazil to resolve this issue as well as to ensure that U.S. wine exports do not face any additional market access restrictions in Brazil.

Wheat: Domestic Supports (Subsidies)
Upon accession to the WTO every country committed to capping their domestic subsides, including a fixed cap on trade distorting supports, known as the aggregate measure of support (AMS). Countries also have ceilings on de minimis spending as a percentage of general and product specific production with developing nations, including Brazil, capped at 10% percent, developed at 5% and China at 8.5%.

The U.S. industry believes that Brazil exceeded the country's wheat product specific de minimis subsidy cap for 2007/2008 and 2008/2009 based on the Brazil's recent WTO notification. The U.S. wheat industry believes that Brazil's calculation methodology understates the level of support by $292 million because it does not include all wheat production. The $292 million level of support is almost three times that of the country's reported de minimis subsidy limits of $102 million. The U.S. industry points to a study by DTB Associates that concluded that using all wheat production indicates that Brazil's product-specific aggregate measure of support (AMS) for wheat was $785 million in 2010— vastly surpassing the country's de minimis threshold of $144 million.

Wheat: Export Subsidies (Subsidies)

Brazil has notified a domestic support and transportation program called Premio do Escomento de Produto (PEP) Program, which appears to be an export subsidy. Under the PEP program, Brazilian wheat growers are provided with a guaranteed a minimum support price, and buyers are given subsidies to transport wheat either for export or to the northern, wheat-deficit regions of the country. The industry encourages US officials to examine the PEP program to ascertain whether it distorts trade by violating Brazil's WTO commitments on both domestic support and export subsidies.

CAMBODIA

Beef: Tariff (Import Policies)
U.S. frozen boneless beef (HS 0202.30.00) exports to Cambodia face a 35% tariff.

Cheese: Tariff (Import Policies)
U.S. cheese (HS0406.90.00) exports to Cambodia face a 35% tariff.

Frozen French Fries: Tariff (Import Policies)
U.S. frozen French fry exports to Cambodia face a 35% tariff.

CANADA

Dairy Products: Tariff Rate Quotas (Import Policies)

Although NAFTA has been fully implemented some U.S. dairy products still face restrictive Canadian TRQs, with very high over-quota tariffs which typically range from 200% to 300%. Some of the limitations are as follows:

Dairy Product	Access in tons	Tariff Item Number (to 6-digit)
Milk Protein Substitutes	10,000	0350.40
Fluid Milk*	0	0401.10, 0401.20
Cream, Not Concentrated, No Sugar, (Heavy Cream)	394	0401.30
Skim Milk Powder	0	0402.10.10
Whole Milk Powder Whether or Not Sweetened	0	0402.21, 0402.29
Concentrated and Evaporated Milk	12	0402.91, 0402.99
Yogurt	332	0403.10
Powdered Buttermilk	908	0403.90
Liquid Buttermilk, Sour Cream	0	0403.90
Dry Whey	3,198	0404.10
Products Consisting of Natural Milk	4,345	0404.90
Butter, Fats and Oil from Milk	3,274	0405.10, 0405.90
Dairy Spreads	0	0405.20
Cheese	20,412	0406
Ice Cream Mixes	0	1806.20, 1806.90
Food Prep. With Milk Solids	70	1901.90
Food prep. with >= 25% ms; Not For Retail Sale	0	1901.20
Ice Cream and other Edible Ice	484*	2105.00
Milk Cream and Butter Subs.	0	2106.90
Non-Alcoholic Beverages Containing Milk	0	2202.90
Complete Feeds and Feed Supplements	0	2309.90

* Canada restricted the 484 MT TRQ for ice cream exclusively to ice cream in retail containers, thereby prohibition access for any bulk/ingredient ice cream products.

Although Washington dairy exports to the world totaled $461 million in 2011, Canada accounted for just $10.2 million of this total. Washington dairy exports would increase significantly if Canada agreed to eliminate many of these restrictions as part of the Trans Pacific Partnership negotiations.

Fluid Milk: Import for Re-Export Program (Import Policies)

U.S. dairy exports, particularly fluid milk products (HS 0401) can enter Canada under the country's Import for Re-Export Program (IREP), which allows Canadian processors to import certain dairy products provided the final product is re-exported from the country. The U.S. dairy industry believes that market access is undercut because many of the final products may re-enter the United States or enter other foreign markets where they then compete directly against U.S. dairy exports. Therefore, the U.S. industry does not believe that the IREP genuinely provides valuable market access.

Fluid Milk: Tariff Rate Quota Administration (Import Policies)

Under its WTO commitments, Canada is obligated to provide a 64,500 MT TRQ fluid milk TRQ (HS0401.10.1000) but the country undercuts market access by banning commercial shipments from utilizing the TRQ. Instead, Canada unilaterally limited the TRQ to cross-border shoppers between the two countries.

Cheese: Revised Cheese Standards (Standards, Testing, Labeling and Certification)

While the U.S. dairy recognizes the right of every country to establish appropriate product standards, in 2008 Canada enacted new cheese compositional standards, which serve as significant non-tariff barriers that undercuts access to the market. The industry urges that these standards be address as part of the TPP negotiations because they were introduced after the implantation of NAFTA and the Uruguay Round agreements specifically with the intention to undercut market access.

Fresh Potatoes: Pesticide MRLs (Standards, Testing, Labeling and Certification)

The Government of Canada is preparing to replace its general 0.1 ppm (default) pesticide tolerance with new pesticide maximum residue levels (MRLs). As a sovereign country, Canada is within its right to undertake such an action. Given the amount of trade between the United States and Canada, however, the U.S. potato industry urges Canada's Pest Management Regulatory Agency (PMRA) to implement the policy in manner that avoids trade disruptions.

The U.S. industry was pleased when in 2009 the PMRA announced that it would retain the default tolerance while additional MRLs were being established.

Estimated Potential Increase in Exports from Removal of Barrier

Canada is the largest foreign market for U.S. fresh potatoes, with exports reaching $120 million during the 2011-2012 marketing year.

Fresh Potatoes: Proposed Import Standards (Standards, Testing, Labeling and Certification)

Canada is implementing changes to the import standards for fresh potatoes from the United States even though there are no clear phytosanitary justifications for the changes. The proposed changes would apply to bulk loads originating from "regulated" areas in both the United States and Canada. The proposal would entail significant increases in the requirements for Canadian firms receiving and processing or repacking bulk loads from regulated areas. It is notable that regulated areas in Canada established by the regulations are unlikely to be areas making any bulk shipments. The regulated areas established by the proposed rules for the U.S. will required the new standards to be applied to all loads originating in the United States.

These new standards will add significant costs to the U.S. shipments and will be implemented at exactly the same time that the requirements of the Ministerial Exemption agreement between the United States and Canada would have eased the impact of Ministerial Exemptions on U.S. shipments.

The Government of Canada has also proposed, but not acted upon, a proposal to deregulate Soybean Cyst Nematode (SCN) in Canada. Currently, SCN is known to exist in Canada but there are no known internal controls to limit the spread. Although CFIA acknowledges this fact, it continues to place restrictions on U.S. imports from states that have SCN.

Estimated Potential Increase in Exports from Removal of Barrier

Canada is the largest U.S. fresh potato export market with shipments reaching $120 million during the 2011-2012 marketing year.

Hops: MRL Requirements (Standards, Testing, Labeling and Certification)

The Government of Canada recently added a new requirement to register crop protection products. Usually, in the United States crop protection registration for hops, as a minor crop, is completed by Inter-Regional Group 4 and involves four residue field trials in the Pacific Northwest, where the overwhelming majority of the country's hops are grown. It appears that the Government of Canada is requiring that one of the trials for registering a hop protection product in Canada must be conducted in Region 5, which is the upper Midwest/Great Lakes region. This requirement might be due to the fact that the small amount of hops that are grown in Canada are produced in this region just north of this border.

The new requirement creates an obstacle because hops are not grown in Region 5 and there are not enough hops grown in Canada to conduct required trials. In addition, there are also no known experiment stations working with hops in these areas.

Prior to this change, the four hop residue trials conducted in the Pacific Northwest met Canada's need for registering the products. The new requirement will prevent the registration of hops and MRLs in Canada in the future, thereby presenting an obstacle to exports. The industry urges Canada to amend its policy by allowing Pacific Northwest trials to meet the Canadian hop crop protection registrations requirements.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011, the US shipped $12.8 million worth of hops to Canada with the large majority of shipments coming from Washington state. Any future chemical residue violation caused by Canada's change in policy would lead to an unnecessary publicity scare in Canada and reduced hop exports.

Wine: Distribution System (Other)
British Colombia (BC) maintains two separate distribution systems that apply to imported wines and BC wines. BC wineries are permitted to directly deliver their products to their customers (individuals, restaurants, private wine stores, etc.) with deliveries frequently taking just a matter of hours or days. By contrast, the BC Liquor Distribution Branch (BCLDB) requires all imported wines to go through the BLDB's wholesale distribution system, including storage at their facility. As a result, it can take a long time for imported wine to arrive at retail or restaurant channels, adding additional costs to imported wine.

Wine: Mark Up and Fee Structure (Other)
All imported wine, whether sold by private retailers or through BC Liquor Distribution Branch (BCLDB) stores are required to pass through the BCLDB distribution system and therefore as subject to standard mark-ups in the range of 117%. Only BC wines that are sold through the BCLDB distribution are subject to the same mark-up, while BC wine that is directly distributed to customers outside the system (private retail stores, bars and restaurants) is not subject to the mark-up. In addition a portion of the mark-up on domestic wine sales through the BCLDB system is refunded to the winery by means of the VQA Support Program or Quality Enhancement Program.

CHILE

Wheat: Scaled Tariff System (Import Policies)

Under a bilateral Free Trade Agreement, Chile eliminated duties on U.S. wheat but the product is still subject to a scaled tariff system that mirrors the price band system which continues price floors and ceilings. The scaled tariff on U.S. wheat will reach zero in 2014 as per the U.S.-Chile FTA. Expediting the phase-down period will help U.S. competitiveness. The floor price protects domestic wheat producer, but results in a higher input price to the miller and ultimately the consumer.

Estimated Potential Increase in Exports from Removal of Barrier

Chile imports up to 1.0 million metric tons (MMT) of wheat each year from the United States, Argentina and Canada. U.S. market share averages around 40% and competition is intense between the three suppliers. U.S. suppliers need every advantage possible to maintain market share. Maintaining a 40% market share compared to lower shares seen in the past few years results in a $50 million increase to U.S. producers.

Wine: Tariff (Import Policies)

Under the U.S.-Chile FTA, signed in 2003, U.S. wines faced a 6% ad valorem duty in 2008. Starting in 2011, the Chilean tariff on U.S. wine will be reduced to 3.3% under a tariff phase-out provision of the bilateral trade agreement. Under the tariff schedule, the tariff will be completely eliminated in 2016. Although the tariff is scheduled to be phased-out, the delay still presents an obstacle to exporting wines to Chile.

CHINA

Apples: Tariff and VAT (Import Policies)

Under China's WTO accession agreement, the country agreed to reduce the tariff on U.S. apples from 30% to 10%. Although the tariff has been reduced, it still is a barrier to exports to China. In addition, China collects a 13% value added tax (VAT) on imported apples which the U.S. industry suspects is likely not collected on Chinese apples. Discriminatory treatment between the collection of the VAT on imported and domestic apples places U.S. apples at a distinct pricing disadvantage. Moreover, failure to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

In addition, under the China-New Zealand Free Trade Agreement, which took effect on October 1, 2008, China's import duty on New Zealand apples was reduced by two percent each year over four years until it was eliminated in 2012. This disparity in tariff treatment between New Zealand and U.S. apples puts Washington growers at a distinct disadvantage.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions, the industry estimates that apple exports would increase by less than $5 million a year if China eliminated the tariff.

Cherries: Tariff and VAT (Import Policies)

As part of its WTO accession commitments, China agreed to reduce the tariff on U.S. cherries from 30% to 10% in 2004. Although the tariff reduction is helpful it still deters cherry exports. In addition, China collects a 13% value added tax (VAT) on imported cherries, which the U.S. industry suspects is probably not collected on Chinese cherries. Failure, to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

U.S. cherries are also at a competitive disadvantage because under free trade agreements Chilean cherries started entering China duty-free in 2010, while the tariff on New Zealand cherries was eliminated in 2012.

Estimated Potential Increase in Exports from Removal of Barrier

In 2011, Washington cherry exports to China reached $17.5 million, a huge jump over the previous year. Based on an assessment of current market conditions in China, the cherry industry estimates that annual exports would increase by less than $5 million per year if China eliminated the tariff.

Fresh Potatoes: Tariff (Import Policies)

Under China's WTO accession agreement, the tariff on fresh potatoes was bound at 13% on July 1, 2004. The tariff issue, however, is moot until the phytosanitary ban on U.S. fresh potatoes is lifted.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. potato industry estimates that opening the market to fresh potatoes would lead to less than $5 million in annual exports in the short-term.

Pears: Tariff (Import Policies)
Under the WTO accession agreement, China reduced the tariff on U.S. pears to 10% in 2004. Fresh fruit imports also are subject to a 13% value-added tax, which the U.S. industry suspects is probably not collected on much of China's domestic crop. At the present time, however, the tariff issue is moot because Beijing maintains a phytosanitary import ban against U.S. pears.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the U.S. pear exports would increase by less than $5 million per year if China eliminated the tariff and phytosanitary import prohibition.

Plums: Tariff (Import Policies)
U.S. plum exports face a 10% tariff. By contrast, in 2010 Chilean entered China duty free, while New Zealand plums faced a reduced tariff under bilateral trade agreements.

Potato Products: Tariff (Import Policies)
Despite the tariff concessions contained in China's WTO accession agreement, U.S. potato products still face significant tariffs. Most importantly, the current tariff on U.S. frozen French fries (HS 2004.1) is 13% while the tariff on dehydrated potato products is 15%. The Chinese tariffs on these and other potato products (HS 1105.2 and 2005.2) are reflected in the following table:

Product	Pre-accession Duty	Current
Dehydrated potato flakes and granules (HS 1105.20)	30%	15%
Potato flour, meal and powder (HS 1105.10)	27%	15%
Fresh or chilled potatoes (HS 0701.90)	13%	13%
Frozen potatoes (HS 0710.10)	13%	13%
Non-Frozen, prepared/preserved potatoes including chips (HS 2005.20)	25%	15%
Frozen Fries (HS 2004.10)	25%	13%
Potato Starch (HS 1108.13)		15%

The U.S. industry urges that the tariffs on potato products be eliminated as part of the ongoing round of WTO negotiations. Moreover, the United States government should also ensure that China's 17% VAT is being applied equally to domestic potato products and imported products, in keeping with international trade rules. Moreover, it has been reported that China has levied the VAT twice, once on the CIF value of the imported product and a second time on the combined value of the CIF of the goods plus the 17% VAT and the applicable tariff.

In addition, U.S. potato product exports have been placed at a competitive disadvantage due to the free trade agreement signed between New Zealand and China on April 7, 2008. Under this agreement, Beijing agreed to reduce its tariffs on New Zealand potato products over 5 years.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-2012 MY (June-July) U.S .frozen potato exports to China reached $100 million, up 62%. As a result of this increase, China has become the industry's fourth largest export market. By comparison U.S. frozen French fry exports totaled $72.8 million during the previous marketing year. U.S. dehydrated potato products exports reached $8.3 million during the 2011-2012 marketing year. Should tariffs be eliminated, the industry anticipates annual exports to China would reach $125 million.

Wheat: Import Licenses (Import Policies)
Chinese wheat importers are required to obtain an import inspection license from their quarantine agency in order to import wheat and other commodities to ensure that they are aware of various SPS restriction when purchasing wheat. The importer must have the certificate in hand prior to contracting the purchase, rather than before the arrival of the shipment. In addition, the importer must obtain a new certificate for every new order. These requirements are not always practical if the buyer is attempting to capture a particular price window.

Wheat: TRQ (Import Policies)
Under China's wheat TRQ system, the country imposes a prohibitively high over-quota tariff of 65% on wheat imports while in-quota shipments face a 1% duty.

Wheat: TRQ Administration (Import Policies)
The administration of China's wheat TRQ is not transparent. China committed to a 9.64 MMT TRQ, with 10% allocated to non-state trading enterprises (STEs) participants. Unused STE TRQs share are reallocated to private mills or private trading entities on a very limited basis. Under the country's WTO accession commitments and the intent of the working party during accession discussions (which are an integral part of the agreement), while STE TRQs must use a state-designated buying agent to purchase the commodity, there is no limitation as to the recipients (state or non-state).

China's current policy does not guarantee full utilization or promote the complete utilization of the total TRQ in any given year. U.S. wheat growers would have much greater access to the market if a greater share of the TRQ was allocated to the private sector. The U.S. wheat industry also believes that the current import licensing procedure is duplicative of the application for TRQ preference, creating another barrier to U.S. wheat. The Report of the Working Party on China's WTO accession provides that import licenses shall be valid for a period of six months, except for exceptional circumstances. China's licensing procedure should be timely in order to permit importers to capture market opportunities, especially in today's volatile price market. As a result, receipt of a TRQ should not necessitate a separate import license that further burdens the import process.

Wine: Tariff (Import Policies)

Under China's WTO accession agreement, the tariff on bottled wine fell from 24.2% in 2003 to 14% in 2004, while the tariff on bulk wine was lowered to 20%. Despite the reduction, the tariff still presents a significant barrier to U.S. wine exports.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were eliminated the industry estimates that annual wine exports would increase by $25 million to $50 million.

Apples: Phytosanitary Varietal Import Prohibition (Standards, Testing, Labeling & Certification)

Although Washington state first began exporting apples to China in 1994, it is still only allowed to ship Red and Golden Delicious apples. The United States has been seeking market access for all apple varieties since the early 1990s but the negotiations have stalled due to China's unfounded concerns about fire blight. Mature symptomless fruit has been shown to not transmit the bacterial plant disease. This fact has been established by the 2005 World Trade Organization ruling against Japan's fire blight restrictions on U.S. apple imports and Australia's restrictions in a case brought by New Zealand. As a result, China should permit the entry of all apple varieties. Further delay is unjustified.

In addition, China allows market access for all apple varieties from other countries, including New Zealand, even though such countries have fire blight.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that exports would increase by $5 million to $25 million in the near term once the apple varieties and quarantine issues are resolved.

Apples: Post-Harvest Decay Organisms/Shipper Suspensions (Standards, Testing, Labeling & Certification)

From 2008 to 2009, Beijing suspended several Pacific Northwest apple shippers due to alleged Chinese detections of a post-harvest decay organism.. These shipper suspensions are inconsistent with the terms of an earlier agreement with China which stipulates that only orchards, not shippers, will be suspended for quarantine issues.

Although during the 2009 USDA-AQSIQ plant health negotiation, China committed to only suspend orchards and not shippers, it has subsequently sent notifications suspending shippers. USDA's Animal and Plant Health Inspection Service (APHIS) has petitioned the Chinese government to reinstate the suspended packing houses, citing insufficient evidence of pest presence, possible confusion over what was actually detected, and APHIS' failure to detect the disease/pest in orchards in which the shipments originated.

By applying the penalty to the packing facility, China effectively prohibits numerous orchards, (sometimes hundreds of growers), of that facility from exporting. Notifications of alleged interceptions are generally lacking in sufficient detail and are often issued many weeks or months after the interception. This severely limits the US industry's efforts to correct the problem, should one exist.

In March 2010, APHIS proposed that China sign a new Memorandum of Understanding, applicable to all work plans, to eliminate the practice of suspending packing facilities and to limit the penalty to the affected orchard, as currently required by the work plans. The MOU was finally signed in February 2012. The industry urges China not to use suspensions as a political tool to attempt to try to extract quarantine market access concessions from the United States, as it had done in the past.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that annual exports would increase by $5 million to $25 million in the near term once the apple varieties and fungal quarantine issues are resolved.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

In December 2003, after the bovine spongiform encephalopathy (BSE) detection in a cow imported into the United States from Canada, China banned the importation of American beef. The import prohibition not only covered beef but also low-risk bovine products such as bovine semen and embryos, protein-free tallow, and non-ruminant origin feeds and fats, which should pose no risk for BSE under international standards.

In August 2007 Beijing proposed lifting the ban on U.S. bone-in beef and deboned beef from cattle less than 30 months of age. The offer also included offals (heart, liver, lung, kidney and sinew.) Although China became a member of World Organization for Animal Health (OIE) in May 2007, it has not followed OIE guidelines regarding beef trade and BSE. The United States did not accept China's offer because the continued BSE-related restrictions on animal age and other products are not based on science and international standards.

In addition, Beijing's offer was made after the OIE designated the United States as a "BSE controlled" country in May 2007. OIE's new guidelines also indicate that the full range of beef and beef products are tradable regardless of the BSE status of a country, so long as specified risk materials (SRM), appropriate to the risk category of the country, are hygienically removed. Depending upon the BSE category of a country ("undetermined risk," "controlled risk," and "negligible risk"), and the age of the animal, varying amounts of SRMs must be removed. U.S. processing plants have followed OIE guidelines for SRM removal and the United States has presented evidence to China that it follows other OIE guidelines such as the ruminant feed ban. As of this time, however, the issue remains unresolved.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that annual direct beef exports to China would reach $200 million if the PRC lifted the ban.

Frozen French Fries and Dehydrated Potato Products: Certificate of Quality and Condition (Standards, Testing, Labeling & Certification)

Starting in 2002, the Government of China began to require that shipments of frozen French fries and dehydrated potato products be accompanied by a USDA Agricultural Marketing Service (AMS) Certificate of Quality and Condition. This requirement was in lieu of China's earlier inappropriate demand for a phytosanitary certificate for processed potatoes; a product that does not present any phytosanitary risk. The Certificate of Quality and Condition is unnecessary as it serves no purpose while becoming increasingly expensive to obtain. No other foreign market has the same requirement. The U.S. processed potato industry seeks the immediate elimination of this requirement.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011 – 2012 marketing year, U.S. frozen potato product exports to China reached $100 million, a sharp increase over the $61.5 million exported the year before. During My 2011-2012 U.S. dehydrated potato product exports reached $7 million. If China maintained WTO-consistent and transparent import regulations, the industry estimates that annual exports could reach $125 million.

Genetically Modified Products: Import Prohibition (Standards, Testing, Labeling & Certification)

At the present time, China bans the importation of GMO products. As a result, one large Washington wholesaler/consolidator does not export any products containing tomatoes or corn. This greatly limits the export of cereals, popcorn and chips. Corn flakes, for example, are considered a GMO product and enter China only through the "gray market." For the same reason, Kraft food products are not exported to China. The only products the company sells in China are those that it manufactures in China.

Nectarines: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification

The Government of China currently prohibits the importation of U.S. nectarines due to phytosanitary concerns.

Peaches: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification

Citing phytosanitary issues, the Government of China currently prohibits the importation of U.S. peaches.

Potato Products Pesticide MRLs (Standards, Testing, Labeling & Certification)

The U.S. potato products industry is concerned that China is in the process of establishing its own pesticide MRLs but Beijing is not directly communicating with the U.S. government about the needs and priorities of U.S. growers.

Potato Products: Import Regulations (Standards, Testing, Labeling & Certification)

In recent years China has detained and destroyed loads of processed potatoes for highly questionable reasons, misapplying a Chinese snack regulation to U.S. processed potatoes and making highly questionable claims that the product did not meet these standards. Moreover, the Government of China rushed to destroy the product before allowing the situations to be reviewed and resolved. Regulations can also differ between Chinese ports of entry.

In April 2011, the U.S. processed potato industry learned that China was planning to ban two flour bleaching agents, benzoyl peroxide and calcium perioxide. Benzoyl peroxide is a Codex-approved substance used in U.S. as an ingredient in processed potatoes. The U.S. industry is not aware of any scientific justification cited by the Government of China for the prohibition, other than the agents might be misused in Chinese food production.

Although China notified this change to the WTO several years ago, the implications of the policy change were not evident until April 2011, when China gave the industry one month to meet the standard, as opposed to the end of the year. Chinese authorities have denied requests for an extension. China's policy affected over a billion pounds of U.S. product that had to be sold to different markets or reformulated, at significant expense to the industry. The additional expenses are particularly disturbing because the product is approved by the United States and by Codex.

The U.S. processed potato industry was able to meet this new requirement at great expense and requests that U.S. officials emphasize to China that the country's import policies must be transparent, consistent, based on sound science, and the least trade-restrictive as possible. In view of China's responsibilities as a WTO member, it is important that the country's import regulations meet international standards.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011 – 2012 marketing year, U.S. frozen potato product exports to China reached $100 million, a sharp increase over the $61.5 million exported the year before. During My 2011-2012 U.S. dehydrated potato product exports reached $7 million. If China maintained WTO-consistent and transparent import regulations, the industry estimates that annual exports could reach $125 million.

Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

China currently bans the importation of U.S. fresh table-stock potatoes based on uncertain and unsubstantiated phytosanitary concerns. Following bilateral meetings in the summer of 2000, China agreed to conduct a pest risk assessment (PRA). After twelve years, however, China has still not completed the PRA.

On the few occasions over this time when China has asked for pest information and provided a pest list, academic research indicates that many of these pests are already present in China and not under official control. During the September 2012 bilateral technical talks, Beijing again did not provide a final PRA.

China's opaque policy and lack of progress are inconsistent with WTO rules. Moreover, China politicizes scientific reviews by directly linking progress on U.S. market access requests to progress on Chinese requests.

Estimated Potential Increase in Exports from Removal of Barrier
Although China is the biggest producer of potatoes in the world, its crop is destined for domestic consumption, primarily as fresh potatoes. The U.S. industry estimates that annual fresh potato exports would reach $5 million a year in the near-term and $30 million within five years if China lifted the import prohibition.

Wheat: Food Safety Law (Standards, Testing, Labeling & Certification)

The U.S. wheat industry is increasingly concerned that China's precedent-setting requirements for inspection and certification of origin (traceability) for processed agricultural products will ultimately be extended to cover raw materials such as wheat. Such an extension for raw materials will increase costs and lower efficiency, as wheat shipments often originate from more than one region. Different origins are frequently blended at export facilities to meet the specific quality requirements of buyers and to meet the large volumes needed for a single vessel. This means that if it were even possible it would be very costly to document the specific origin of wheat in each shipment.

Wheat: DON Standard (Standards, Testing, Labeling & Certification)

In 2004 the Chinese Ministry of Health began to limit the mycotoxin DON in wheat to 1.0 part per million (ppm.) which is one of the tightest tolerance levels in the world and the strictest for the Asian market. The concern is the amount of DON in foodstuffs for human consumption but many countries maintain a tolerance of 2pp for wheat for milling and food consumption (which with no decimal place actually allows for detections up to 2.49 ppm in practice.) Although the United States has not established a DON tolerance for wheat, the FDA has established an advisory level or 1 ppm in finished products, which is in recognition of the fact that cleaning and milling of wheat can actually reduce the level of DON by 50%. As a result, wheat with a 2 ppm of DON can usually be milled and processed into processed flour with a DON level below 1 ppm. Chinese companies have indicated that some local inspection officials are aware of the reduction in DON achieved by the milling process and therefore sometimes allow the discharge and use of wheat with DON levels as high as 2 ppm. The regulatory requirement, however, forces a 1.0 ppm level in contracts. In years where DON is widespread, U.S. exporters can only provide wheat with low DON levels at a much higher price that is not competitive with Chinese or other origin wheat.

Wheat: Inspection Procedures (Standards, Testing, Labeling & Certification)

Wheat shipments face delays and additional costs by China's preliminary inspection at anchorage and a more thorough inspection and sampling during the discharge, as well the requirement to hold commodities in storage until final clearance.

Wheat: TCK (Standards, Testing, Labeling & Certification)

China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) keeps a list of over 80 quarantine pests, including *tilletia controversa* Kuhn (TCK) and Karnal bunt (KB). Although China and the United States signed a bilateral agreement in 1999, Beijing ignores the provision which allows TCK level of up to 30,000 spores per 50 grams in the composite sample collected, inspected and certified by Federal Grain Inspection Service (FGIS) of the USDA or its officially designated agent.

The bilateral agreement allows the unloading of U.S. wheat vessels at any Chinese port with expeditious delivery to processors and buyers without requiring any additional treatment. Local quarantine officials in some port regions, however, threatened buyers if they import U.S. winter wheat that may have come from areas where TCK has been previously found. In southern Chinese ports, U.S. winter wheat must be discharged at one designated port and a cleaning fee is assessed, which is estimated to range from $10 to $13 per MT. Although U.S. winter wheat classes are often price competitive with domestic and foreign wheat from other origins, Chinese importers have purchased limited amounts of U.S. wheat because of potential discharge issues and the additional costs and burden to re-ship from the cleaning facility.

In conjunction with Chinese scientists, the United States conducted research that resulted in the agreed upon spore level. Additional research, in which China opted to not

participate despite the invitations and encouragement from the United States, confirms that TCK cannot be established in environments similar to those in Chinese agricultural regions.

Wheat: Weed Seed Tolerance (Standards, Testing, Labeling & Certification)

AQSIQ's wheat weed seed rules, such as those covering Johnson grass and jointed goat grass, discourage buyers from purchasing wheat that may contain those weed seeds even though these weeds are present in China. The absence of a documented transparent national control program for weed seeds is another factor inhibiting exports.

Wheat: Domestic Subsidies (Subsidies)

The U.S. wheat industry believes that China's miminum support prices for wheat have increased significantly in recent years, resulting in higher domestic support payments that likely exceed its AMS commitments. (AMS refers to amber box trade distorting subsidies.) The US industry estimates that wheat price support plus other amber box support totals and AMS for wheat of $4.9 billion in 2012, which exceeds the de minimis threshold of $ 2.7 billion.

The minimum procurement price for wheat has annually increased and the last notified minimum price support (2008) was approximately $215/MT, whereas the 2012 price for non-durum wheat was $320/MT. China's external reference price for wheat was set at $265/MT upon the country's accession to the WTO.

All Products: Lack of Regulatory Transparency (Other)

The absence of regulatory transparency in China greatly increases the difficulty in exporting agricultural and processed food products to China. In terms of processed food products, there is no complete list of what is acceptable or not acceptable as a food ingredient. Some products have been rejected without explanation as to the problem ingredient, even though the Washington company had been successfully exporting them for years to China.

COLOMBIA

Beef: Tariff (Import Policies)

Colombia's WTO bound tariffs on imported beef range from 70% to 108% with applied tariffs ranging from 5% to 80%. Under the recently implemented FTA, U.S. beef producers would gain immediate duty-free treatment for their most important products. All other beef tariffs would be phased-out within 15 years at the latest. For standard quality beef cuts, the FTA provides for immediate duty-free access through a 2,100-ton TRQ with 5% annual growth. The 80% above-quota tariff will be phased-out over 10 years after a 37.5% decrease at the start of the first year of implementation.

In addition, the FTA establishes a 4,642-ton duty-free TRQ for beef variety meats (offals) with 5.5% annual growth. The above-quota tariff of 80% will be phased-out over 10 years with a 37.5% decrease immediately upon implementation of the agreement.

Pulses: Tariff (Import Policies)

Colombia's bound tariff rates on imports of dry peas, beans and lentils range from 15% to 178%, but the country currently applies tariffs on pulses ranging from 5% to 60%. Under the bilateral trade agreement Colombia will immediately eliminate tariffs on dried peas and dried lentils and provide immediate duty-free access for dried beans under a 15,750-ton TRQ, which will expand by 5% each year. The above-quota tariff of 60% for dried beans will be phased-out over 10 years under a non-linear staging formula that includes a 33 percent cut at the beginning of the first year.

CONGO

Frozen French Fries: Tariff (Import Policies)

The Government of the Congo currently collects a 20% tariff and 16% VAT on imports of U.S. frozen French fries.

COSTA RICA

Potato Products: Phytosanitary Restrictions (Import Policies)

In April 2012 the Government of Costa Rica banned imports of Nicaraguan fresh potatoes due to the presence of zebra chip, a disease that causes striping in potatoes. Shortly thereafter it also banned imports of U.S. product due to the same concern.

In June 2012 APHIS reached an agreement that temporarily established a market access protocol for imports of potatoes destined for Costa Rican chipping plants while Costa Rica conducted a PRA. Although the U.S. industry believed that the agreement had temporarily resolved the issue, the Government of Costa Rica has refused to issue import permits. The U.S. industry believes that this policy is designed to protect domestic growers despite Costa Rican officials' claims that they need to consider public comments and notify the WTO of the agreement. Costa Rican growers, however, do not produce shipping potatoes.

Finally, in November, Costa Rica began to issue import permits. U.S. officials should urge their Costa Rican counterparts to finalize the PRA as soon as possible.

DOMINICAN REPUBLIC

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, the Government of the Dominican Republic has banned imports of beef, beef products and live cattle from the United States.

Seed Potatoes: Phytosanitary Requirements (Import Policies)
Exports of U.S. potato products have been increasing under the DR-CAFTA. However, difficulties have arisen with respect to seed potato exports as importers are not having their full request to import U.S. seed potatoes approved by the Government of the Dominican Republic when seeking importer permits. Although under the DR-CAFTA there is no quota on either U.S. seed or fresh potatoes, importers are being told that there is a quota on seed potatoes and that only part of it can be filled by U.S. potatoes. The Dominican Republic has been granted other parts of the quote to other countries, such as the Netherlands.

The U.S. industry encourages USDA and USTR to continue their discussion with their counterparts in the Dominican Republic and to stress that there is no quota under the DR-CAFTA.

Estimated Potential Increase in Exports from Removal of Barrier
U.S. seed potato exports to the Dominican Republic were limited during the 2011-12 marketing year. The Dominican Republic is one of the largest potential seed potato markets and U.S. exports should increase once this issue is addressed.

ECUADOR

Apples: Tariff (Import Policies)
Ecuador assesses a 17% ad valorem tariff on U.S. apple imports. This places U.S. apples exporters at a competitive disadvantage due to tariff preferences provided to other apple exporting countries. Fruit imports from the other Andean Community countries (Bolivia, Colombia, and Peru) and MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) enter Ecuador duty-free. Apple imports from Chile also face no tariff under a bilateral free trade agreement. The net result is that U.S. apple exports are effectively excluded from the market.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Ecuador, the U.S. apple industry estimates that annual apple exports would increase by less than $5 million if the country eliminated the tariff.

Cherries: Tariff (Import Policies)
The Government of Ecuador imposes a 25% ad valorem tariff on cherry imports. By contrast, cherry imports from other countries receive tariff preferences. Fruit imports from the other Andean Pact countries (Bolivia, Colombia, and Peru) and MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) enter Ecuador duty-free. Cherry imports from Chile receive duty-free treatment under a bilateral free trade agreement with Ecuador.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Ecuador, the U.S. cherry industry estimates that the elimination of the tariff would lead to under $5 million in additional exports per year.

Fresh Potatoes: Tariff (Import Policies)
The Government of Ecuador imposes a 20% tariff on imports of fresh potatoes from the United States. This tariff is a major obstacle because other counties benefit from preferential tariff agreement under regional trade agreements.

Frozen French Fries: Tariff (Import Policies)
U.S. frozen French fry exports to Ecuador face a 30% tariff, placing them at a competitive disadvantage against their competitors, which receive tariff preferences under regional trade agreements.

Estimated Potential Increase in Exports from Removal of Barrier
If Ecuador eliminated tariffs on potato products, the U.S. processed potato industry estimates that annual exports would increase by several million dollars per year.

Pears: Tariff (Import Policies)
Ecuador collects a 17% ad valorem tariff on pear imports from the United States. By comparison, pear imports from the other Andean Pact countries (Bolivia, Colombia, and Peru) and MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) enter Ecuador duty-free. Chilean pears also receive duty-free treatment under a bilateral free trade agreement with Ecuador.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Ecuador, the U.S. pear industry forecasts that annual exports would increase by less than $5 million if Ecuador eliminated the tariff.

Seed Potatoes: Tariff (Import Policies)
The Government of Ecuador collects a 5% tariff on imports of seed potatoes from the United States.

Beef: BSE Import Restriction (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, Ecuador has banned imports of beef, beef products and live cattle from the United States.

EGYPT

Apples: Tariff (Import Policies)

The Government of Egypt currently imposes a 20% tariff on the CIF value of apple imports as a result of a February 2007 unilateral decision to lower the rate from 40%. At least partially as a result of the decision to lower the duty, Washington apple exports to Egypt grew from $4.1 million in 2006 to $14.6 million in 2010.

U.S. apple growers, however, are now at a competitive disadvantage because as of July 2010 apples from the EU enter Egypt duty-free under a bilateral agreement. As a result, Washington apple exports fell to $5.9 million in 2011, a sharp declined from the year before.

Washington state apples have been exported to Egypt for at least 20 years despite the lengthy transit times and high transportation costs. The EU tariff preference has increased the price differential between EU and US apples to a reported six dollars per carton which comes to about $6,000 per container. Washington apple producers are very concerned that they will continue to lose their share of the Egyptian market and urge the United States Trade Representative to seek duty-free access to Egypt for U.S. apples.

The sharp decline in sales to Egypt is not the only concern because a small amount of apples exported to Egypt are transshipped to Algeria, Chad, Libya, and other North African countries. Therefore, the loss of the Egyptian market has long-term implications for the development of the entire North African market.

Estimated Potential Increase in Exports from Removal of Barrier

If Egypt eliminated the tariff, the industry estimates that apple exports would increase by $5 million to $25 million per year based on current market conditions.

Cherries: Tariff (Import Policies)

Sweet cherry exports to Egypt are limited by a 5% tariff on the CIF value of the shipment. Egypt also assesses another 3% administration fee and a 1% tax. Shipments over 500 tons are granted a 7% reduction in the customs tariff.

The U.S. cherry industry, however, is at a competitive disadvantage because cherries from the EU enter Egypt duty-free under the Agricultural Agreement of the European – Egypt Free Trade Agreement.

Estimated Potential Increase in Exports from Removal of Barrier

In the event that Egypt eliminated the tariff, the industry estimates that cherry exports would increase by under $5 million per year based on current market conditions.

Frozen French Fries: Tariff (Import Policies)
The Government of Egypt collects a 20% tariff on imports of U.S. frozen French fries.

Pears: Tariff (Import Policies)
U.S. pear exports to Egypt face a 20% ad valorem tariff on the CIF value of the shipment. Egypt also assesses another 3% administration fee and a 1% tax. Shipments over 500 tons are granted a 7% reduction in the customs tariff.

U.S. pear growers, however, are at a competitive disadvantage because pears from the EU enter Egypt duty-free as of July 2010 under the Agricultural Agreement of the European –Egypt Free Trade Agreement. The Egyptian market for U.S. pears is very small and unlikely to grow unless the tariff disparity with the EU is eliminated.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that Egypt eliminated the tariff, the U.S. pear industry estimates that exports would rise by less than $5 million per annum based on current market conditions.

Seed Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Egypt is a major importer of seed potatoes from such countries as Syria, Turkey and in 2009 the Government of Egypt and Egyptian growers expressed an interest in importing U.S. seed potatoes. In response, APHIS, working with the U.S. potato industry, provided the Government of Egypt with a draft market access protocol. At the request of the Government of Egypt, in January 2010 the U.S. industry also provided information about pests faced by the U.S. seed potato industry.

In June 2012, the Government of Egypt provided a draft PRA covering U.S. potatoes. Later that month USDA commented on the draft and the industry is currently awaiting a final report. In September 2012, the Government of Egypt issued its yearly seed potato import requirements. Since the requirement this year did not exclusively call for European seed, technically U.S. approved varieties could be grown. Although the U.S. industry will seek to supply product under this general agreement, it still seeks an official agreement which will supply greater certainty. The U.S. industry is also attempting to register additional seed potato varieties with Egyptian authorities.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. potato industry anticipates that seed potato exports to Egypt could reach $15 million in a few years once a market access protocol has been reached.

Wheat: Ragweed Standards (Standards, Testing, Labeling & Certification)

In 2010 the Egyptian General Authority for Supply Commodities (GASC) introduced a specification into government wheat tenders mandate that wheat be free from the weed seed *ambrosia* (ragweed), which is a common pest in major wheat growing countries. For decades the United States has exported several million tons of wheat to Egypt each year without excessive concern over ragweed. This new strict specification, however, has led many U.S. wheat exporters to decline to offer wheat on GASC tenders after the Russian wheat export ban in mid-2010 due to the rejection risk if ambrosia was found upon arrival in Egyptian ports. Subsequently U.S. exports resumed although the restrictive tender language has not been removed and could again lead to disruptions. It is also concerning that other exporters are willing to certify freedom from ambrosia even though it is likely present in all wheat exporting countries and cannot be completely removed by cleaning.

Although Egyptian quarantine officials are reportedly conducting a PRA on ambrosia, they have forced GASC to impose this new requirement pending the conclusion of the PRA. This measure is an unnecessary precaution as Egyptian officials acknowledge that ambrosia is already present in the country, and quarantine officials have verbally stated that they will not reject shipments if ambrosia is detected but will simply require that they be cleaned (at the shipper's cost). In view of the fact that Egypt will accept wheat to be cleaned upon arrival in the country, GASC tenders should specify a workable tolerance and clearly indicate how the shipment will be treated if is found, which are provisions that would more accurately reflect statements from quarantine officials and reduce the risk to U.S. wheat shipments.

Wheat: Unpredictability (Standards, Testing, Labeling & Certification)

Inconsistent enforcement and interpretation of Egyptian food safety and plant health issues is barrier to U.S. wheat exports. It appears that Egyptian agencies and individual officials use SPS issues as a means to further their own views or perhaps to leverage their positions in the bureaucracy. This results in expensive delays and unanticipated testing for importers. The Egyptian Organization for Standards (EOS) is responsible for updating the country's standards, but the ministries responsible for agriculture and health frequently ignore EOS specifications and establish different limits, causing conflict, confusion and higher risk for U.S. exporters, which often leads them to decide not to participate in tenders.

EL SALVADOR

Beef: BSE Import Restriction (Standards, Testing, Labeling & Certification)

The Government of El Salvador prohibits imports of U.S. beef and beef products from cattle 30 months of age and over, as well as imports of non-breeding cattle because of concerns over BSE.

EUROPEAN UNION

Apple: Tariff and TRQ (Import Policies)

The European Union's tariff on apple imports varies from month-to-month. By contrast, the U.S. does not place a tariff on apple imports. The current EU tariff schedule is as follows:

Arrival Date	Tariff
1/1 – 2/14	4.0%
2/15 – 3/31	4.0%
4/1 – 7/31	0% in-quota tariff for 600 MTs (HS codes 0808 10 20, 0808 10 50 and 0808 10 90)
4/1 – 6/30	0%
7/1 – 7/31	0%
8/1 – 12/31	9.0%

Estimated Potential Increase in Exports from Removal of Barrier

If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade distorting barriers, the U.S. apple industry estimates that apple exports would increase by less than $5 million per year based on current market conditions in the region.

Apples: Entry Price System (Import Policies)

U.S. apple exports to the EU are negatively impacted by the custom union's entry price system, which exposes importers to financial uncertainty and acts as a disincentive to the importation of fresh fruit.

Under the EU entry price system, apple imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU below the entry price are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The fixed tariff and full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced products unfeasible.

Estimated Potential Increase in Exports from Removal of Barrier

If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade distorting barriers, the U.S. apple industry estimates that apple exports would increase by less than $5 million per year based on current market conditions in the region.

Cherries: Tariff/TRQ (Import Policies)

U.S. sweet cherry exports face a 4% in-quota tariff early in the season. After the in-quota is exceeded, sweet cherries face a tariff that varies from 6% to 12%. The in-quota amount and above-quota tariff level severely limits cherry exports. The EU tariff schedule is as follows:

Arrival Date	Tariff (ad valorem)
1/1 – 4/30	12.0%
5/1 – 5/20	12.0% subject to a minimum 2.4 euro/100 kg/net
5/21 – 7/15	4.0% in-quota tariff up to 800 MTs (HS code 08092095)
5/21 – 6/15	12.0%
6/15 – 7/15	6.0%
7/16 – 12/31	12.0%

Estimated Potential Increase in Exports from Removal of Barrier

Based on current EU market conditions, the U.S. cherry industry estimates that sweet cherry exports would increase by less than $5 million per year if the EU eliminated the tariff, TRQ, entry price system and subsidies, as well as other trade-distorting measures.

Cherries: Entry Price System (Import Policies)

U.S. cherry exports to the EU are negatively impacted by the custom union's entry price system, which exposes importers to financial uncertainty and acts as a disincentive to the importation of fresh fruit. Under the EU entry price system, cherry imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU under the entry price are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92 and 100% of the entry price. The fixed tariff and the full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced product unfeasible.

Estimated Potential Increase in Exports from Removal of Barrier

If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade-distorting barriers, the U.S. cherry industry estimates that exports would increase by less than $5 million per year, based on current market conditions in the region.

Cod: Tariff (Import Policies)

The EU imposes a 3% tariff on imports of Pacific Cod if the fish is to be processed in approved facilities. The duty is 12% if the fish is not destined for approved facilities.

Pacific Whiting: Tariff (Import Policies)

The EU imposes a 4% tariff on imports of Pacific Whiting Cod which is a type of Hake that competes with other global supplier of Hakes. The EU duty on U.S. Pacific Whiting places U.S. exporters at a competitive disadvantage because other countries, such as Peru, who produce Hake do not have to pay the duty.

Pears: Tariff (Import Policies)

The European Union tariff on pear imports varies from month-to-month. The European quota and tariff on U.S pear exports are too restrictive. By comparison, foreign pears enter the U.S. market duty-free from April 1 to June 30 and are assessed only a 0.3 cents/kilogram duty at any other time. The current EU tariff schedule is as follows:

Arrival Date	Tariff (Ad valorem)
1/1 – 1/31	8.0%
2/1 – 3/31	5.0%
4/1 – 4/30	0.0%
5/1 – 6/30	2.5%, subject to a minimum of 1 euro.100kg/net
7/1 – 7/15	0.0%
7/16 – 7/31	5.0%
8/1 – 12/31	5.0% in-quota tariff for 1,000 MTs
8/1 – 10/31	10.4%
11/1 – 12/31	10.4%

Estimated Potential Increase in Exports from Removal of Barrier

If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade-distorting barriers, the U.S. pear industry estimates an increase of less than $5 million in exports per year. This estimate is based on current market conditions in the region.

Pears: Entry Price System (Import Policies)

U.S. pear exports to the EU are limited by an entry price system, which is a disincentive to the importation of fresh fruit by exposing importers to financial uncertainty. Under the EU entry price system, pear imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU below the entry price are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The fixed tariff and the full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced product unfeasible.

Estimated Potential Increase in Exports from Removal of Barrier
If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade-distorting barriers, the U.S. pear industry estimates that exports would increase by less than $5 million per year, based on current market conditions in the region.

Wheat: TRQ for Low Quality Wheat (Import Policies)
Since early 2008, high prices for wheat have led to the duty-free access for U.S. high quality and durum wheat to the European Union. (High quality wheat has a high protein level, which the EU has defined as 14%.) Despite unfettered market access for these types of wheat, lower quality wheat still faces a restrictive TRQ. In 2003 the EU implemented a TRQ for low and medium quality wheat. U.S. wheat has a special 572,000 MT low-duty (12 euros/MT) allocation out of the total l 2,981,600 MT low-duty quota. The above-quota tariff is 95 euros per MT, which is far above the U.S. tariff of $3.50 per MT of imported wheat for WTO member countries. In February 2011, the EU reduced the in-quota tariff to zero for low and medium quality wheat. This temporary duty exemption is currently scheduled to remain in place until December 31, 2012.

The temporary reduction in the in-quota tariff allowed the US industry to completely fill the specific EU TRQ quota for the first time. It is unclear to the industry whether U.S. wheat could be used to fill third-country TRQ volume. Moreover, the U.S. wheat industry urges officials to push for continued access to reduced tariff access for low and medium quality wheat.

Wine: Tariff (Import Policies)
The average EU tariff on wine is approximately 9%. By comparison, the U.S. tariff on EU wine is significantly lower.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $50 million to $100 million.

Apples: Pesticide MRLS (Standards, Testing, Labeling & Certification)
The European Union began the process of establishing EU wide pesticide MRLs for plant protection products in 2009, which involved a comprehensive review of hundreds of chemical compounds. The EU risk assessment process differs from that conducted by the US EPA and, therefore can result in the establishment of different MRLs for a particular pesticide which could be a barrier to trade. The apple industry is particular concerned with the review of diphenylamine (DPA) because in 2009 the European Commission unexpectedly announced a decision to stop the sale of products containing DPA, which is used in the United States for scald control on apples. The effective date of the ban was Mary 30, 2010.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that the DPA issue is not resolved, the loss of an import tolerance for this product will result in the closure of the European market to U.S. apple growers, resulting in an annual loss of sales ranging from $5 million to $25 million per year.

Cherries: SPS Restrictions (Standards, Testing, Labeling & Certification)
As a condition for market entry, the EU requires cherries to be free from *Monilinia fructicola* (brown rot) and requires documentation indicating that controls have been applied in the field. These import requirements limit the supply of U.S. cherries that can qualify for importation into the EU.

There have been reports that brown rot exists in Europe but there are no known internal EU controls on the disease or on the movement of fruit within the EU from those countries where positive detections have been made. The Washington cherry industry urges the U.S. government to obtain an official report from the EU on the presence of brown rot and supporting technical documentation justifying its quarantine requirements.

Estimated Potential Increase in Exports from Removal of Barrier
If this SPS issue is resolved, the U.S. cherry industry estimates that exports would increase by less than $5 million per year based on current market conditions in the region.

Hops: Pesticide MRL Revocation (Standards, Testing, Labeling & Certification)
European regulators have concentrated more on reforming the European system for registering pesticides for use within the EU than on establishing MRLs since the establishment of the EU's harmonized MRL system in 2008. The EU is now pursuing a policy of revoking all existing MRLs if a pesticide has been withdrawn from further use within the EU. These changes are occurring without providing trading partners the opportunity to provide data to support MRLs that correspond to uses of the pesticide in foreign counties. Although the EU notifies such changes to the WTO, by this time the risk assessment has already been finalized and the only option for reinstating the MRL is to submit a new import tolerance application. This is a costly and slow process which can take 12 to 18 months and cost tens of thousands of dollars.

The U.S. hops industry urges U.S. officials to work with their EU counterparts to set up a system so that their trading partners are provided the chance to give their input on pesticide residue uses during the early stages of EU pesticide registration and review.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011, the U.S. hop industry exported $91.4 million worth of hops to the EU-7; the industry largest overseas market. Washington state accounted for almost all hop exports to the EU. The hop industry estimates that exports would increase by $10 million per year if the EU did not revoke the approval on any other pesticide MRL's.

Wheat: Karnal Bunt Standards (Standards, Testing, Labeling & Certification)

The EU does not accept APHIS certification for Karnal bunt (KB) in the belief that the APHIS bunted kernel standard for KB does not provide adequate risk protection. Many EU countries, particularly the United Kingdom and Greece, aggressively sample U.S. wheat to test for KB spores. The delay and uncertainty of spore testing of American wheat encourages buyers to seek wheat from other origins, particularly Canada even though both the United States and Canada mainly ship wheat to the EU from Great Lake ports.

It is believed that the EU is the only group of countries that questions the sufficiency of the APHIS bunted kernel methodology for certifying KB. Since it was first detected in the 1990s, the KB-affected area in the United has gradually grown smaller in size and it is now only found in a few counties in Arizona. In the 15 years since KB was first detected in the United States, there have not been any instances where KB has emerged elsewhere in the world owing to U.S. wheat imports and no confirmed case of KB contamination of a U.S. wheat shipment. Despite this record, APHIS and its EU counterpart have not made any progress on resolving this issue.

Wheat: Vomitoxin and Ochratoxin Standards (Standards, Testing, Labeling & Certification)

The EU maintains sampling and testing requirements for ochratoxin and vomitoxin (deoxynivalenol or DON) for imported wheat. Although the U.S. Federal Grain Inspection Service (FGIS) offers official testing services for both these mycotoxins, the EU has not accepted that the rapid methods approved by FGIS are equivalent to the method they require or that FGIS sampling, especially for ochratoxin, is sufficiently intensive. Testing at destination discourages exports by delaying delivery which increases the cost and uncertainty for both buyers and shippers.

Wine: Labeling Requirements (Standards, Testing, Labeling & Certification)

The EU's wine labeling requirements which seek exclusive use of so-called "traditional terms" such as ruby, reserve, chateau, classic and tawny on wine labels present difficulties for U.S. wine exporters. The three-year derogation for the use of these terms expired on March 29 and the EU has indicated that it would not extend the derogation. The new wine regulation (EC No 607/2009), which was published on July 14, 2009, leaves enforcement to EU member states, but it is unclear how Member States will carry out the regulation or how the EC plans to ensure consistency.

This regulation severely restricts the ability of non-EU wine producers to use common or descriptive and commercially valuable terms to describe their wine, on the basis that those terms are traditionally associated with European wines. Although the EU is attempting to justify the limitations on the application of traditional terms by indicating that they could be used to mislead consumers, these terms have been used on U.S. wines for years without any risk to consumers. In addition, the EU continues to try to expand the list of so-called "traditional terms" to include additional commercially valuable terms.

Moreover, the EU has withdrawn permission to use certain "traditional terms" under the U.S. – EU wine agreement and has limited the use of traditional expressions in trademarks.

Cheese: Geographical Indicators (Lack of Intellectual Property Protection)

For the past few years, the European Union has been pursuing an increasingly aggressive strategy to restrict the use of common cheese names by non-EU producers in the EU and third countries through FTA negotiations and bilateral intellectual property discussions. The EU's clear goal is to advance their own commercial interests by advocating the EU's sole use of many cheese names that are commonly used around the world and considered to be generic in the United States and many other dairy producing countries. Cheese names that they have directly targeted for EU monopolization include feta, parmesan, asiago, gorgonzola, fontina, gruyere, munster and others. If successful, the EU's efforts will severely restrict U.S. and Washington cheese exports.

Dairy: Export Subsidies (Subsidies)

Under the EU's WTO commitments it is allowed to provide over 1 billion euros per year to subsidize dairy exports (724 million for on other dairy products, 346 million euros on cheese products and 298 million on skim milk powder.) These export subsidies allow EU producers to undercut their U.S. counterparts in third county markets.

Wine: Export Subsidies (Subsidies)

Although the EU is arguably phasing out export subsidies for wine, its producers are still receiving refunds for wine exports to developing countries such as China and Russia, thereby allowing these exporters to operate at a competitive advantage.

FRANCE

Wheat: Export Subsidies (Subsidies)

French wheat exports to the French territories of Martinique and Guadeloupe are subsidized by the French government, allowing wheat to arrive in these Caribbean islands at below market cost. A portion of that wheat is then transshipped to Suriname. The Surinamese market size is about 35,000 MT, with French wheat accounting for about 40% percent of the total. This transshipment effectively allows French wheat to enter Suriname at subsidized rates, putting U.S. wheat shipments at a price disadvantage.

GENERAL

Wheat: State Trading Enterprises: (Other)

One of the most important objectives for the U.S. wheat industry in the ongoing round of WTO negotiations is the elimination of State Trading Enterprises (STEs) as they distort trade.

GHANA

Frozen French Fries: Tariff (Import Policies)

The Government of the Ghana currently collects a 20% tariff and a 12.5% VAT on imports of U.S. frozen French fries.

GUATEMALA

Apples: Domestic Support (Subsidies)

The Government of Guatemala collects a $0.07 Quetzal/pound (about $40 cents of a dollar per carton) fee on apple imports. This money is transferred to domestic apple producers.

HONG KONG

Processed Potatoes: Pesticide MRLs (Standards, Testing, Labeling & Certification)
Hong Kong is currently transitioning to a "positive" pesticide residue level (MRL) policy. At the present time, Hong Kong defers to Codex MRLs and has acknowledged that these MRLs will serve as a basis for their new MRL list.

The U.S. industry has submitted several comments to Hong Kong officials concerning the transition and identification of many potato MRLs that were not listed on the provisional Hong Kong MRL list. As of this time, the U.S. industry needs Hong Kong to address about 15 potato MRLs before the August 1, 2014 implementation date.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-12 marketing year, Hong Kong imported $31 million worth of U.S. frozen French fries, an increase over the $25 million the previous year. The industry anticipates an additional $5 million in annual exports if they are able to successfully transition to Hong Kong's new MRL policy.

INDIA

Apples: Tariff (Import Policies)

The Government of India collects a 50% tariff on the CIF value of imported apples from the United State. Although it is under the country's WTO bound rate, the rate is one of the highest apple tariffs in the world. In general, U.S. apple imports do not compete directly with Indian apples because most imports arrive after the peak fall and early winter domestic apple marketing season is over.

According to USDA Economic Research Service research, this high tariff provides little or no protection to domestic apple producers, partially because domestic and imported apples are not considered close substitutes given the high price and quality of imported compared to Indian apples. Moreover, the average return for Indian apple growers has doubled since imported apples were allowed entry to the country, as imported apple prices have pulled domestic apple prices higher. This trend should continue even under a lower tariff rate environment.

Finally, given the country's love of fruit, lowering the apple tariff will increase consumer purchasing power and could create a much larger apple market. As it stands now, India's current annual per capita apple consumption is less than two kilograms, which is very low by global standards. The potential to increase per capita consumption to five kilograms or roughly a five million ton apple market would provide opportunities for both domestic growers and importers. Such growth could well increase domestic production from current levels of less than two million tons to three million tons.

Since the opening of the market in 2000, India has become one of the largest and fastest growing markets for Washington apples. (Red Delicious. accounts for almost all exports.) India was the third largest importer of Washington apples in CY 2011 with exports topping $80 million, only trailing Canada ($136 million) and Mexico ($108 million). The previous high for Washington apples exports to India was $40 million in 2009.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were reduced to 30%, U.S. apple exports to India could increase by $5 million to $25 million per year. However, the U.S. apple industry's objective is the complete elimination of the tariff which would result in even greater exports.

Cherries: Tariff (Import Policies)
The Government of India currently imposes a 30% duty on cherry imports.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011Washington exported only $129,000 worth of cherries to India. The U.S. cherry industry estimates that their exports to India would increase by less than $5 million in the first year after the tariff is eliminated. This estimate is based on current market conditions in India. Sales would significantly increase if phytosanitary issues were resolved.

Dehydrated Potato Products: Tariff (Import Policies)
India currently collects a 30% duty on imported dehydrated potato products (HS 1105.2/HS 2005.2) This applied rate is lower than India's bound rate but this reduction has been nullified to some degree by the addition and occasional repeal of various taxes on top of the ad valorem tariff. The current effective duty is over 40% on dehydrated potato products that fall under HS 1105.20 due to the 30% tariff, a 4% special additional duty (Spl. CVD), and 3% customs Cess duty, which is an educational tax. Similarly the effective rate on dehydrated potato products that fall under HS 2005.20 is over 40% because of a 30% tariff, a 6% additional duty (CVD), 4% special additional duty (SPL CVD), and 3% customs Cess duty.

The U.S. industry believes that only the ad valorem tariff should be applied to imports and urges India to eliminate the tariff on these products during the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The United States exported $1.2 million worth of frozen French fries to India during the 2010-2011 marketing year. The U.S. industry believes that the Indian market has a huge potential for frozen French fries and other potato products, possibly worth $5 million in exports in three years and $20 million in ten years with reduced tariffs, based on the interest of U.S. quick service restaurant chains in India. A lower tariff on dehydrated potato products could lead to $2 million in annual exports in the short-term, increasing to $5 million due to the expanding snack food industry in India.

Fresh Potatoes: Tariff (Import Policies)
The Government of India currently imposes a 30% tariff on fresh potato imports.

Frozen French Fries: Tariff and Taxes (Import Policies)
India currently imposes a 30% tariff on imported frozen French fries (HS 2004.1). This applied rate is lower than India's bound rate but this reduction has been nullified to some degree by the addition and occasional repeal of various taxes on top of the ad valorem tariff. The current effective duty is over 40% due to a 6% additional duty (CVD), a 4% special additional duty (Spl. CVD), and a 3% custom Cess duty.

The industry believes that only the ad valorem tariff should be applied to imports and urges India to completely eliminate it as part of the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The United States exported $700,000 worth of frozen French fries to India during the 2011-2012 marketing year (July-June), which was down from $1.2 million the previous year. The U.S. industry believes that the Indian market has a huge potential for frozen French fries and other potato products, possibly worth $5 million in exports in three years and $20 million in ten years with reduced tariffs. A lower tariff on dehydrated potato products could lead to $2 million in annual exports in the short-term, increasing to $5 million owing to increased demand from the expanding snack food industry in India.

Grape Juice: Tariff (Import Policies)
India currently imposes a 30% tariff on imported grape juice, which is much lower than the 85% bound rate.

Pears: Tariff (Import Policies)
India currently applies a 30% tariff on the CIF value on pear imports from the United States. U.S. pear imports do not compete with Indian production because domestic pears are sold out by the end of early September while U.S. pears do not arrive in India until October at the earliest.

India often adjusts tariffs during its annual budget setting process. The United States usually submits a priority list of products for consideration during this process in an effort to obtain unilateral tariff rate reductions. Apples and pears have been on the list of priorities in the past and should continue to be included in the future.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that exports to India would increase by less than $5 million in the first year after the removal of the tariff but could reach $5 million to $25 million over a five-year period. These estimates are based on current market conditions in India.

Poultry: Tariff (Import Policies)
The Government of India currently imposes a 100% tariff on imports of frozen and fully cooked chicken.

Value Added/Processed Food Products: Tariffs (Import Policies)

India has a rapidly expanding middle class and demand for imported foods, particularly from the United States, is growing. The excessively high tariffs, however, have increased further to nearly 40% for most processed food products, making it very difficult for U.S. exports to compete.

Whey: Tariff: (Import Policies)

The Government of India currently imposes a 30% tariff on imported whey.

Wine: Tariff (Import Policies)

India imposes high tariffs and other duties on wine imports. As a result, the effective tax rate on imported wine ranges from about 150% to 550%. In 2011 the United States exported a total $1.345 billion worth of wine around the world but only $865,000 to India, the industry's 47th largest export market. Washington's total wine exports reached $19.4 million in 2011, with $194,000 of that total going to India, the 19th most important overseas market for the state's wine industry.

Apples: Fumigation Requirement (Standards, Testing, Labeling & Certification)

On January 3, 2012 India issued draft notice of proposed rule changes to phytosanitary requirements for apples and pears. The proposed changes for the United States were the addition of 22 insect pests to the quarantine list and more importantly ended the acceptance of "pest free area" status providing quarantine security for *Ceratitis capitata* (Mediterranean fruit fly.) In addition, India proposed requiring methyl bromide fumigation (at 69.8 degrees F) and cold treatment prior to shipment as treatment requirements. The Washington apple and pear industry fears that the implementation of this policy will eliminate apple and pear exports to India.

There are two main problems with India's proposal. The first is that Mediterranean fruit fly has never been known to occur in the Pacific Northwest. The second major problem is that the measure is not consistent with India's obligations under the WTO Sanitary and Phytosanitary Agreement, including not taking into account pest-free areas.

USDA/APHIS, as well as their counterparts in New Zealand and Chile, submitted technical comments in March seeking changes to these requirements. Among other things, APHIS has urged India to recognize the "pest-free" status for Mediterranean fruit fly for our apple and pear exports.

Estimated Potential Increase in Exports from Removal of Barrier

If enacted, this new requirement will end all Washington apple and pear exports to India because methyl bromide fumigation will significantly damage the fruit, making them unacceptable to customers. During the 2011-2012 season Pacific Northwest apple and pear exports to India reached an estimated $70 million (FOB).

Cherries: Methyl Bromide Fumigation Requirement (Standards, Testing, Labeling & Certification)

In addition to the 30% tariff and lack of a reliable cold chain, Pacific Northwest cherry exports are discouraged by India's requirement that cherries be fumigated with methyl bromide prior to exportation as a precautionary measure against the possible introduction of cherry fruit fly (Rhagoletis spp.*)*. Methyl bromide fumigation lowers the quality and shelf-life of cherries, particularly in a country with inadequate refrigeration and long transit times of ocean vessels.

Given the predominant climatic conditions in India, the biology of this insect and its management history in U.S. orchards, a system approach protocol can address India's phytosanitary concerns and should be replace the methyl bromide treatment requirement. In August of 2010, APHIS provided a draft protocol to India's Ministry of Agriculture and provided additional requested information to the Government of India in October 2011. As of this time, India has not responded to the new information.

Estimated Potential Increase in Exports from Removal of Barrier

Washington cherry exports to India reached $129 thousand in 2011, which was easily a record. The replacement of the fumigation requirement with a systems approach would provide for greater opportunity to export cherries to India.

Pears: Fumigation Requirement (Standards, Testing, Labeling & Certification)

On January 3, 2012 India issued draft notice of proposed rule changes to phytosanitary requirements for apples and pears. The proposed changes for the United States were the addition of 22 insect pests to the quarantine list and more importantly ended the acceptance of "pest free area" status providing quarantine security for *Ceratitis capitata* (Mediterranean fruit fly.) In addition, India proposed requiring methyl bromide fumigation (at 69.8 degrees F) and cold treatment prior to shipment as treatment requirements. The Washington apple and pear industry fears that the implementation of this policy will eliminate apple and pear exports to India.

There are two main problems with India's proposal. The first is that Mediterranean fruit fly has never been known to occur in the Pacific Northwest. The second major problem is that the measure is not consistent with India's obligations under the WTO Sanitary and Phytosanitary Agreement, including not taking into account pest-free areas.

USDA/APHIS, as well as their counterparts in New Zealand and Chile, submitted technical comments in March seeking changes to these requirements. Among other things, APHIS has urged India to recognize the "pest-free" status for Mediterranean fruit fly for our apple and pear exports.

Estimated Potential Increase in Exports from Removal of Barrier

If enacted, this new requirement will end all Washington apple and pear exports to India because methyl bromide fumigation will significantly damage the fruit, making them unacceptable to customers. During the 2011-2012 season Pacific Northwest apple and pear exports to India reached an estimated $70 million (FOB).

Processed Food Products: GMO Restrictions (Standards, Testing, Labeling & Certification)

In August 2012 the Government of India implemented the Food Safety Standards Act of 2006, which appears to restrict items containing GMOs. This restriction would harm U.S. processed food exports since nearly all wheat- or corn-based products contain GMOs.

Wheat: SPS Restrictions (Standards, Testing, Labeling & Certification)

U.S. growers have been excluded from the potentially large Indian wheat market because of unreasonable and unevenly enforced quarantined weed seed requirements. India tightens and relaxes their SPS requirements for temporary periods in response to the need for imports. However, U.S. exports cannot even meet the seed requirements for India's relaxed wheat tender terms. U.S. exporters have been kept out of this market because our highly developed and transparent regulatory system admits that the requirements are unobtainable and APHIS cannot certify that U.S. wheat shipments are free from these weed seeds.

Moreover, many of these weed seeds can be commonly found in most wheat exporting countries and only a few exporters, mainly Canada and Australia, clean sufficiently to reduce weed seed presence. However, even after cleaning, certification stating the cargo is free from weed seeds would be difficult to meet. In 2007 India accepted imported wheat from several countries, including Australia, Canada, the EU, Russia and Ukraine. Although other countries are certifying to India's requirements, many of them have questionable inspection and certification practices. Although the United States and India discussed the issue in 2007, India refused to amend their tender terms. This impasse completely closed the market to U.S. wheat growers, in a year when India could have been a top U.S. export market. Tenders won by other exporting countries were somehow able to meet the tender requirements, which raises the question as to whether the terms were uniformly enforced.

Wheat: Domestic Supports (Subsidies)

Every country commits to domestic subsidy caps as part of their accession to the WTO. This commitment includes a fixed cap on trade distorting supports, known as the aggregate measure of support (AMS). Countries also have caps on de minimis spending as a percentage of general and product specific production, with developing nations capped at 10%. India has not notified domestic support spending to the WTO since 2003 despite the annual WTO notification requirements. The U.S. wheat is troubled by India's failure to meet its notification requirements because it is the second biggest producer of the crop in the world.

Based on the country's previous notifications to the WTO and USDA reports, the U.S. wheat industry believes that India is violating its wheat specific subsidy cap. Analysis indicates that India's wheat-specific aggregate measure of support is between $11.8 and $13.4 billion, which far surpasses the country's de minimis threshold of $2.3 billion.

The industry also believes that India is exceeding price support commitments for other commodities, such as rice, corn, soybeans, cotton, soybeans and rapeseed. The industry believes that India's total AMS falls between $37.3 and $62.0 billion, while India's total AMS limit is zero. AMS spending needs to be carefully monitored and U.S. negotiators should address this issue through the WTO consultative process in Geneva.

Wheat: Export Subsidies (Subsidies)

In recent months, India has considered wheat export subsidies. It is likely this option is being considered due to excess domestic production which could be attributed to excess domestic subsidies.

INDONESIA

Apples: Tariff (Import Policies)

The Indonesian tariff on U.S. apple imports currently stands at 5%. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on apples and other agricultural products. Under the China-ASEAN trade agreement, Chinese apples enter duty-free, placing U.S. products at a competitive disadvantage.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of the tariff would lead to less than $5 million in increased apple exports to Indonesia per year.

Apples: Import Licensing (Import Policies)

In 2012 the Government of Indonesia published several regulations covering the importation of horticultural products including Ministry of Trade Regulations 30 and 60 and Ministry of Agriculture Regulation 3 which are very concerning to the Washington apple industry.

The new measures establish a complex and non-transparent system of import requirements designed to discourage horticultural imports from all countries. The new requirements for importers include various approvals by different government agencies, each with their own set of requirements, inspection in the shipping country, and new labeling standards. The following summarizes just some of the new bureaucratic requirements for importers:

1) Apply and receive a General Importer or Producer Identification number from the Ministry of Trade;
2) Apply and receive approval from the Ministry of Trade as a registered importer or producer/importer;
3) Apply and receive approval from the Ministry of Agriculture for an Import Recommendation of Horticultural Products. Note that one application is valid just for one product, one country, one port of entry and one supplier;
4) Apply and receive approval for an Import Permit from the Ministry of Trade based on the Ministry of Agriculture's granting of an Import Recommendation;
5) Verification by Indonesia surveyors and/or their authorized agents in the country of origin. This inspection is for the Ministry of Trade to oversee the completeness of the paperwork and accuracy of the import documents;
6) Finally, the products must have Bahasa Indonesian labels attached to the packaging prior to arrival in Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier

These news requirements primarily impact our apple industry as their exports dominate our horticultural exports to Indonesia. Indonesia is the state's fifth largest export market with apples sales reaching an estimated $55 million 2011. Moreover, Indonesia is an important growth market as exports only reached $20 million five years ago.

Cherries: Tariff (Import Policies)

U.S. cherry exports to Indonesia currently face a 5% tariff. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on cherries and other agricultural products.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. cherry industry estimates that the elimination of the tariff would lead to less than $5 million in annual increased exports.

Fresh Potatoes: Tariff (Import Policies)

In March 2005, the Government of Indonesia raised its applied tariff on fresh table stock potatoes from 5% to 20% to protect domestic growers. Although the revised rates falls under the country's 50% bound WTO tariff rate, the U.S. industry urges Indonesia to lower the rate.

The U.S. fresh potato urges Indonesia to bind its tariff at 5% as part of the ongoing WTO Doha Round of negotiations.

Frozen French Fries: Tariff (Import Policies)

The Government of Indonesia currently applies a 5% tariff on imports of frozen French fries, well below the 50% bound rate negotiated under the Uruguay Round. The industry urges Indonesia to accept a 5% bound tariff during the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011/12 MY US frozen potato exports to Indonesia reached $14 million, up 28% from the previous year The industry estimates that Indonesia's binding of the tariff at 5% would provide predictability to exporters and importers and increase annual exports to Indonesia by up to $25.

Pears: Tariff (Import Policies)

The Government of Indonesia currently assesses a 5% tariff on pear imports from the United States. Under the China-ASEAN trade agreement, Chinese apples enter Indonesia duty-free, placing U.S. products at a competitive disadvantage.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that the elimination of the tariff would lead to less than $5 million in annual increased exports.

Processed Potatoes: Import Permits (Import Policies)
The U.S. processed potato industry has several concerns with Indonesia's new food safety regulations, particularly decree 60 which went into effect on September 28, 2012. First, the decree establishes an import permit system which might be used to impede imports when there is an abundance of domestic potatoes. Secondly, the measure requires bags and boxes to include Bhasa Indonesian language label, which the industry can only meet by applying the sticker to boxes and bags upon arrival in Indonesia. Importers, however, have informed the industry that shipments must be labeled before arrival in country, which would cause an unacceptable expense.

Estimated Potential Increase in Exports from Removal of Barrier
Prior to the implementation of Decree 60, the Indonesia market held promise for the U.S. process potato industry as exports had grown to $14 million during the 2011-2012 marketing year. The industry fears that the market will be lost if Decree 60 restricts trade.

Wine: Tariff (Import Policies)
Indonesia imposes a 150% tariff on wine.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by less than $5 million.

Apples: Phytosanitary Import Restriction – Decree # 37 (Standards, Testing, Labeling & Certification)
On March 27, 2006 Indonesia implemented Ministry of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported vegetables and fruits, including apples to control for fruit flies. These new regulations were not preceded by any formal pest risk analysis, pest interceptions on imports or immediate (perhaps any) evidence of risk to domestic production from U.S. apples.

On June 24, 2012, the Government of Indonesia superseded Regulation 37 with Regulation 42, again absent any formal pest risk assessment or notification to the WTO. The regulation disregards important technical facts and international standards by requiring treatment of apples even though some of the pests do not attack apples or the apples come from production areas that are free from the pests of concern. It also requires treatment of apples even though Indonesia does not have host material for some of the fruit flies and lacks a climate suitable for establishment and spread of fruit flies occurring in the Pacific Northwest.

The U.S. government has provided detailed technical information to support its request for revisions to the regulation, beginning with comments that were submitted to Indonesia through the World Trade Organization in August of 2005.

In August 2007, after intensive work by USDA/APHIS and USTR, Indonesia officials agreed to an in-transit cold treatment process that allows trade to continue. However, if this cold treatment option were to be modified, it could easily result in the closure of the market for several months, leading to significant losses for U.S. apple exporters. An example of disrupted trade occurred in September 2010, when import permits were issued at some ports without the proper language allowing in-transit cold treatment.

Estimated Potential Increase in Exports from Removal of Barrier
Indonesia is the state's fifth largest export market with apples sales reaching an estimated $55 million 2011. Moreover, Indonesia is an important growth market as exports only reached $20 million five years ago. Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. apple industry would expect an increase of less than $5 million in exports per year.

Beef: Inspection Equivalence (Standards, Testing, Labeling & Certification)
The Government of Indonesia does not recognize the equivalence of the U.S. inspection system for beef. Instead, it requires the submission of an onerous questionnaire and a non-transparent review process that has resulted in the approval of a limited number of U.S. plants. Moreover, although several beef establishments submitted the required documents several years ago, they still have not been approved.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
After the most recent BSE finding in the United States in April 2012, the Government of Indonesia amended its import requirements to only allow access for boneless beef from cattle under 30 months of age. Since historically the main U.S. beef exports to Indonesia have been livers, hearts, and bone-in short ribs, regaining access for bone-in beef and variety meats is necessary to restore the U.S. share of the market.

Cherries: Phytosanitary Import Restriction - Decree # 37 (Standards, Testing, Labeling & Certification)
On March 27, 2006 Indonesia implemented Ministry of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported cherries (and other fruits and vegetables) to control for fruit flies. These newly imposed regulations were not preceded by any formal pest risk analysis, pest interceptions on imports or immediate (perhaps any) evidence of risk to domestic production from U.S. cherries.

On June 13, 2012 the Government of Indonesia superseded Regulation 37 with Regulation 42 without any formal pest risk assessment or WTO notification. The regulation disregards important technical facts and international standards by requiring treatment of cherries for pests that do not attack cherries. It also requires treatment even though Indonesia does not grow cherries and cherry fruit fly hosts are not present in the country. Therefore, the various cherry fruit flies that are present in the Pacific Northwest will not survive in Indonesia.

The U.S. government has provided detailed technical information to support its request for revisions to the regulation, beginning with comments that were submitted to Indonesia through the WTO in August 2005. As of this time, the Government of Indonesia has refused to resolve the problems impacting the importation of cherries. Cherries should be removed from Decree 42 as a commodity of concern for Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier
At the present time, few cherries are exported to Indonesia but the industry hopes to resolve this barrier to allow for future growth in exports. Based on current market conditions in Indonesia, the U.S. cherry industry expects an increase of less than $5 million in exports per year once the barrier is eliminated.

Fresh Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The U.S. fresh potato industry is interested in opening the Indonesia market because processed potato sales to the country and fresh potato exports to Southeast Asia have been growing.

In the spring of 2011, the U.S. fresh potato industry asked APHIS to seek market access to Indonesia. A letter was sent to the Indonesian authorities requesting information on what steps needed to be undertaken to open the market but as of this time a clear response has not been received.

Estimated Potential Increase in Exports from Removal of Barrier
Frozen U.S. potato exports to Indonesia reached $14 million during the 2011-12 market year, as the country is developing into a promising market for the industry. Annual exports could reach $25 million.

Pears: Phytosanitary Import Restriction – Decree 37 (Standards, Testing, Labeling & Certification)

On March 27, 2006 Indonesia implemented Ministry of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported pears, as well as other fruits and vegetables, to control for fruit flies. These newly imposed regulations were not preceded by any formal pest risk analysis, pest interceptions on imports or immediate (perhaps any) evidence of risk to domestic production from U.S. pears.

On June 13, 2012 the Government of Indonesia superseded Regulation 37 with Regulation 42 without any formal pest risk assessment or WTO notification. The regulation disregards important technical facts and international standards by requiring treatment of pears for pests that do not attack this fruit. It also requires treatment despite the fact that Indonesia does not have host material for some of these fruit flies and does not have a climate suitable for establishing and spreading fruit flies occurring in the Pacific Northwest.

The U.S. government has provided detailed technical information to support its request for revisions to the regulation, beginning with comments that were submitted to Indonesia through the WTO in August of 2005. The U.S. pear industry argues that pears should be removed as a commodity of concern to Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier

Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. pear industry anticipates that exports will increase by less than $5 million per year.

IRAQ

Apples: Tariff (Import Policies)
Washington apples face a 20% Iraqi tariff.

Cherries: Tariff (Import Policies)
The Government of Iraq collects a 20% tariff on any Washington cherry exports.

Pears: Tariff (Import Policies)
The current Iraqi tariff rate on U.S. pears is 20%.

ISRAEL

Apples: Tariff Rate Quota (Import Policies)

The United States and Israel signed a free trade agreement in 1985 but Israel argued that the agreement did not cover agricultural products. As a result, in 1996 the United States and Israel signed the Agreement on Trade in Agricultural Products (ATAP), which does not consist of any text, but rather a schedule of tariff rates, reference prices and quotas that were negotiated by the two countries. Since that time the United States has provided the vast majority of Israel's agricultural products with duty-free access to the U.S. market, but Israel has not reciprocated.

Israel's bound tariff rate on apples is approximately 563% ad valorem. Under the terms of the ATAP, U.S. apples receive limited duty-free access under a TRQ, which was set at 4,000 MTs in 2012. In recent years the apple TRQ has been completely filled. Above-quota imports receive a 10% discount on the general import tariff, which is the Israeli New Shekel (NIS) 2/kg ($0.5/kg). As a result of this discount, the above-quota rate is NIS 1.8/kg. The U.S. industry requests that its product be granted permanent duty-free access unlimited by any TRQ.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011 Washington apple exports to Israel reached $6.1 million. Once unlimited duty-free access is acquired and the TRQ system restructured, the industry would expect exports to increase by less than $5 million per year.

Apples: Administration of Tariff Rate Quota (Import Policies)

During the negotiations for the 2004 Agreement on Trade in Agricultural Products, Israel committed to reform the administration of its TRQ system on the basis of "first come, first serve" allocation. Unfortunately, Israel continues to issue import permits to individuals that do not import apples and these persons then sell their allotted TRQ volume to those that are involved in commercial trade.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011, Washington apple exports to Israel reached $6.1 million. Once unlimited duty-free access is acquired and the TRQ system restructured, the industry would expect exports to increase by less than $5 million per year.

Cherries: Tariff (Import Policies)

Israel's bound tariff rate for sweet cherries is roughly 83% ad valorem. The industry requests that the tariff be eliminated under the revised ATAP.

Estimated Potential Increase in Exports from Removal of Barrier

Once the tariff and the SPS barrier are eliminated, the industry would expect exports to increase by less than $5 million per year.

Dairy Products: Tariff Rate Quota (Import Policies)

U.S. dairy exports to Israel are seriously constrained by small TRQs and high over-quota tariffs established under the U.S.-Israel FTA. The U.S. industry urges Israel to provide the U.S. dairy industry with duty free market access.

Pears: Tariff Rate Quota (Import Policies)

The United States and Israel signed a free trade agreement in 1985 but Israel argued that the agreement did not cover agricultural products. As a result, in 1996 the United States and Israel signed the Agreement on Trade in Agricultural Products (ATAP), which does not consist of any text, but rather a schedule of tariff rates, reference prices and quotas that were negotiated by the two countries. In 2004 the U.S. and Israel renegotiated the 1996 ATAP, which had expired in 2001.

The vast majority of Israel's agricultural products have duty-free access to the U.S. market. Israel's bound tariff rate on pears is approximately 446%. Under the ATAP TRQ, however, U.S. in-quota pear imports can enter Israel duty-free. The pear quota was set at 1,364 MTs in 2012). The U.S. pear industry would like unrestricted access under any new agreement.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011 Washington pear exports to Israel reached $1.6 million. Once the TRQ is eliminated, the industry would expert exports to increase by less than $5 million per year.

Pears: Administration of Tariff Rate Quota (Import Policies)

During the negotiations for the 2004 Agreement on Trade in Agricultural Products, Israel committed to reform its administration of its TRQ system on the basis of "first come, first serve." Unfortunately, Israel continues to issue import permits to individuals that do not import pears and these persons then sell their allotted TRQ volume to those that are engaged in commercial trade.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011 Washington pear exports to Israel reached $1.6 million. Once unlimited duty-free access is acquired and the TRQ system restructured, the industry would expect exports to increase by less than $5 million per year.

Wine: Tariff (Import Policies)

The Government of Israel currently imposes a 40% tariff on wine.

Apples: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

On March 18, 2009 Israel's Plant Protection and Inspection Service notified USDA/APHIS of future changes to the U.S. apple cold treatment requirement. In an effort to avoid phytosanitary mitigation measures that would further restrict U.S. growers from shipping to Israel the two countries have been exchanging technical information and research.

U.S. apples have been exported to Israel from many years without any detection of live apple maggot or plum curculio (Rhagoletis pomonella and Conotrachelus nenuphar), two primary pests of concern to Israel. During the most recent bilateral meetings (August 2011), the United States provided current trial data by Cornell University on efficacy of cold treatment for apple maggot that supported previous trials dating back to the 1940s. Israel, however, continues to refuse to accept a standard cold treatment that has been used for major markets for many years without any failure.

Israel, however, did agree to drop plum curculio as a pest of concern and will allow access for U.S. apples under a temporary cold treatment protocol effective until September 12, 2012, while talks continue on specific technical questions. This temporary cold treatment protocol is based on treatment schedules which the U.S. industry hopes to make permanent. As of this time, Israel has not formally extended the September 12 deadline or permanently approved the cold treatment protocol for the recently harvested 2012 crop.

The U.S. apple industry appreciates the temporary cold treatment protocol but seeks a permanent agreement that eliminates the uncertainty that holds back the development of this export market.

Estimated Potential Increase in Exports from Removal of Barrier

If the issue is resolved, the U.S. apple industry would maintain a market that supports approximately $5 million in yearly sales of Pacific Northwest apples and pears.

Beef: BSE Import Prohibition (Standards, Testing, Labeling & Certification)

Since the detection of a BSE-positive animal in the United States, the Government of Israel has restricted imports of beef, beef products and live cattle from the United States in a manner inconsistent with OIE guidelines.

Cherries: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

At the present time, the Government of Israel prohibits imports of U.S. cherries due to alleged concerns about plant pests and diseases. In June 2002, APHIS requested Israel to undertake a pest risk assessment (PRA) on Pacific Northwest cherries. The two countries have continued to exchange technical information so that Israel can finalize the PRA.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that the lifting of the import prohibition would lead to less than $5 million in annual cherry exports to Israel.

Pears: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

On March 18, 2009 Israel's Plant Protection and Inspection Service notified USDA/APHIS of forthcoming changes to the cold treatment requirement for the importation of pears which are aimed at mitigating the risks from apple maggot and plum curculio. In an effort to avoid phytosanitary mitigation measures that would further restrict U.S. growers from shipping to Israel the two countries have been exchanging technical information and research.

U.S. pears have been exported to Israel from many years without any detection of live apple maggot or plum curculio (Rhagoletis pomonella and Conotrachelus nenuphar), two primary pests of concern to Israel. During the most recent bilateral meetings (August 2011), the United States provided current trial data by Cornell University on efficacy of cold treatment for apple maggot that supported previous trials dating back to the 1940s. Israel, however, continues to refuse to accept a standard cold treatment that has been in use for major markets for many years without any failure. However, while talks continue on specific technical questions, Israel did agree to drop plum curculio as a pest of concern and will allowed access for U.S. pears under a temporary cold treatment protocol effective until September 12, 2012. This temporary cold treatment protocol is based on treatment schedules which the U.S. industry hopes to make permanent. As of this time, Israel has not formally extended the September 12 deadline or permanently approved the cold treatment protocol.

Estimated Potential Increase in Exports from Removal of Barrier

If the issue is resolved, the U.S industry would maintain a market that supports approximately $5 million in yearly sales of Pacific Northwest apples and pears.

JAPAN

Apples: Tariff (Import Policies)
Japan imposes a 17% ad valorem tariff on imported apples. This tariff is the highest rate applied by a WTO-designated "developed" country.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Japan, the industry estimates that apple exports would increase by less than $5 million per year if Japan eliminated the tariff. However, if both the SPS restrictions and the tariff are eliminated, the Washington apple industry anticipates that exports could increase by $5 million to $20 million per year.

Beef: Tariff and Safeguard (Import Policies)
Japan assesses a 38.5% tariff on imported beef. In addition, the Government of Japan included a beef safeguard during the Uruguay Round of negotiations, which can raise the tariff to 50%. The safeguard is triggered once the import value of beef increases by more than 17% compared to the previous year.

Cherries: Tariff (Import Policies)
Washington cherry exports to Japan face an 8.5% ad valorem duty. Washington cherry exports will be placed at a competitive disadvantage by the Chile-Japan bilateral trade agreement which is completely phasing-out the tariff over 6 years.

Estimated Potential Increase in Exports from Removal of Barrier
Since Japan opened its market in 1978, the Pacific Northwest has exported over 9 million cartons of fresh cherries to Japan, led by Washington State. Japan and Taiwan alternate as the largest foreign market for Washington cherries, with cherry exports reaching $15 million in CY 2011. The industry estimates that annual cherry exports to Japan would increase by less than $5 million per year after the elimination of the tariff.

Cod: Tariff (Import Policies)
Japan imposes a 6% tariff on the CIF value of frozen Pacific cod (HS 0303.52) and a 10% tariff on the CIF value for fresh or chilled cod.

Estimated Potential Increase in Exports from Removal of Barrier

The Washington cod industry estimates that the elimination of the tariff would increase cod exports to Japan by over $2,610,000 per year. The freezer longline sector exported roughly 20,000 MTs of cod to Japan in 2011 at an average price of $4,350/MT for a total value of $87 million. The total revenue on the $87 million in exports is $5,220,000 at the rate of the 6% tariff. The industry estimates that if the tariff were removed the savings would be roughly split between Washington exporters and Japanese importers. The industry also estimates that the total increase in exports that would result from the removal of the tariff would reach $5 million to $10 million per year.

Dairy Products: Tariffs and TRQs (Import Policies)

The Government of Japan maintains high tariffs, TRQs and safeguards which restrict market access for U.S. dairy products. Despite all these barriers, U.S. dairy exports to Japan reached a record $225 million in 2011. The U.S. industry urges much greater market access in the event Japan joins the TPP negotiations.

Dehydrated Potato Flakes: Tariff (Import Policies)

Japan currently imposes an excessive 20% tariff on U.S. dehydrated potato flakes (HS 1105.20/HS 2005.2). In the ongoing round of WTO negotiations, the U.S. industry urges Japan to eliminate this tariff.

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $327 million worth of the product during the 2011-2012 marketing year. The United States also exported $25 million worth of dehydrated potato products to Japan during that time period.

Fresh Potatoes: Tariff (Import Policies)

Japan's tariff on fresh potatoes is 4.3%.

Frozen French Fries: Tariff (Import Policies)

The Government of Japan currently collects an 8.5% tariff on U.S. frozen French fries. Japanese importers pay a large amount of duties each year due to the high volume of U.S. fry exports to Japan. As part of the WTO Doha Round of negotiations or the TPP negations, should Japan decide to join, the U.S. industry urges Japan to eliminate its tariff on frozen French fry imports.

Estimated Potential Increase in Exports from Removal of Barrier
Japan is by far the largest export market for U.S. frozen French fries, importing $327 million worth of the product during the 2011-2012 marketing year. The United States also exported $25 million worth of dehydrated potato products to Japan during that time period. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices and coliforms and to make their food regulations more transparent.

Frozen Poultry: Tariff (Import Policies)
Washington exports of raw frozen poultry legs with bone in (HS020714.210) to Japan faced a 8.5% of CIF tariff, while exports of other raw frozen poultry parts (HS 0207.14.220) face a 12% of CIF tariff. In 2011 Washington exports of frozen poultry (HS 0207) to Japan nearly reached 10 million.

Frozen Sweet Corn: Tariff (Import Policies)
U.S. frozen sweet corn exports to Japan face a 10.5% tariff.

Nectarines: Tariff (Import Policies)
The Japanese government collects a 6.0% ad valorem duty on imports of nectarines. Japan allows all varieties of nectarines to be imported provided they are treated with methyl bromide.

Pears: Tariff (Import Policies)
The Government of Japan imposes a 5% tariff on pear imports. The tariff issue, however, is moot because the country prohibits the importation of pears for alleged phytosanitary reasons.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that annual pear exports to Japan would reach approximately $5 million if the phytosanitary and tariff issues were resolved.

Wheat: Import System (Import Policies)
Wheat can only be imported through the Ministry of Agriculture, Forestry and Fisheries (MAFF), which then sells the product to Japanese flour millers after significantly raising the price beyond the import price. This policy is designed to discourage the importation of wheat.

Wine: Tariff (Import Policies)

The Government of Japan imposes a 15% ad valorem tariff on imported wine. The tariffs and taxes significantly hinder Washington wine exports to Japan. In addition, Washington wine is competing with Chilean wine which is gradually receiving reduced tariff rates under a bilateral trade agreement.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were eliminated the U.S. industry estimates that annual wine exports would increase by $25 million to $50 million.

Apples: Fumigation Requirement (Standards, Testing, Labeling & Certification)

Japan continues to require U.S. apples to be fumigated prior to export. This step imposes significant costs and harms the quality of the fruit. As a result, Washington apple exports to Japan have been very small, reaching only $93,000 in 2011.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

Until early 2013, Japan required that U.S. beef exports to come from cattle no older under 20 months of age because of lingering concerns about BSE. In February, 2013 Japan agreed to allow the importation of beef from cattle less than 30 months of age, compared to the previous limit of 20 months.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. Meat Export Federation estimates that Japan's BSE export-related restriction and inspection policy have lowered annual beef exports by about $1 billion per year.

Apricots: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

Japan prohibits the importation of U.S. apricots due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier

If the phytosanitary import prohibition were eliminated, Washington apricot exports to Japan would be less than $5 million per year.

Cherries: Pesticide MRLs (Standards, Testing, Labeling & Certification)

The Washington cherry industry is very concerned with Japan's penalty structure for pesticide maximum residue level (MRL) violations. Penalties for violations can initially include increased inspection rates for shippers but these rates can increase to 100% hold and test policy for the entire commodity group if a second violation occurs. Negotiations between USTR and Japanese government officials led to a written agreement that provided substantial relief but no official Japanese policy changes have occurred. In the case of recent violations, Japan appears to have applied penalties only to affected shippers.

Estimated Potential Increase in Exports from Removal of Barrier
An agreement with Japan over the country's MRL sanctions policy might not necessarily lead to an increase in exports. However, an agreement will help reduce risk exposure and maintain access to this $55 million to $82 million annual export market for the U.S. cherry industry.

Cherries: Phytosanitary Varietal import Prohibition (Standards, Testing, Labeling & Certification)

The Government of Japan (GOJ) insists on individually approving each new fresh cherry variety after USDA/ERS fumigation trials. Although the GOJ has approved 17 cherry varieties over the last decades, the U.S. cherry industry is seeking the approval of additional varieties. USDA has submitted research to Japanese officials that demonstrates that the efficacy of methyl bromide does not differ between varieties.

An example of Japan's unreasonable requirement is the submission by USDA/APHIS for approval of the Coral variety which has now undergone 30 commercial fumigation trials with each well exceeding the minimum requirements. This endless and arbitrary requirement of repeatedly testing each cherry variety restricts marketing opportunities and squanders the resources of USDA/APHIS, and the Agricultural Resource Service, as well as those of the industry.

Japan's varietal policy is not based on science and is inconsistent with their obligation under the WTO SPS agreement. It is important to note that Japan' varietal testing requirements have already been found to be in violation of trade rules as a result of the 1997 WTO Japan-Agricultural Products II case, which found them to be without scientific basis. Moreover, since 1978, the Pacific Northwest has exported over 33 million cherry cartons to Japan without any quarantine pest issue.

The Washington cherry industry is particularly unhappy with the October 22, 2010 final rule issued by the APHIS that allows all varieties of Japanese apples to be imported into the United States under the same provisions that previously allowed to the importation of the Fuji variety. In reaching this decision APHIS reasoned that the risk associated with allowing the importation of other varieties of apples was the same as that posed by Fuji apples.

The Washington cherry industry urges U.S. officials to insist that Japan adopt the same scientific approach with respect to their market access request for additional cherry varieties. In 2011, when U.S. officials traveled to Japan to seek reciprocity, they were stonewalled by their Japanese counterparts. Although the United States made the correct technical regulatory decision with respect to different varieties of Japanese apples, they did not obtain the same technical regulatory decision from Japan.

The United States has committed significant resources to a large cherry cultivation improvement project in Washington state and expects new varieties of cherries to continue to be introduced in the future. U.S. trade negotiators should press our trading partners to treat cherries as a single commodity.

Estimated Potential Increase in Exports from Removal of Barrier
The value of Pacific Northwest cherry exports to Japan would increase by up to $5 million annually if all varieties of fresh sweet cherries were approved under the current fumigation work plan for U.S. cherries.

Dairy Products: Food Additive Approval System (Standards, Testing, Labeling & Certification

The U.S. dairy industry has submitted several petitions for the expansion of the usage of several food additives, including benzoic acid, potassium sorbate and calcium disodium EDTA in variety of dairy products. In some cases, the industry was merely requesting that Japan revise their current allowances to encompass a broader range of products, not the approval of entirely new additives. The industry is frustrated by the lack of transparency and the slow response of the Japanese MHLW.

Moreover all of these food additives have been evaluated by the Joint FAO/WHO Expert Committee on Food Additives (JECFA) and the USFDA, and are commonly used in the EU, Canada, Australia, New Zealand, and the United States. To date, none of the feedback from the MHLW has directed cited scientific reasoning as a basis for the rejection of the industry's submissions and, the technical data has been largely ignored.

Among the issues facing the industry is the difficulty in obtaining approval of safe food additives for benzoyl peroxide as a bleaching agent for whey and the application of natamycin (a preservative) to shredded, grated or sliced cheese. CODEX has approved both additives for use in whey and shredded/grated/sliced cheese, respectively.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011 Washington exported $64 million worth of dairy products to Japan.

Fresh Potatoes: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Japan (GOJ) prohibited the importation of fresh U.S. potatoes based on plant quarantine concerns for over 23 years. As a result, Japanese processing plants have been forced to remain idle for part of the year because Japanese growers do not produce enough potatoes for their snack food and chip companies to operate at full capacity on a year-round basis. Moreover, Japanese processors have also been concerned about the poor quality of domestic potatoes.

In November 2000 the U.S. potato industry provided the GOJ with a potato protocol proposal designed to address Japanese concerns. The proposed procedures included: 1) visual inspecting to ensure that potatoes were free of visible signs of disease of concern to Japan; 2) storing of chipping potatoes cultivated from approved fields in separate facilities; 3) brushing of the potatoes to ensure that no soil adhered to the potatoes; and 4) applying a sprout inhibitor. In addition, the potatoes would be shipped to Japan in a sealed container and opened in Japan only in the presence of Japanese officials or at the processing facility with Japanese authorization.

In February 2006 Japan opened up its market to U.S. potatoes, on the condition that they had to be processed immediately after arrival in Japan. The protocol only covered 12 states and required chipping potatoes to arrive in Japan between February 1 and June 30. In addition, the product had to go to approved processing plants in Japan which had to have an extensive waste management system.

In June 2011, after six years of discussion, the GOJ finally approved a second processing facility for receiving U.S. chipping potatoes and increased the shipping window to include the month of July. This newly-approved plant is located in the Kagoshima Port area which does not have an international port. As a result, U.S. chipping potatoes must be transported to the plant on a feeder vessel. The U.S. fresh potato industry and Japanese processors are very interested in overland approval for the potatoes from the port of entry to the facility. Although in 2008 the GOJ provided guidance on how such approval could occur, it has not yet approved overland shipping.

The approval of overland shipping and additional processing facilities are major priorities for the U.S. fresh potato industry. In addition, the industry seeks the further expansion of the shipping window to include the month of January. The bottom line, however, is that Japan's market access limitations on U.S. fresh and chipping potatoes are not based on sound science and should be eliminated.

Estimated Potential Increase in Exports from the Removal of Barrier
Exports of U.S. chipping potatoes have significantly grown with shipments reaching $8 million during the February-July 2012 shipping season, more than double the year before. Shipping contracts for the next marketing year indicate that there will be a new record for shipments. Opening of the market to fresh potatoes could increase sales by $10 million in the first year and $50 million in three years.

Hops: Pesticide MRLs (Standards, Testing, Labeling & Certification)
Japan's current pesticide MRL policy requires the full registration in the country of origin prior to initially reviewing an import tolerance application. This policy can delay the establishment of an MRL by several growing years after the registration of the pesticide in the United States.

The U.S. industry urges Japanese and U.S. regulators to review pesticide application in tandem. The best outcome would be a policy change in Japan that would allow registrations to apply for MRLs in Japan at the same time that they are undertaking such action in the United States.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. hops industry exported $9.6 million worth of their product to Japan in 2011, with most of it grown in Washington State. Resolving this issue would increase exports by over $1 million a year.

Peaches: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Japan prohibits the importation of U.S. peaches due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
If the phytosanitary import prohibition were eliminated, Washington peach exports to Japan would be less than $5 million per year.

Pears: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Japan prohibits the importation of U.S. pears because of plant quarantine concerns related to the bacterial disease, fire blight. The U.S. position is that mature, symptomless fruit produced under commercial conditions have not been shown to transmit the disease. In 2007 research substantiated the U.S. position.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that U.S. pear exports to Japan would reach less than $5 per year if Japan lifted the import ban. This estimate is based on sales to similar markets.

Processed Potatoes: Pesticide MRLs (Standards, Testing, Labeling & Certification)
In May 2006 the Government of Japan (GOJ) implemented a "positive" pesticide maximum residue level (MRL) list, which prohibits the importation of products that exceed certain levels of pesticide residues. Fortunately, during a three-year transition period, the U.S. potato industry was able to obtain virtually all the pesticide MRLs it needed to continue exporting to Japan.

The U.S. industry, however, is very concerned about the length of time that the Government of Japan takes to establish MRL for new active ingredients that that have been registered in the United States. There is a year and half to two year delay for new crop protection products approval because Japan's MRL system does not start until the product has been registered in the United States.

In addition, the U.S. potato industry is very concerned about Japan's very stringent sanctions policy for MRL violations even though it has not had a MRL violation since 2008. Other U.S. industries, however, have had violations. Although Japan has improved its sanctions policies for a single strike by only taking action against the individual shipper, the increased testing of an entire industry has led to second strike violations and 100% test-and-hold sanctions against all shippers.

The U.S. industry urges the adoption of a policy that focuses sanctions on the individual violator and any industry-wide testing should only be introduced after multiple violations.

Estimated Potential Increase in Exports from Removal of Barrier
Japan is by far the largest foreign market for U.S. frozen French fries. During the 2011-12 marketing year, U.S. exports of frozen French fries reached $327 million, a sharp increase from the $268.5 million in exports the year before. In the 2011-2012 marketing year, U.S. dehydrated potato product exports to Japan totaled $23 million. In order to sustain 2% to 3% growth, the industry seeks transparency in Japan's food safety regulations, and the least trade-restrictive actions when applying sanctions for pesticide residue violations.

Wheat: Pesticide MRLs (Standards, Testing, Labeling & Certification)
Japanese pesticide regulations discourage the introduction of new and improved pesticides in the United States. While the provisional minimum residue levels (MRLs) established for the new system generally are compatible with U.S. pesticide tolerances, the Japanese system does not provide for timely changes or for any temporary accommodation of new EPA-approved pesticide. Commercial availability of EPA-approved chemicals can wait for years pending approval of an MRL in Japan.

For example the EPA approved spinosad in January 2005 as a stored grain protectant and established a tolerance of 1.5 ppm. This pesticide is widely viewed as being a much safer grain protectant than existing products. Japan's Ministry of Health, Labor and Welfare (MHLW), however, took almost 7 years to review the proposal for a MRL on wheat before finally establishing a 2.0 ppm MRL in August 2012,

The MHLW also established a maximum vomitoxin (deoxynivalenol or DON) level of 1.1 parts per million (PPM). Since this MRL must be met on destination testing, many contracts stipulate a specification below this level to ensure a result lower than 1.1 ppm. This is one of the tighter DON specifications in the world as many countries have a tolerance of 2 ppm in wheat for milling and food consumption (which with no decimal actually allows detections up to 2.49 ppm). The United States, by contrast, has not established a limit on DON in wheat, but the FDA has set an advisory level of 1 ppm in finished food products. This FDA policy acknowledges that the cleaning and milling of wheat can reduce the presence of DON by around 50%, so 2 ppm wheat can usually be milled into processed flour with a DON level below 1 ppm. In years where DON is common, U.S. wheat exporters can only supply product with low DON levels at a much higher price, raising concern that Japanese importers will look to cheaper origins.

Japan is usually the leading importer of U.S. wheat, annually purchasing over 3.0 million metric tons (MMT) or just over a 50% market share. The U.S. wheat industry has worked very closely with the Japanese wheat industry to minimize market disruption. Assistance in streamlining Japan's MRLs would provide U.S. producers more options in managing the production and storage of their wheat crop each year.

KENYA

Frozen French Fries: Tariff (Import Policies)

The Government of the Kenya currently assesses a 25% tariff and 16% VAT on imports of U.S. frozen French fries.

Wheat: Tariff (Import Policies)

The Government of Kenya collects a 10% ad valorem duty on imported wheat. This tariff encourages under-invoicing by many smaller exporters when prices are high. The United States has a very transparent price and invoices cannot be changed. Higher duties place the United States at a disadvantage to competitors who can alter the values shown on documents for taxation purposes. Further, the customs authority requires a bond for another 15%, where release of the bond is based on accounting proof that the wheat was milled and sold in Kenya. This requirement has added an incredible amount of additional accounting for importing millers.

Estimated Potential Increase in Exports from Removal of Barrier

There are times when U.S. wheat exports from the PNW are more competitive than those from the Gulf of Mexico and the ability to ship from both ports could increase U.S. wheat market share. U.S. market share in Kenya is low, but even a5% increase in market share would result in a $10 million gain for U.S. wheat growers.

Wheat: Flag Smut Restrictions (Standards, Testing, Labeling & Certification)

In 2006 the Government of Kenya began enforcing long-standing flag smut restrictions on U.S. wheat exports. APHIS partially resolved this problem when it was able to certify shipments from areas other than the West Coast ports as free of flag smut. Although this certification allowed exports to resume, Pacific Northwest shippers and growers have been excluded from the Kenyan market. The issue needs to be further explored on a technical level as it is not clear that flag smut should be a quarantine concern to Kenya.

Kenya's SPS issues also impact U.S. wheat exports from the PNW to Uganda, which does not have a flag smut ban on West Coast exports, but since importers in Uganda generally use Kenyan port facilities, they must abide by the requirement for Kenya.

Estimated Potential Increase in Exports from Removal of Barrier

The total import market for Kenya and Uganda can reach up to 1.0 million metric tons (MMT) in some years. There are times when U.S. wheat exports from the PNW are more competitive than those from the Gulf of Mexico, and the ability to ship from both ports could increase U.S. wheat growers' small market share. Even a 5% increase in market share would result in a $10 million gain to the U.S. wheat growers.

LEBANON

Frozen French Fries: Tariff (Import Policies)
U.S. frozen French fry exports to Lebanon face a 70% tariff.

LIBYA

Apples: Tariff (Import Policies)
The Government of Libya currently imposes a 40% tariff on U.S. apple imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. apple industry estimates that exports to Libya would reach less than $5 million per year if the tariff were eliminated.

Cherries: Tariff (Import Policies)
The Government of Libya currently collects a 30% tariff on U.S. cherry imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. cherry industry estimates that exports to Libya would reach less than $5 million per year if the tariff were eliminated.

Pears: Tariff (Import Policies)
The Government of Libya currently assesses a 40% tariff on U.S. pear imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. pear industry estimates that exports to Libya would reach less than $5 million per year if the tariff were eliminated.

MALAYSIA

Apples: Tariff (Import Policies)
Effective October 29, 1999, the Government of Malaysia reduced the tariff on apple imports to 5% ad valorem. However, the government collects an additional 5% sales tax on fresh fruit imports. More importantly, under the People's Republic of China-ASEAN trade agreement, Chinese apples enter Malaysia duty-free, placing U.S. exporters at a disadvantage

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. apple industry estimates that exports to Malaysia would reach less than $5 million per year if the tariff were eliminated.

Cherries: Tariff (Import Policies)
Effective October 29, 1999, Malaysia lowered the tariff on imported cherries to 5% ad valorem. The government collects an additional 5% sales tax on fresh fruit imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. cherry industry estimates that exports to Malaysia would reach less than $5 million per year if the tariff were eliminated.

Pears: Tariff (Import Policies)
Effective October 29, 1999, Malaysia lowered the tariff on imported pears to 5% ad valorem. The government collects an additional 5% sales tax on fresh fruit imports. More importantly, under the People's Republic of China-ASEAN trade agreement, Chinese pears enter Malaysia duty-free, placing U.S. pear shippers at a competitive disadvantage.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. pear industry estimates that exports to Malaysia would reach less than $5 million per year if the tariff were eliminated.

Wine: Tariff (Import Policies)
The Government of Malaysia imposes a 100% tariff on wine.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $5 million to $25 million.

MALAWI

Frozen French Fries: Tariff (Import Policies)

Malawi currently imposes a 25% tariff and 16.5% VAT on imports of U.S. frozen French fries.

MEXICO

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

Over the last year the Government of Mexico has made progress in eliminating restrictions on beef products from cattle less than 30 months of age, including ground beef, weasand meat, sweetbreads, small intestines and head meat. BSE restrictions, however, remain in place on beef products from cattle over 30 months of age.

Estimated Potential Increase in Exports from Removal of Barrier

In 2011, Mexico was the largest volume market for U.S beef with exports reaching $985 million.

Cherries: Phytosanitary Export Work Plan (Standards, Testing, Labeling & Certification)

The Government of Mexico (GOM) requires monitoring (trapping) for western cherry fruit fly (Rhagoletis indifferens). In response, USDA/APHIS provided information to the GOM that a 1995 NAFTA Technical Working Group noted that western cherry fruit fly was not of economic importance to Mexico because of the extremely limited scope of cherry production in the country.

APHIS has also pointed out that, given the distribution of the pest in the state of California, western cherry fruit fly was not ecologically adapted to the climate of northern Mexico's fruit growing areas. Apparently, Mexico is concerned about a native species, capulin cherry (*prunus serotina subsp. Salicifolia*), that is used as an indigenous food. In response, USDA/APHIS has proposed an existing fruit sampling protocol for western cherry fruit fly in place of the trapping requirement.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2012 cherry season, Pacific Northwest cherry exports to Mexico reached about $5 million. If the work plan issue is resolved, the industry sees growth potential in the Mexican market with the expansion of U.S. cherry production and resulting lower prices.

Fresh Potatoes: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

In March 2003 the United States and Mexico signed an export protocol, which opened up the market to potatoes from all U.S. states based on a "shipment freedom" system whereby individual shipments were required to be inspected. Under this agreement, U.S. potato exporters have to use certified seed potatoes, apply sprout inhibitor, inspect for viruses and diseases and supply Mexican officials with appropriate documentation. The agreement limited shipments in the first year to the border zone (26 kilometers) but provided for the extension of market access to the seven northern states in the second year and the negotiation of market access to the rest of the country in the third year.

Under the original agreement, discussions to further open the seven northern Mexican states were to occur but nematode finds and subsequent revised export protocol have pushed back the timetable. Since the signing of the new agreement little progress has been made toward opening the Mexican market to the seven northern states, let alone the entire country, even though the number of pest finds has declined over time to about 1% to 2% of shipments. Expanding access to the Mexican fresh potato market is one of the U.S. potato industry's highest priorities.

Although the border region is valued by the U.S. industry, there is no phytosanitary reason for limiting fresh potato exports to the 26-km border region. Instead, USDA and the U.S. potato industry agreed to this political concession. In exchange for this concession and a U.S. commitment to open the its market to Mexican avocados, the Government of Mexico agreed to open its market to U.S. potatoes the Northern States of Mexico by 2005 and to discuss access to the rest of Mexico in 2006. Since that time Mexican avocado exports to the United States have surpassed the $2 billion mark, while Mexico has not opened its market to US potatoes.

During the summer of 2011, a North American Plant Protection Organization (NAPPO) mediation panel found many of Mexico's arguments for restricting market access to be invalid. In July 2011 the NAPPO panel found only six pests of concern to Mexico. Despite the NAPPO panel, in December 2012, the Government of Mexico notified the WTO of its proposed revised potato standards, which cites 83 pests of concern. The proposed standard also does not make a distinction between the risk of seed potatoes destined for planting and fresh potatoes destined for consumption, even though numerous international regulations make that distinction. The U.S. government and potato industry will provide comments which are due in January 2013.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-2012 market year U.S. fresh potato exports to the border region reached $41 million, a significant increase from the $32.2 million the previous year. The industry estimates that annual exports to Mexico could reach $100 million with the removal of all phytosanitary restrictions.

Nectarines: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

In July 2004 APHIS submitted a work plan to Mexico for peaches and nectarines, primarily to address Mexican concerns about Oriental Fruit Moth (OFM). Washington, Oregon and Idaho are seeking market access based on a systems approach that does not require the presence of Mexican inspectors in the Pacific Northwest.

The same Pacific Northwest growers currently export apricots to Mexico and peaches and nectarines to British Columbia, Canada under the OFM systems approach proposed to Mexico. OFM has never been detected in stone fruit shipments to British Columbia or in apricot shipments to Mexico. The industry seeks the same treatment for nectarine and peach exports, but Mexican officials note that the elimination of this requirement would necessitate a change to federal regulations.

The Washington stone fruit industry urges USTR and USDA/APHIS to work with the Mexican government to change the regulation that currently requires on-site verification.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that annual stone fruit exports to Mexico would be less than $5 million per year.

Peaches: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

In July 2004 APHIS submitted a work plan to Mexico for peaches and nectarines, primarily to address Mexican concerns about Oriental Fruit Moth (OFM). Washington, Oregon and Idaho are seeking market access based on a systems approach that does not require the presence of Mexican inspectors in the Pacific Northwest.

The same Pacific Northwest growers currently export apricots to Mexico and peaches and nectarines to British Columbia, Canada under the OFM systems approach proposed to Mexico. OFM has never been detected in stone fruit shipments to British Columbia or in apricot shipments to Mexico. The industry seeks the same treatment for nectarine and peach exports, but Mexican officials note that the elimination of this requirement would necessitate a change to federal regulations.

The Washington stone fruit industry urges USTR and USDA/APHIS to work with the Mexican government to change the regulation that currently requires on-site verification.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that annual stone fruit exports to Mexico would be less than $5 million per year.

Plums: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

At the present time, Washington state cannot export plums to Mexico because an export protocol has not been established.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of this barrier would lead to less than $5 million in plum exports.

MOROCCO

Apples: Tariff (Import Policies)

Under the U.S.- Morocco Free Trade Agreement, U.S. apple exports are governed by a tariff schedule and a tariff rate quota (TRQ), which is in effect between February 1 and May 31 of each year. During the time that the TRQ is in effect, in-quota apple imports receive duty-free treatment. The TRQ schedule is as follows:

YEAR	Quantity (MTs)
2006	2,000
2007	2,080
2008	2,163
2009	2,250
2010	2,340
2011	2,433
2012	2,531
2013	2,632
2014	2,737
2015 and beyond	Unlimited

During the rest of the year, U.S. apple imports are governed by a tariff, which is being phased out until it is eliminated in 2014. The tariff rate for 2012 is 15.6%.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

At the present time, U.S. beef exports to Morocco are constrained by BSE related restrictions.

MOZAMBIQUE

Frozen French Fries: Tariff (Import Policies)

U.S. frozen French fries to Mozambique face a 20% tariff and 17% VAT.

MYNAMAR

Frozen French Fries: Tariff (Import Policies)

Although Myanmar's bound tariff rate on frozen French fry imports is up to 163%, in practice the country only imposes a 15% tariff.

NAMBIA

Frozen French Fries: Tariff (Import Policies)

The Namibian government currently collects a 20% tariff and 15% VAT on imported U.S. frozen French fries.

NEW ZEALAND

Wine: Tariff (Import Policies)

The Government of New Zealand imposes a 5% tariff on imported wine. Wine sales are also subject to alcohol and excise taxes which vary according to the type of wine. New Zealand charges a NZ$ 2.332 per liter tax and an alcohol tax of NZ$ 4.98 per liter on non-fortified wine. Fortified wine is subject to an excise tax of NZ$ 42.472 per liter and an alcohol tax of NZ$ 8.09 per liter. An additional 12.5% goods and services tax is imposed on both types of wine.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

At the present time, U.S. beef exports to New Zealand are constrained by BSE related restrictions.

Dairy: Monopoly (Other)

One company controls approximately 90% of the milk produced in New Zealand. This monopolistic structure provides a huge advantage for New Zealand dairy exports as very few companies in any economic sector have the level of market share that New Zealand has obtained through domestic policies. The U.S. dairy industry insists that the TPP negotiations be used to finally address this monopoly through the introduction of reforms that will ultimately lower the level of market concentration afforded to one company in New Zealand.

NIGERIA

Frozen French Fries: Tariff (Import Policies)

The Nigerian government currently collects a 20% tariff and 5% VAT on imported U.S. frozen French fries.

NORWAY

Apples: Tariff (Import Policies)
The Government of Norway imposes a 4.83 Norwegian kroner (NOK) per kilo duty on imported apples between May 1 and November 30. Imported apples face a 0.03 NOK per kilo duty during the remainder of the year.

Cherries: Tariff (Import Policies)
The Government of Norway collects a 5.57 Norwegian kroner (NOK) per kilo tariff on imported cherries all year round.

Pears: Tariff (Import Policies)
The Government of Norway assesses a 4.41 NOK per kilo tariff on imported pears between August 11 and November 30. The rate falls to 0.02 NOK per kilo during the rest of the year.

PAKISTAN

Fruits and Vegetables: Tariffs (Import Policies)
The Government of Pakistan imposes tariffs that range from 10% to 30% on imported vegetables and fruits.

Wheat Flour: Tariff (Import Policies)
The Government of Pakistan imposes a 10% duty and a 15% sales tax on imported wheat tariffs.

Wheat: Tariffs (Import Policies)
U.S. wheat exports to Pakistan are constrained by a 35% tariff and a 15% sales tax on private sector imports.

PANAMA

Dehydrated Potato Flakes, Pellets and Granules: Tariff (Import Policies)
Under the U.S.-Panamanian FTA the 15% tariff on dehydrated potato flakes, pellets and granules (HS 1105.2) is being phased-out over 5 years. The FTA entered into force on October 31, 2012.

Fresh Potatoes: TRQ (Import Policies)
Under the U.S.-Panama FTA, American fresh potato exports are be governed by a 750-MT TRQ in the first year after that agreement is implemented. The in-quota tariff rate is 0% while the above-quota tariff rate is 83%. The quota amount will grow by a compounded 2% rate in perpetuity.

Frozen French Fries: TRQ (Import Policies)
Under the U.S.-Panama FTA, U.S. frozen French fry exports will be governed by a 3,500 MT quota in the first year after the agreement is implemented. The in-quota is 0% while the above-quota is initially 20%. The quota amount will grow by a compounded 4% rate for five years, while the above-quota tariff is gradually eliminated. The quota will be eliminated after 5 years.

The U.S-Panama entered into force on October 31, 2012.

Year	Quota (MT)	In-Quota Tariff	Above-Quota Tariff
Year One	3,640	0%	16%
Year Two	3,786	0%	12%
Year Three	3,937	0%	8%
Year Four	4,095	0%	4%
Year Five	n/a	0%	0%

Estimated Potential Increase in Exports from Removal of Barrier
With its close historical and military ties to the United States, Panama has a large number of quick service restaurants, which generate demand for frozen French fries. Given market access equal to regional competitors, U.S. frozen French fry exports could dominate the market. U.S. frozen potato exports to Panama reached $6.4 million during the 2011-2012 marketing year. The U.S. industry estimates that exports to Panama would double in the near term if the tariff were eliminated.

PHILIPPINES

Apples: Tariff (Import Policies)
The Government of the Philippines assesses a 5% tariff on U.S. apple imports.

Cherries: Tariff (Import Policies)
The Government of the Philippines currently imposes a 5% import duty on cherries.

Dehydrated Potato Products: Tariff (Import Policies)
The Government of the Philippines currently collects a 15% tariff on imported dehydrated potato products.

Fresh Potatoes: TRQ (Import Policies)
Fresh potato market access to the Philippines is restricted by a TRQ that is approximately 1,500 MTs with an in-quota tariff of 40% and an above-quota tariff of 50%. The U.S. industry desires the elimination or expansion of the TRQ as part of the Doha Round of WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that annual fresh potato exports (table and chip) would reach at least $5 million per year if the Philippines eliminated the TRQ.

Frozen French Fries: Tariff (Import Policies)
The Government of the Philippines applies a 10% tariff on imports of frozen French fries and other processed potato products. The current applied rate is significantly below the WTO bound rate of 35%.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-2012 marketing year U.S. frozen French fry exports to the Philippines reached $34 million dollars, making it the industry's seventh most important export market. The industry estimates that the elimination of Philippine tariffs would increase demand by approximately $20 million per year in the short-term.

Pears: Tariff (Import Policies)
U.S. pear exports to the Philippines currently face a 5% import duty.

Wheat: Tariff (Import Policies)

For a number of years Philippine flour millers have been loyal U.S. wheat customers, resulting in this country being a top five customer with purchases averaging around 1.7 MMT each year. In 2008, due to high prices, the Government of the Philippines reduced duties on wheat from all origins but ended this reduction in July 2011. U.S. wheat now faces a 3% duty disadvantage against Australian wheat which enters duty-free as a result of the Australia-ASEAN agreement. Australia's geographic proximity and tariff advantage will hurt U.S. market share in the future.

Wine: Tariff (Import Policies)

The Government of the Philippines currently imposes a 7% tariff, as well as a 12% VAT and an excise tax (P 18.87) on imported wine.

Beef: BSE Restrictions (Standards, Testing, Labeling & Certification)

At the present time, U.S. beef exports to the Philippines are constrained by BSE-related restrictions.

Fresh Potatoes: Phytosanitary Import Restriction (Standards, Testing, Labeling & Certification)

In March 2009 APHIS requested that the Government of the Philippines provide market access for U.S. fresh potatoes. The Government of the Philippines responded that a pest risk assessment would have to be carried out for potatoes not destined for processing. This issue was to be discussed at the inaugural US-Philippine plant health bilateral in June 2011 but the meeting was cancelled.

In July 2012 the U.S. potato industry hosted a delegation from the Philippines and in October the Philippines delivered a draft PRA. APHIS was scheduled to comment on the draft PRA in November and the U.S. is hopeful that a market access agreement will be signed in the first quarter of 2013 to allow shipments from that year's crop.

Estimated Potential Increase in Exports from Removal of Barrier

Market access for fresh potatoes could lead to up to $15 million in annual fresh potato exports to the Philippines.

RUSSIA

Apples: Tariff (Import Policies)
Russia imposes a 0.2 Euro per kilogram tariff on apple imports from August 1 through December 1. The rate falls to 0.1 Euro per kilogram during the rest of the year.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Russia, the industry estimates that the elimination of the tariff on apples would lead to less than $5 million a year in additional exports.

Apricots: Tariff (Import Policies)
The Government of Russia imposes a 5% tariff on imported apricots.

Cherries: Tariff (Import Policies)
U.S. cherry exports to Russia are subject to a 5% duty.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in the country, the industry estimates that the elimination of the tariff on cherries would lead to under $5 million a year in additional exports to Russia.

Frozen Uncooked Poultry: TRQ (Import Policies)
In recent years the Russian government has instituted policies that have decreased poultry imports (HS 02017.14 and HS 1602.32) in order to promote the country's local poultry industry. One of these steps has been Russia's progressively reducing its poultry TRQ over the last few years. In 2009 the TRQ was reduced by 300,000 MTs to 952,000 MTs. The U.S. share of the quota shrank to 750,000 MT from 931,000 MT. In 2010 the TRQ was further reduced to 750,000 MTs with the US share falling to 600,000 MTs. In 2011, Russia once again lowered the TRQ to only 350,000 MTs and eliminated all country-specific allocations.

In 2012 the Government of Russia split the TRQ into a 80,000 MT for boneless poultry and 250,000 MT for bone-in poultry, reducing the total of the TRQ by 20,000 MTs in the process.

Moreover, several years ago Russia increased the above-quota tariff from 40% (but not less than0.32 Euros/kg) to 80% (but not less than 0.7 Euros/kg).

Estimated Potential Increase in Exports from Removal of Barrier
In 2011 Washington exports of frozen uncooked poultry to Russia reached $11.2 million, a sharp drop from the $31 million in exports the year before.

Peaches: Tariff (Import Policies)
The Government of Russia imposes a 5% tariff on imported peaches.

Pears: Tariff (Import Policies)
U.S. pear exports to Russia are subject to a 5% duty.

Estimated Potential Increase in Exports if Barrier were Removed
Based on current market conditions in the country, the industry estimates that Russia's elimination of the tariff would lead to under $5 million a year in additional pear exports.

Wine: Tariff (Import Policies)
U.S. wine exports to Russia are subject to a 20% duty.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $5 million to $25 million.

Beef: BSE Restrictions (Standards, Testing, Labeling & Certification)
Russia currently limits the importation of U.S. beef to meat from cattle no older than 30 months of age.

Beef: Ractopamine Prohibition (Standards, Testing, Labeling & Certification)
In early 2013, Russia announced that it was banning all imports of U.S. meat (beef, pork and turkey) because of the use of the ractopamine feed additive. According the to the United States, Russia's policy disregards the extensive and expert scientific studies conducted by the Codex Alimentarius Commission, which has repeatedly determined that that animal feed containing the additive is completely safe for livestock and for humans that consume the meat. Ractopamine is also used in 27 countries.

Potato Products: Coliform Standards (Standards, Testing, Labeling & Certification)
It appears that Russia applies a zero tolerance to coliforms. This policy should not be required due to the further cooking of frozen French fries. Instead, a zero tolerance for E. coli would be appropriate. A clearer understanding of what category frozen French fries fall under in Russian regulations would be helpful.

Estimated Potential Increase in Exports if Barrier were Removed
As of this time, Russia is not a major market for U.S. processed potatoes, but given the country's pace of economic development and its high potato consuming population, the market could expand. If Russia began to implement food safety standards that are consistent with international regulations, the U.S. industry estimates that processed potato exports could reach $10 million in five years.

Potato Products: Pesticide MRLs (Standards, Testing, Labeling & Certification)
The U.S. processed potato products industry is concerned that the Government of Russia apparently requires lists of crop protection products for each shipment imported into the country. This requirement would be difficult to meet and is inconsistent with international standards. The industry is also concerned that several other countries have had issues with Russia's pesticide MRL standards, which are not transparent and appear to be out-of-date.

Estimated Potential Increase in Exports if Barrier were Removed
As of this time, Russia is not a major market for U.S. processed potatoes, but given the country's pace of economic development and its high potato consuming population, the market could expand. If Russia began to implement food safety standards that are consistent with international regulations, the U.S. industry estimates that processed potato exports could reach $10 million in five years.

Wine: Certificate of Analysis (Standards, Testing, Labeling & Certification)
The Government of Russia requires a certificate of analysis from U.S. wine exporters, as well as certificates verifying that their wines conform to the standards of Russia and the United States. In addition, Russia requires U.S. wineries to pay $5,000 for the two hygiene certificates the country requires and obtain a *Gosstandart Russia* Certificate of Conformity to wine standards.

SAUDIA ARABIA

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
After the most recent BSE finding in the United States (April) the Saudi Arabia implemented a non-science based ban on imports of all U.S. beef.

SINGAPORE

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Singapore currently bans imports of U.S. beef and beef products except for deboned beef from animals under 30 months of age. Singapore is currently conducting a risk assessment on beef and beef products and the United States is urging that the market be reopened based on OIE guidelines.

SOUTH AFRICA

Apples: Tariff (Import Policies)
The Government of South Africa assesses a 4% ad valorem duty on U.S. exports of fresh apples.

Cherries: Tariff (Import Policies)
U.S. cherry exports to South Africa face a 4% ad valorem tariff. That tariff issue, however, is moot because the Government of South Africa currently prohibits the importation of U.S. cherries for phytosanitary reasons.

Pears: Tariff (Import Policies)
South Africa collects a 5% ad valorem tariff on imports of U.S. pears. The industry's main concern is not the tariff, but rather the phytosanitary importation prohibition maintained by the Government of South Africa over concerns about the bacterial disease fire blight.

Wine: Tariff (Import Policies)
U.S. wine exports to South Africa are constrained by the relatively high 25% tariff, as well as having to compete with European wine which enters the country duty free.

Apples: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
In 2009 Pacific Northwest apples gained market access to South Africa but only for apples from orchards that are declared free for apple maggot. During the 2010-2011 season many containers of apples were detained by South African officials for reported pest finds. In general, notifications from South Africa of alleged interceptions are lacking in sufficient detail and are often issued many weeks after the interception. These shortcomings severely limit the ability of the U.S. industry to research the issue and to correct any problem, should one exist.

In addition, South African officials have not responded to a June 2010 USDA request to amend the market access agreement for Pacific Northwest apples with a cold treatment protocol. This change would allow for the export of apples from areas regulated for apple maggot.

Estimated Potential Increase in Exports if Barrier were Removed
Resolving these phytosanitary issues in this counter seasonal market would lead to less than $5 million in annual exports.

Beef: BSE Restrictions (Standards, Testing, Labeling & Certification)

Although in June 2010 the Government of South Africa re-opened its market to U.S de-boned beef from cattle of all ages, it continues to prohibit the importation of all other beef products and beef cuts, as well as other U.S. ruminant animals and products. The United States is urging that the market be further reopened based on OIE guidelines.

Cherries: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The Government of South Africa prohibits the importation of U.S. cherries due to a number of phytosanitary issues being discussed by the two governments. The United States has submitted a pest risk assessment for sweet cherries to the South African government and awaits a response.

Estimated Potential Increase in Exports from Removal of Barrier

Based on exports to similar markets, the industry estimates that the lifting of the import prohibition would lead to less than $5 million in annual cherry exports to South Africa.

Pears: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The U.S. pear industry cannot export its product to South Africa due to a phytosanitary import prohibition. The two governments have held discussions but have not been able to resolve the issues.

Estimated Potential Increase in Exports from Removal of Barrier

Based on exports to similar markets, the lifting of the import prohibition would lead to less than $5 million in annual pear exports to South Africa.

SOUTH KOREA

Apples: Tariff (Import Policies)

South Korea currently imposes a 45% tariff on apples. Under the U.S.-South Korean FTA, tariffs on all U.S. apples other than Fujis will be phased out over a 10-year period, while the tariff on Fujis will meet the same fate over a 20-year period. The agreement also contains a safeguard mechanism. The initial quantity is 9,000 tons which increases in year 5 to 12,000 tons and subsequently grows 3% a year to 20,429 tons in year 23. After that year, the safeguard no longer applies. The safeguard only applies to Fuji apples starting in year 11.

The tariff issue, however, is moot because U.S. apple exports to South Korea are prohibited for phytosanitary reasons.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the removal of the phytosanitary import prohibition and the tariff /safeguard mechanism would lead to $5 million to $25 million in apple exports each year.

Barley: Tariff Rate Quota (Import Policies)

South Korea maintains a TRQ on barley in order to encourage the use of domestic barley, which may cost four times more than imported barely. The 2007 TRQ was 30,000 MTs with an in-quota tariff rate of 30% and an above-quota tariff rate of 513%. Under the proposed U.S-South Korean FTA, in the first year of the agreement, 9,000 MTs of unroasted malt and unmalted barley could enter South Korea duty-free. This 9,000 MT quota would grow 2% a year for 15 years, at which time all U.S. malt and malting barley would enter South Korea duty-free.

Beef: Tariff (Import Policies)

Prior to the implementation of the KORUS-FTA, U.S. beef exports to South Korea faced tariffs that ranged from 18% to 72%. Under the agreement, the 40% tariff on beef muscle meats will be phased-out over a 15-year period in equal installments, while the 18% tariff on American beef offals (feet, livers, tails and tongues) and the tariffs on other beef products, which range from 22.5% to 72%, will be eliminated in equal installments over 15 years.

The FTA also contains a South Korean "safeguard" of 270,000 tons for beef muscle meats, growing at a compound 2% annual rate to a final safeguard level of 354,000 tons in 15 years. The safeguard will be eliminated in year 16.

Estimated Potential Increase in Exports from Removal of Barrier
The USITC estimated that once the BSE issue was resolved and the KORUS-FTA fully implemented, American bovine meat product exports would increase by $0.6 billion to $1.8 billion per year and there could be a 1.8% job increase in U.S. beef output and employment nationwide.

In 2003, prior to the closing of the Korean market after the U.S. BSE finding, Washington exported $26.4 million worth of beef products to Korea. This level should increase under the KORUS-FTA.

Canned Cherries: Tariff (Import Policies)
U.S. canned cherry exports currently face a 45% South Korean tariff. Under the KORUS-FTA this tariff will be phased out over a decade.

Canned Corn (Sweet) : Tariff (Import Policies)
Under the U.S.-Korea FTA the current 30% tariff on imported frozen corn and the 15% tariff on canned corned will be phased-out over five years after the implementation of the agreement.

Cheese: Tariff (Import Policies)
South Korea currently imposes a 36% tariff on imported cheese. Under the U.S.-Korea FTA, Seoul provides U.S. cheese exports with a new duty-free TRQ of 7,000 MTs, which will grow at a compound 3% annual rate from year 2 through year 14 after the implementation of the agreement. Starting in year 15 all non-cheddar U.S. cheese can enter South Korea duty-free. Beginning in year 10 all U.S. cheddar imports can enter South Korea duty-free.

Dairy: TRQ Administration (Import Policies)
The Government of South Korea is using an auction system for many dairy TRQs, including milk powders and butter fat under the KORUS-FTA. Although the auction system was a negotiated element of the KORUS-FTA, the current auction policies have resulted in minimal usage of the allocated TRQs, thereby negating their value.

South Korea has established an unannounced minimum bid price and requires multiple bidders in order for an auction to grant any TRQ amounts, thereby increasing the price of imported milk powders. As a result, the usage rate of that TRQ to date has been extremely low. The U.S. industry urges U.S. officials to work with their Korean counterparts to evaluate these procedures to determine whether an alternate method is needed in this case. Specifically, the industry is urging greater transparency and for Korea to demonstrate that it is not setting the minimum bid price at a level that discourages greater usage of the TRQ.

Dehydrated Potato Products: Tariff (Import Policies)

Under the KORUS-FTA the 20% tariff on processed dehydrated potato products will be phased out over 7 years in keeping with the following schedule.

Year	Tariff
Year 1	17.1%
Year 2	14.3%
Year 3	11.4%
Year 4	8.6%
Year 5	5.7%
Year 6	2.9%
Year 7	0

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is now the third largest export market for U.S. frozen fries with exporters reaching $62 million in marketing year 2011-12, which was up 25% over the previous year. U.S. dehydrated potato exports were $7 million over that period, a 59% increased. The U.S industry believes that U.S. processed potato exports to South Korea could reach $80 million per year once all tariffs and TRQs are eliminated.

Dehydrated Potato Flakes: Tariff Rate Quota (Import Policies)

Prior to the implementation of the KORUS-FTA, exports of dehydrated potato flakes (HS 1105.2) faced a 60 MT TRQ, which could be filled in one shipment. The extremely high over-quota tariff of 304% forced exporters to alter their products to less user-friendly blends to have the product fall under the lower tariff rate for processed dehydrated products (HS 2005.2).

Under the US-South Korean FTA, U.S. dehydrated potato flakes exports will be governed by a less restrictive TRQ. In the first year after the agreement goes into effect, U.S. exports under 5,000 MTS will enter duty-free, with above-quota exports facing a 294.3% duty. The TRQ schedule is provided below.

Year	Safeguard Trigger Level (Metric Tons)	Over Quota Duty
Year 1	5,000	294.3%
Year 2	5,150	284.5%
Year 3	5,305	274.8%
Year 4	5,464	265.1%
Year 5	5,628	255.4%
Year 6	5,796	214.6%
Year 7	5,970	199.7%
Year 8	6,149	184.8%
Year 9	6,334	169.9%
Year 10	6,524	155%
Year 11	N/A	0%

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is now the third largest export market for US frozen fries. U.S. frozen fry exports to South Korea amounted to $62 million in marketing year 2011-12, which was up 25% over the previous year. U.S. dehydrated potato exports were $7 million over that period, up 59%. The U.S industry believes that U.S. processed potato exports to South Korea could reach $80 million per year once all tariffs and TRQs are eliminated.

Fresh Potatoes: TRQ (Import Policies)

Under the U.S.-South Korean FTA, tariffs on chipping potatoes will be immediately eliminated during the December 1 to April 30 time period. This seasonal duty-free market access will allow significant market access and will free the rest of the quota for table stock potatoes. During the rest of the year, the tariff will remain at 304% for the first seven years, before being phased out in equal installments over the next eight years according to the following schedule:

Year	Duty May 1-Nov. 30
Year 1	304%
Year 2	304%
Year 3	304%
Year 4	304%
Year 5	304%
Year 6	304%
Year 7	304%
Year 8	266%
Year 9	228%
Year 10	190%
Year 11	152%
Year 12	114%
Year 13	76%
Year 14	34%
Year 15	0%

In addition, the U.S.-South Korean FTA establishes a 3,000 MT TRQ for U.S. fresh potatoes (non-chipping) that grows incrementally. In-quota imports enter South Korea duty-free while above-quota exports face a snap-back tariff of 304%. The TRQ schedule is provided below.

Year	Duty Free Quota (Metric Tons)
Year 1	3,000
Year 2	3.090
Year 3	3,183
Year 4	3,278
Year 5	3,377
Year 6	3.478
Year 7	3,583
Year 8	3,690
Year 9	3,800
Year 10	3,914
Continues	Continues to grow 3% annually

Frozen Corn: Tariff (Import Policies)

South Korea currently imposes a 30% tariff on imports of frozen corn, which is above its bound rate of 54%. The 30% tariff on imported frozen corn will be phased-out over five years after the implementation of the bilateral free trade agreement between South Korea and the United States which is still awaiting congressional consideration.

Pears: Tariff (Import Policies)
U.S. pear exports to South Korea currently face a 45% tariff. South Korea, however, prohibits the importation of U.S. pears due to plant quarantine concerns. Under the U.S.-South Korean FTA, the tariff on non-Asian pear varieties will be phased-out over 10 years, while the tariff on Asian pear varieties is eliminated over 20 years.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the removal of the phytosanitary restriction and tariff would lead to less than $5 million in pear exports each year.

Pork: Tariff (Import Policies)
At the present time, U.S. pork exports to South Korea face applied tariffs of 25% for frozen products and 22.5% for fresh or chilled products. Under the U.S. –Korean FTA, however, Korean tariffs on 90% of U.S. pork imports, including all frozen and process pork imports, will be phased-out within several years after implementation of the agreement.

Wheat: Tariff and TRQ (Import Policies)
U.S. wheat exports face a South Korean TRQ of 2,400,000 tons for milling-quality wheat with an applied in-quota tariff rate of 1%. South Korea imposes a 1.8% tariff on non-durum wheat.

Under the U.S-Korean FTA, an unlimited amount of U.S. wheat for milling will be able to enter Korea duty free while Korean imports of U.S. wheat will no longer be subject to Korea's 1.8% tariff or its autonomous tariff-rate quota (TRQ) of 1%.

Estimated Potential Increase in Exports from Removal of Barrier
Korea is one of the American wheat industry's largest overseas markets. The small tariff break under the FTA will help U.S. wheat exporters which face strong competition from Australia and Canada.

Whey: Tariffs and Tariff Rate Quota (Import Policies)
U.S. food whey exports are currently limited by a 54,233 MT quota. The in-quota tariff is 20% while the above-quota is 49.5%. At the present time U.S. whey feed exports enter the Korean market under tariff rates of 4, 20, or 49.5 percent, depending upon the type of product and the volume that has already been imported in a particular year.

U.S. whey feed exports will receive immediate duty-free access under the bilateral free trade agreement. U.S. food whey exports will receive a new 3,000 ton TRQ with in-quota imports facing zero tariffs. The TRQ will grow at a compound annual rate of 3% from year 2 through year 9 with the above-quota tariff rate declining each year until year ten. Starting in year ten, all U.S. food whey imports will receive duty-free treatment.

Apples: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The U.S. apple industry has been trying to open the South Korean market since the mid-1990s but Seoul continues to ban the importation of fresh apples for a myriad of phytosanitary reasons. This ban continues despite the pledge made by South Korea during the Uruguay Round to open its markets to U.S. fresh apples in 1995. The United States has provided the Government of South Korea with tons of information on the issue but Seoul has little interest in opening its market. Currently, the technical discussions are dormant.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the removal of the phytosanitary import prohibition and tariff would lead to less than $5 million to $25 million in apple exports each year.

Apricots: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

Currently, U.S. apricot growers cannot not export their product to South Korea because of a phytosanitary import prohibition.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of this barrier would lead to less than $5 million in apricot exports from Washington state.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

In 2003 U.S. beef exports to South Korea reached $814 million, accounting for 68% of total beef imports into South Korea, which was the third largest foreign market for U.S. beef. South Korea, however, banned all U.S. beef imports at the end of 2003 after the finding of bovine spongiform encephalopathy (BSE) in the United States.

In May 2007, the World Organization for Animal Health (OIE), which is in the international scientific body recognized by the WTO for issues related to animal disease and health, determined that the United States is a "controlled risk" country for the spread of BSE. This classification means that the United States maintains the OIE's recommended science-based measures to manage any risk of BSE in the U.S. cattle population.

In April, 2008, U.S. and South Korean negotiators reached an agreement on the sanitary rules governing U.S. beef exports to South Korea. The agreement allowed for the importation of all cuts of U.S. boneless and bone-in beef and other beef products from the other edible parts of cattle, regardless of the age, provided that all specified risk materials (SRM) known to transmit BSE had been removed and other conditions were met. Faced with a public backlash in South Korea, however, a "voluntary private sector arrangement" was reached in June 2008, which provides that only sales of U.S. beef, both boneless and bone-in, can be imported into South Korea if it comes from cattle that are under 30 months old when slaughtered and from which certain SRMs are removed. The voluntary agreement was intended to be only "a transition measure" but no timeline was established for further market opening.

In 2011 US beef and beef products exports to South Korea reached $686 million, a 33% increase over 2010 but only 84% of 2003 exports.

Blueberries: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

At the present time, Washington state cannot export blueberries to South Korea because of a phytosanitary import prohibition.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of this barrier would lead to less than $5 million in blueberry exports.

Cherries: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

South Korea currently allows the importation of all sweet cherry varieties from specific counties in California, Idaho, Oregon and Washington on condition that they are fumigated with methyl bromide to control various pests, including codling moth. Research indicates that codling moth is an unlikely pest of fresh cherries.

Methyl bromide fumigation is expensive, harms the quality of the fruit and reduces shelf-life. The U.S. cherry industry is interested in eliminating the fumigation requirement and in June 2008 a systems work plan was submitted to the Korean National Plant Quarantine Service. Additional information was provided to South Korean officials in December 2008.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of the fumigation requirement will increase shelf-life and allow for fruit to be shipped via ocean vessel rather than air freight, thus reducing costs. Lower cost combined with an improved eating quality of fruit should grow sales. During the 2012 season, Pacific Northwest cherry exports to South Korea reached approximately $22.7 million. The industry estimates that the replacement of the methyl bromide fumigation requirement with a systems export protocol would result in an initial increase of approximately $5 million in sales, with further expansion of the market occurring over time.

Cherries: Pesticide Standards (Standards, Testing, Labeling & Certification)

During the 2011 and 2012 cherry seasons (end of June to late August) Pacific Northwest exporters experience periodic costly delays in clearing South Korea's import inspection process due to the country pesticide residue monitoring program.

The Korean Food and Drug Administration (KFDA) detains and conducts a 51 chemical multi-residue screen in two circumstances. The first occurs when a new packinghouse/exporter/importer combination, not previously tested, is found during the customs clearance process. The second reason is that KDFA also conducts a random hold and test pesticide residue detection program, not expected to exceed 5% of the shipments of any commodity.

In addition to the multi-residue test for the 51 known chemicals, each quarter an additional three chemicals are targeted for single-residue testing on selected produce. KFDA selects these three from a universe of 181 chemicals. Single residue tests are solely conducted by KFDA, and neither the chemicals nor the specific produce selected for testing are publicly disclosed. As a result, it is unknown whether or when cherries are subject to single residue testing. Also, KFDA recently began to require a new lead residue test for each new packinghouse/exporter/importer combination. Fruit can be moved to customers' cold storage facilities while awaiting testing results. Although most shipments clear customs the day submitted, USDA/FAS personnel in Seoul indicate that loads submitted for customs clearance later in the week may not clear customs in time for weekend promotions if randomly chosen for pesticide residue testing.

The industry believes that the hold and test procedure is a punitive action that disrupts the market and causes fruit quality loss when fruit is held without any evidence that residue violations are likely. The industry has urged USDA/FAS to seek a modification of this program with KFDA that either exempts Pacific Northwest fruit because of our positive track record or limits the program to sample and release testing until violations are noted in the commodity.

Estimated Potential Increase in Exports from Removal of Barrier:
Adjusting Korea's pesticide monitoring program for Pacific Northwest cherries will not necessarily increase exports but it will allow this highly perishable and time sensitive fruit to arrive in time for weekend promotion programs and the busiest time of the week for retail consumers. During the 2012 season, Pacific Northwest cherry exports to South Korea reached approximately $22.7 million .

Fresh Potatoes: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
In August 2012, South Korea closes its market to Pacific Northwest potatoes due to the presence of zebra chip in the area. The U.S. industry believes that South Korea's concerns are unfounded as it does not have the vector and the disease cannot spread without the vector and the potato plant. Sprout inhibited potatoes destined from processing or consumption are not a threat.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-2012 market U.S. exports of potato products to South Korea reached $78 million with frozen French fries accounting for $62 million of that total.

Peaches: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
At the present time, U.S. peach growers cannot export their product to South Korea because of a phytosanitary import prohibition.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of this barrier would lead to less than $5 million in peach exports from Washington state.

Pears: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Currently, South Korea prohibits the importation of U.S. pears due to a number of alleged plant quarantine concerns under discussion between the two countries.

Estimated Potential Increase in Exports from Removal of Barrier:
The industry estimates the removal of the phytosanitary restriction and 45% tariff would lead to less than $5 million to $25 million in pear exports each year.

Plums: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

South Korea currently prohibits the importation of U.S. plums based on phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of this barrier would lead to less than $5 million in plum exports from Washington state.

Processed Potato Products: Pesticide Standards (Standards, Testing, Labeling & Certification)

In June 2010 and again in November 2012 the Government of South Korea increased pesticide residue testing on a U.S. commodity in reaction to a violation in Taiwan even though the situations are completely different. South Korea maintains a national MRL list and then defers to Codex and other standards when no national MRL has been established. By contrast, Taiwan has a limited MRL list and does not defer to any other standards.

For over a decade, U.S. commodity groups have been trying to address the Taiwan situation. The U.S. processed potato industry urges Seoul to not take additional steps on MRL issues based on violations under Taiwan's more restrictive MRL system. A violation in Taiwan does not signify that the shipment would have violated South Korean or U.S. MRL policies. It is more likely that it reflects Taiwan's failure to establish a MRL for the substance. The industry believes that Korea should only increase residue testing when there is cause for concern in South Korea.

Estimated Potential Increase in Exports from Removal of Barrier:

South Korea is the fifth largest foreign market for U.S. frozen French fries with exports reaching $62 million during the 2011-2012 marketing, a significant increase over the $48.3 million in exports during the preceding marketing year. In addition, during the most recent marketing year, the United State exported $6.4 million worth of dehydrated potato product up from the nearly $4 million in exports during the 2010-2011 marketing year.

Wheat: Pesticide MRLs (Standards, Testing, Labeling & Certification)

South Korean mycotoxin inspection for wheat began in 2010 with a vomitoxin (deoxynivalenol or DON) limit of 1part per million (ppm), zearalenone - 200 ppb, aflatoxin - 15 ppb, and ochratoxin A - 5 ppb. The U.S. wheat industry is most concerned with the MRL for DON as the Korean limit is stricter than the 2 ppm level set by most importing countries. Although FDA does not place a limit on DON in wheat it has established an advisory level of 1 ppm in finished food products. The policy of the FDA considers the fact that the cleaning and milling of wheat can reduce the presence of DON by around 50%, so 2 ppm wheat can usually be milled into processed flour with a DON level below 1 ppm. In years where DON is widespread, U.S. wheat exporters can only supply wheat with low DON levels at a much higher price, which might lead Korean importers to look for cheaper source of wheat. Implementation of a 1 ppm maximum by Korea should be justified by scientific measures.

In addition, South Korea recently imposed 0.2 ppm limits on lead and cadmium in wheat, which are limits also adopted by Codex, and reportedly began testing for these metals in July 2010. These metals are present in wheat not because of contamination but are taken up from the soil by the growing wheat plant and occur at some level in wheat from all origins. While normally neither limit should be a problem, U.S. wheat could occasionally exceed a 0.2 ppm limit.

Estimated Potential Increase in Exports from Removal of Barrier:

The important South Korean market exceed1.1 MMT each year, resulting in a return of over $250 million at today's prices. Any disruption in U.S. exports due to SPS measures would directly lead to sales being diverted to growers in Australia or Canada.

SRI LANKA

Apples: Tariff (Import Policies)
Sri Lanka's tariff on apples is reportedly 64%. This high tariff is made more insurmountable by mysterious additional taxes that result in a total tax rate on apples of 100%.

Even with this high barrier, Washington apple exports this past season increased by 45% in volume and $3 million in value. Apple sales are benefiting from the reported 20% growth in the supermarket trade and the general optimism of the country which is rebuilding following years of conflict. Even if the tariff were only cut in half, exports should greatly increase to this market of 20 million people.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the elimination of the tariff would lead to under $5 million in annual apple exports.

Cherries: Tariff (Import Policies)
The Government of Sri Lanka collects a 28% tariff on U.S. cherries, which is below the country's 50% bound rate.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the elimination of the tariff would lead to under $5 million in annual cherry exports.

Pears: Tariff (Import Policies)
U.S. pear exports to Sri Lanka face a 28% tariff, which is below the country's bound rate of 50%.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the elimination of the tariff would lead to under $5 million in annual pear exports.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
The Government of Sri Lanka continues to prohibit the importation of all U.S. bovine products.

Seed Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification

The U.S. industry is interested in exporting seed potatoes to Sri Lanka, which has been annually importing nearly $1 million of the product from Europe. In 2010, after several years of negotiations, it appear that Sri Lanka had agreed to amends some import requirements that would allow all U.S. seed potatoes to be imported more easily. After a change in personal in Sri Lanka, however, the old requirements for imports were restored.

Although the United States was able to export some seed potatoes to Sri Lanka in 2010, the industry desired Sri Lanka to abide by the 20120 understanding.

Estimated Potential Increase in Exports from Removal of Barrier:

The industry estimates that the market could reach $5 million in a matter of years, if the import system is altered to increase transparency and create predictable market access.

TAIWAN

Apples: Tariff (Import Policies)
As of January 1, 2002, the Taiwanese tariff on U.S. apple exports was reduced to 20%. Taiwan imports almost all of the apples consumed on the island because it has a very small number of apple growers who are struggling with poor growing conditions and rising costs. The USDA Foreign Agriculture Service estimates that further decreases will lower total production to just 175 hectares and 1,570 MTs. For these reasons, the U.S. apple industry urges the elimination of the tariff.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Taiwan, the industry expects that the elimination of the tariff would lead to an increase of $5 million to $20 million in annual apple exports to Taiwan.

Cherries: Tariff (Import Policies)
U.S. cherry exports to Taiwan currently face a 7.5% duty. The U.S. cherry industry urges the elimination of the tariff.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that Taiwan's elimination of the tariff would lead to under $5 million in additional exports per year. This calculation is based on current market conditions in Taiwan.

Fresh Potatoes: Tariff (Import Policies)
Taiwan currently assesses a 15% tariff on U.S. fresh potatoes. The U.S. industry urges that Taiwan eliminate its tariff on fresh potato import as part of the ongoing round of WTO negotiations.

Frozen Poultry: Tariff (Import Policies)
Washington raw frozen poultry legs with bone in (HS 020714 to Taiwan faced a 205% of CIF tariff, while exports of other raw frozen poultry parts (HS 0207.14.220) faces a 12% of CIF tariff.

Frozen French Fries and Other Potato Products: Tariff (Import Policies)
Based on Taiwan's WTO accession commitments, the bound tariff rate for frozen French fry imports is 12.5%. A more complete guide to Taiwan's current tariffs on potato products follows:

H.S. Number	Product	Current Taiwanese Tariff Based on WTO Accession
0701.90	Fresh potatoes (table stock)	15%
0710.10.00	Frozen potatoes	15%
1105.10.10	Potato Flour	10%
1105.10.20	Potato Meal	10%
1105.20.00	Potato flakes	10%
2004.10.11 2004.10.19	Potato sticks, frozen (frozen fries) >1.5kg. Other potato chips	12.5%
2004.10.90	Other potatoes, prepared or preserved, frozen	18%
2005.20.10	Potato chips and sticks >1.5kg.	12.5%
2005.20.20	Potato chips and sticks < 1.5 kg.	15%
2005.20.90	Other potatoes, preserved	18%

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-12 marketing year, the United States exported $43.35 million in frozen French fries and $2.1 million in dehydrated potato products to Taiwan. The industry urges Taiwan to immediately eliminate all of its tariffs on potato products as part of the ongoing WTO negotiations. The industry estimates that such a commitment would lead an increase of annual exports of $10 million in the near term and $25 million in the long terms.

Pears: Tariff (Import Policies)
Effective January 1, 2002, the Taiwanese tariff on U.S. pears declined to 10% under the country's WTO accession agreement. The U.S. pear industry urges the elimination of the duty.

Estimated Potential Increase in Exports from Removal of Barrier were Removed
Based on current market conditions in Taiwan, the industry estimates that sales would increase by under $5 million per year if the country eliminated the tariff.

Wine: Tariff (Import Policies)
Taiwan imposes a 10% tariff on U.S. grape wines and a 20% tariff on sparkling wine.

Apples: Phytosanitary Work Plan (Standards, Testing, Labeling & Certification)

The Government of Taiwan is concerned about the possible presence of codling moth on U.S. apples. Following a codling moth detection in 2002, Taiwan closed the market to U.S. apple exports. The market was later reopened after the two countries negotiated a systems work plan.

Since the establishment of the new work plan in 2002 a significant amount of research has been undertaken to evaluate whether codling moth should be considered a serious quarantine pest for Taiwan. After ten years there is mounting evidence that codling moth is unlikely to arrive in Taiwan and in the unlikely event that it does, it is very likely that it cannot survive let alone become established in the country. Research by Dr. Lisa Neven of USDA/ARS can be put forward to strongly argue that the work plan is not based on scientific principles and is being maintained without sufficient science. The U.S. industry urges that the work plan be amended, if not completely eliminated, as the provisions are arbitrary and are now know to be more trade restrictive that required to achieve that appropriate level of phytosanitary protection.

A USDA Animal and Plant Health Protection Service (APHIS) technical document, which was finalized in October, 2006, supports the apple industry's position. The APHIS assessment demonstrates that based on the environmental requirements for codling moth to complete its lifecycle, the climate in Taiwan and the very low rate of codling moth infestation, apple shipments from the United States are a very low risk pathway for codling moth establishment in Taiwan. The study concludes that there is a 99% chance that it would take at least 10,091 years before a mating pair of codling moths would occur in Taiwan as a result of U.S. apple shipments. Based on this risk assessment, the apple industry has request that the USDA and USTR seek modification to the current three strikes system that will remove the threat of closure of this important market due to codling moth detections.

After 25 over years of apple shipments, totaling more than 7 billion apples, Taiwan is still free of codling moth. The U.S. apple industry believes that either U.S. apple export procedures mitigate the risk to levels below quarantine concern or codling moth cannot survive in Taiwan, or both. The U.S. apple industry urges our trade negotiators to take a firm position to correct this trade barrier as Taiwan is clearly in violation of Article 2.2 and Article 5 of the WTO SPS Agreement which provides the obligations for "Assessment of Risk and Determination of the Appropriate Level of Sanitary and Phytosanitary Protection."

APHIS and their counterparts in Taiwan have modified the workplan to contain a 2-week grace period following each codling moth detection. During this two week grace period, any codling moth detection will not count as an additional strike. Despite this concession, each year, the U.S. apple industry faces the possibility of the closure of one of their most important markets.

Estimated Potential Increase in Exports from Removal of Barrier were Removed
In 2004, Taiwan closed its market to U.S. apples after a third codling moth find. The resulting four month closure directly cost U.S. apple growers at least $15 million in lost sales to Taiwan while leading to an additional $10 million to $20 million in losses stemming from lower apple prices in the U.S. market due to increased supplies.

Apples: Pesticide MRLs (Standards, Testing, Labeling & Certification)
In early 2009 the authorities in Taiwan acted on previously unannounced increased enforcement of its pesticide maximum residue level (MRL) policy for imported food which disrupted exports of Pacific Northwest apple exports. The issue is particularly troubling because Taiwan currently has not established many MRLs for imported fruits and other specialty crops and is unable to keep up with ongoing changes in U.S. pest management practices. The U.S. fruit and vegetable industry urges the Taiwanese Department of Health (DOH) to overcome a lack of resources as well as the legal inability or resistance to considering alternatives to establishing its own MRLs, such as deferring to Codex MRLs, or the MRLs established by its trading partners.

Although DOH has agreed to establish MRLs for a priority list of 248 products, this list is not exhaustive, as it does not contain a number of MRLs of importance to U.S. apple, pear and cherry producers. As a result, the U.S. industry urges American officials to continue to urge authorities in Taiwan to defer to Codex MRLs or trading partner MRLs in the event that an import tolerance has not yet been established in Taiwan.

Estimated Potential Increase in Exports from Removal of Barrier were Removed
The establishment of pesticide MRL tolerances in Taiwan will not necessarily increase U.S. horticultural exports but it will help to maintain access to this $60 million to $70 million annual export market for U.S. apples, pears and cherries.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Following the BSE finding in the United States in late 2003, Taiwan banned the imports of all U.S. beef and beef products. Subsequently, Taiwan took several steps to re-open in the market, including allowing imports of U.S. deboned beef derived from cattle under 30 months of age in 2006. In October 2009, the United States and Taiwan agreed on a Protocol expanding market access for U.S. beef and beef products (for human consumption) based on science, the OIE guidelines, and the United States' controlled risk status. The Protocol defined all the conditions for the exportation of U.S. beef and beef products and the ultimate full re-opening of the market.

In January 2010, several months after the Protocol entered into force (November 2009), Taiwan's legislature adopted an amendment to Taiwan's Food Sanitation Act in January 2010 that effectively prohibit the importation of U.S. ground beef and certain offals and other beef products. In addition, Taiwan announced several new border measures, including a licensing scheme for permitted offal and imposed even stricter inspection

requirements for certain "sensitive" beef offals (*e.g.*, tongue) that discourage imports of these products.

U.S. officials have continued to press this issue with their counterparts in Taiwan, urging Taipei to open its market fully based on science, the OIE guidelines, and the United States' controlled risk status.

Cherries: Pesticide MRLS (Standards, Testing, Labeling & Certification)

In early 2009 the authorities in Taiwan took action related to previously unannounced increased enforcement of its pesticide maximum residue level (MRL) policy for imported food which disrupted exports of Pacific Northwest apples exports. The issue is particularly troubling because Taiwan currently has not established many MRLs for imported fruits and other specialty crops and does not have an adequate system to keep up with ongoing changes in U.S. pest management practices. The U.S. fruit and vegetable industry urges the Taiwanese Department of Health (DOH) to overcome a lack of resources as well as the legal inability or resistance to considering alternatives to establishing its own MRLs, such as deferring to Codex MRLs, or the MRLs established by its trading partners.

Although DOH has agreed to establish MRLs for a priority list of 248 products, this list is not exhaustive, as it does not contain a number of MRLs of importance to U.S. apple, pear and cherry growers. As a result, the U.S. industry urges American officials to urge their counterparts in Taiwan to defer to Codex MRLs or trading partner MRLs in the event that an import tolerance has not yet been established in Taiwan.

Estimated Potential Increase in Exports from Removal of Barrier were Removed

Establishing pesticide MRL tolerances in Taiwan will not necessarily increase the amount of exports from the U.S. but it will help to maintain access to this $60 million to $70 million annual export market for U.S. apples, pears and cherries.

Fresh Potatoes: Phytosanitary Restriction – Late Blight (Standards, Testing, Labeling & Certification)

Taiwan requires the inspection and certification that potato fields that are a source of fresh potato exports to Taiwan are free of late blight. After the potatoes have been inspected, they have to be segregated from other potatoes as "approved" for export to Taiwan. No other market has these requirements.

During the 2011 bilateral talks, Taiwan reiterated this requirement but suggest that it had some flexibility regarding as to how the inspection could occur. Although the U.S. industry continues to work with APHIS on this issue, it has not been resolved.

Estimated Potential Increase in Exports from Removal of Barrier were Removed

Improved market access could lead to exports increasing from $5.2 million to $10 million to $15 million in a few years.

Pears: Pesticide MRLs (Standards, Testing, Labeling & Certification)

In early 2009 the authorities in Taiwan took action related to previously unannounced increased enforcement of its pesticide maximum residue level (MRL) policy for imported food which disrupted exports of Pacific Northwest pear exports. The issue is particularly troubling because Taiwan currently has not established many MRLs for imported fruits and other specialty crops and does not have an adequate system to keep up with ongoing changes in U.S. pest management practices. The U.S. fruit and vegetable industry urges the Taiwanese Department of Health (DOH) to overcome a lack of resources as well as the legal inability or resistance to considering alternatives to establishing its own MRLs, such as deferring to Codex MRLs, or the MRLs established by its trading partners.

Although DOH has agreed to establish MRLs for a priority list of 248 products, this list is not exhaustive, as it does not contain a number of MRLs of importance to U.S. apple, pear and cherry growers. As a result, the U.S. industry urges American officials to urge their counterparts in Taiwan to defer to Codex MRLs or trading partner MRLs in the event that an import tolerance has not yet been established in Taiwan.

Estimated Potential Increase in Exports from Removal of Barrier were Removed

Establishing pesticide MRL tolerances in Taiwan will not necessarily increase the amount of exports from the U.S. but it will help to maintain access to this $60 million to $70 million annual export market for U.S. apples, pears and cherries.

Potato Products: Pesticide MRLs (Standards, Testing, Labeling & Certification)

In 2009 Taiwan increased the testing of imported products for pesticide residue violations, without notifying its trading partners. This policy change immediately led to the detention of shipments. In June 2010 and November, Taiwan again took action against U.S. commodities for pesticide residue violations.

Taiwan's actions are problematic for several reasons. First, Taiwan only has a limited list of maximum residue levels (MRLs). While the United States currently has established 104 potato-related MRLs , Taiwan has only about 50 MRLs.

Secondly, in 2000 U.S. commodity and chemical companies submitted hundreds of data packages to officials in Taiwan in order to assist them establish its MRLs. Although Taiwan has now established MRLs for many of the priority products, the list is a dozen years old and all U.S. industries now have different needs.

Thirdly, in 2008 Taiwan sought to establish a list of more than 200 priorities for future MRL reviews, including 11 priorities of the U.S. potato industry. Although the U.S. potato industry appreciates this prioritization and that 5% of the identified reviews are for potato MRLs and that Taiwan has establish several of these MRLs, there still remain many US MRLs that will not be covered under this review, leaving open the possibility that U.S. shipments will be delayed or rejected.

Fourth, Taiwan has refused to defer to any international MRL standard, whether Codex or an exporting country's standard during the time it develops its own MRLs. In addition, Taiwan refuses to create a comprehensive provisional MRL list like that implemented by Japan during its transition. Many commodity groups are concerned by Taiwan's unwillingness to adopt some sort of safety net, especially as Taiwan detained a number of products over the last several years.

Finally, Taiwan has publicly announced violations, which invariably leads to media reports insinuating that U.S. food is unsafe. Although these reports are not true, they can damage sales.

As of this time, Taiwan has not held any potato shipments for pesticide residue violations. However, the U.S. industry urges U.S. officials to raise the MRL issue with Taiwan and seek Taiwan's deferral to Codex in any instance where Taiwan has not established an MRL. This is part of Taiwan's commitment as a member of the WTO. Moreover, until permanent pesticide tolerances are established, the U.S. industry urges Taiwan from detaining any shipments.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-12 marketing year, the United States exported $43 million worth of frozen French fries, and increase over the $35.5 million in exports the previous marketing year. In addition, dehydrated potato product exports to Taiwan totaled $1.6 million during the most recent marketing year. Resolving the pesticide residue issue would save the U.S. industry millions of dollars each year.

TANZANIA

Frozen French Fries: Tariff (Import Policies)
U.S. exports of frozen French fries to Tanzania face a 25% tariff and 18%.

THAILAND

Apples: Tariff (Import Policies)

Thailand imposes a 10% ad valorem tariff on imported U.S. apples. The tariff is particularly damaging to U.S. exporters because Chinese apples enter Thailand duty-free. U.S. apple exporters are also being placed at a competitive disadvantage due to Thailand's other economic agreements. For example, pursuant to the Thailand-Australian Free Trade Agreement, which entered into force on January 1, 2005, Australian apple exports enter Thailand duty-free. Moreover, under the Thailand-New Zealand Closer Economic Partnership, which entered into force on July 1, 2005, Thai duties on New Zealand apples were eliminated.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that the removal of the tariff would lead to less than $5 million in increased U.S. apple exports per year.

Cherries: Tariff (Import Policies)

The Government of Thailand imposes a 40% ad valorem tariff on imported cherries, which poses a significant hurdle for Washington cherry exporters. Moreover, Washington cherries are at a competitive disadvantage because Thai duties on New Zealand cherries were eliminated under the Thailand-New Zealand Closer Economic Partnership, which entered into force on July 1, 2005. The Washington cherry industry urges the elimination of the Thai cherry duty.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Thailand, the industry estimates that the elimination of the tariff would lead to less than $5 million in additional exports each year.

Fresh and Seed Potatoes: TRQ (Import Policies)

Fresh and seed potato imports into Thailand are limited by a TRQ as established during the Uruguay Round. The 2010 TRQ for fresh potatoes was 36,000 MTS, the same level as 2009. Although the motive for the TRQ appears to be the encouragement of domestic production of potatoes, the Thai potato industry is unable to meet the needs of processing facilities, retailers and the hotel/restaurant industry.

The bulk of Thailand's potato production for the chipping industry occurs in the northern part of the country. However, excessive moisture in the higher elevations of Chiang Ria causes uncontrollable nematode problems and early blight. Other potato production problems include viral diseases from chili peppers and other crops grown in the region. Unfavorable weather conditions and disease problems are the major reasons why large-sized potatoes are not grown in the country.

Thailand also does not produce a domestic supply of quality seed potatoes that can be used to produce the type of potato used for chipping or other snack foods. As a result, Thai manufacturers import and distribute seed potatoes from foreign suppliers, mainly from Canada and the United Kingdom, although seed potatoes from Washington, Idaho, California and Oregon are allowed entry into Thailand. The seed potato TRQ for 2010 announced by the Thai Department of Foreign Trade was 1,430 MTs, a substantial drop from the 7,178 MT TRQ for 2009.

Frozen French Fries: Tariff (Import Policies)

With the lack of progress in the U.S.-Thailand FTA and WTO Doha negotiations, importers are shifting their frozen French fry purchases to Australia and New Zealand producers which currently only face a 9% tariff under bilateral trade agreements implemented in 2004. The tariff on Australian and New Zealand fries will drop to 6% during the 2012-2013 marketing year, further undercutting the competitive position of U.S. fries. In addition, Chinese fries enter Thailand duty-free under the China-ASEAN FTA. By comparison U.S. exporters face a 30% or 25 baht/kg tariff, which is among the highest in the world.

The U.S. industry urges the U.S. government to seek a unilateral reduction in the frozen French fry tariff to the levels provided to Australia and New Zealand under their FTAs.

Estimated Potential Increase in Exports from Removal of Barrier

In marketing year 2011-12, Thailand imported $11.5 million worth of U.S. frozen potatoes. However, the U.S. industry fears it will lose the entire market if the United States does not obtain the tariff concessions that match those provided to Australia, New Zealand and China. The industry estimates that U.S. exports of frozen French fries to Thailand could reach $20 million, if Thailand reduced the tariff.

Pears: Tariff (Import Policies)

The Government of Thailand imposes a 30% tariff on U.S. pears, which is a significant barrier to Washington pear exports, particularly since other countries enjoy duty-free market access under other trade agreements.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Thailand, the industry estimates that the elimination of the 30% tariff would lead to less than $5 million in additional pear exports per year.

Wine: Tariff (Import Policies

A major constraint for wines originating from the United State is the high tariff rate (54%). U.S. wines find difficult to compete with wines from Australia and New Zealand which are taxed at 12% and 9% respectively and the duty from both countries will be 0% in 2015. In addition, Chile will sign a trade agreement with Chile in mid-2012 which will increase the competitive pressure on U.S. wines.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

Shortly after the positive BSE finding in the United States in late 2003, the Government of Thailand banned the importation of U.S. beef and beef products. Subsequently, Thailand partially opened its market and at the present time allows imports of U.S. deboned beef from animals less than 30 months of age. U.S. officials continue to urge their counterparts in Thailand to fully open the market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Wheat: Proposed Cadmium Ban (Standards, Testing, Labeling & Certification)

The Government of Thailand is currently proposing to ban cadmium, which occurs naturally in the soil. Durum wheat especially absorbs cadmium during the growing process. In the United States cadmium in wheat is not viewed as a health risks, but some countries have expressed concern over cadmium levels. An overall ban on cadmium would limit wheat from all origins and a scientifically established tolerance is required as other wheat classes also contain levels of cadmium.

Estimated Potential Increase in Exports from Removal of Barrier

Thailand is a major Southeast Asia market for U.S. wheat producers with average annual U.S. exports of 400,000 MT, resulting in a market value of over $100 million.

TRINIDAD AND TOBAGO

Apples: Tariff (Import Policies)
Trinidad and Tobago applies a 40% tariff on U.S. apples, which is below its WTO bound rate of 100%

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that annual exports would increase by less than $5 million after the elimination of the tariff.

Cherries: Tariff (Import Policies)
Trinidad and Tobago applies a 40% tariff on U.S. cherries, which is below its WTO bound rate of 100%

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. cherry industry estimates that annual exports would increase by less than $5 million after the elimination of the tariff.

Pears: Tariff (Import Policies)
Trinidad and Tobago applies a 40% tariff on U.S. pears, which is below its WTO bound rate of 100%

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that annual exports would increase by less than $5 million after the elimination of the tariff.

TUNISIA

Apples: Tariff (Import Policies)

At the present time, Tunisia imposes a 150% tariff on imported apples.

TURKEY

Apples: Tariff (Import Policies)
At the present time, Turkey imposes a 60.3% tariff on imported apples.

Pears: Tariff (Import Policies)
The Turkish tariff on imported pears is currently 60.3%.

Wheat: Tariff (Import Policies)
The Government of Turkey currently imposes an import tax up to 130% on all wheat. The tax level varies each year depending on the size of the Turkish wheat crop.

Wheat: Import Permits (Import Policies)
In addition to collecting a high import tax, the Government of Turkey often refuses to grant wheat import permits.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Turkey currently bans U.S. beef imports due to BSE concerns.

Wheat: Domestic Supports (Import Policies)
Upon accession to the WTO every country commits to domestic subsidy caps. This includes a fixed cap on trade distorting supports, known as the aggregate measure of support (AMS). Countries also have caps on de minimis spending as a percentage of general and product specific production with developing nations capped at 10%, developed at 5%, and China at 8.5%. While countries are to report domestic support spending annually, Turkey has not notified domestic support spending to the WTO since 2001. The U.S. wheat industry is finds this lack of transparency troubling as Turkey is a large wheat producer and the second biggest exporter of wheat flour.

Based on past notifications to the WTO and data contained in USDA country reports, the U.S. wheat industry reports that it has detected violations of product specific subsidy caps on wheat in Turkey. Analysis of Turkey's price support practices shows a wheat-specific AMS of $5.541 billion, while Turkey's de minimis limit is only $0.441 billion. Similar analysis indicates that Turkey is exceeding domestic support commitments in other commodities such as corn, rice, sugar, soybeans and others, with an estimated total AMS of $9.201 billion. Turkey's AMS limit is zero, so any spending above de minimis levels is inconsistent with the country's WTO obligations.

AMS spending needs to be carefully monitored and U.S. negotiators should address this issue through the WTO consultative process in Geneva.

UGANDA

Frozen French Fries: Tariff (Import Policies)

The Government of Uganda imposes a 25% tariff on U.S. exports of frozen French fries.

UKRAINE

Apples: Tariff (Import Policies)
The Government of Ukraine currently allows U.S. apples duty-free market access from December 1 to March 31 every year. From April 1 to November 30, U.S. apples face a 10% tariff.

Cherries: Tariff (Import Policies)
The Government of Ukraine currently imposes a 5% tariff on U.S. cherry imports.

Pears: Tariff (Import Policies)
The Government of Ukraine currently imposes a 5% tariff on imported U.S. pears between December 1 and March 31 every year. From April 1 to November 30, U.S. pears face a 10% tariff.

UNITED ARAB EMIRATES

Wine: Tariff (Import Policies

U.S. wine exports to the United Arab Emirates face a 50% tariff.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The United Arab Emirates currently only allows imports of US beef from boneless cuts from cattle under the age of 30 months.

URUGUAY

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Uruguay has continued to prohibit the importation of all U.S. beef, beef products and live cattle since the BSE finding in the United States in late 2003. U.S. officials continue to urge their counterparts in Montevideo to fully open the country's market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Seed Potatoes:: Phytosanitary Import Restrictions (Import Policies)

In January 2009 Uruguay rejected 60 containers of U.S. seed potatoes because of the presence of powdery scab, which is listed as a quarantine pest even though there is a tolerance for the pest. Ultimately, some loads were reconditioned and salvaged, but many were lost.

In July 2009 APHIS and the U.S. potato industry hosted high-level Uruguayan officials in an effort to persuade Uruguay to adjust its unreasonable powdery scab tolerance. Uruguay agreed to amend the tolerance and the classification of the pest from quarantine to non-quarantine. While this change technically occurred, the new proposed levels remain unacceptable and U.S. requests for additional changes have not been answered by Uruguay.

Although exports occurred over the last three years without disruption, the shipments needed to come from certain areas, while other shippers could not export because the issue has not been resolved.

At the request of Uruguayan importers and U.S. exporters, in 2012 a new pre-testing proposal was presented to Uruguay. Although acceptance of this proposal would be a step forward, it does not resolve the need to change the powdery scab standard.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. industry estimates that annual seed potato exports could reach $10 million in a matter of years if the Government of Uruguay adopted a more realistic powdery scab tolerance.

VENEZUELA

Apples: Tariff (Import Policies)

Currently, the Government of Venezuela collects a 15% ad valorem tariff on imports of U.S. apples. U.S. exporters are placed at a competitive disadvantage by the duty-free treatment provided to imported apples from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Apples from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter the country duty-free. Consequently, Washington apples are excluded from the market for much of the year.

Estimated Potential Increase in Exports from Removal of Barrier

The apple industry estimates that apple exports to Venezuela would increase by $5 million to $25 million per year if the tariff was eliminate and import permits were issued freely to importers.

Apples: Import Permits (Import Policies)

In 2010 Venezuela ceased issuing import permits for most of the year in order to protect domestic fruit producers and conserve foreign exchange. The effect of this policy is to close the Venezuelan market to apple imports.

Estimated Potential Increase in Exports from Removal of Barrier

The apple industry estimates that apple exports to Venezuela would increase by $5 million to $25 million per year if the tariff was eliminated and import permits were issued freely to importers.

Cherries: Tariff (Import Policies)

Venezuela assesses a 15% tariff on the ad valorem value of U.S. sweet cherry imports. U.S. exporters are placed at a competitive disadvantage by the duty-free treatment provided to cherry imports from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Cherry imports from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter Venezuela duty-free.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff would lead to less than $5 million in additional cherry exports per year.

Pears: Tariff (Import Policies)

Venezuela imposes a 15% tariff on the ad valorem value of pear exports from the United States. U.S. pear exporters are placed at a competitive disadvantage by the duty-free treatment provided to pear imports from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Pear imports from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter Venezuela duty-free. As a result, Washington pears are effectively excluded from Venezuela for much of the year.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff and the granting of import permits without restriction would lead to less than $5 million in additional pear exports per year.

Pear: Import Permits (Import Policies)

In 2010, Venezuela ceased issuing import permits for most of the year in order to protect domestic fruit producers and conserve foreign exchange. The effect of this policy is to close the Venezuelan market to pear imports.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff and the granting of import permits without restriction would lead to less than $5 million in additional pear exports per year.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Venezuela has prohibited the importation of all U.S. beef, beef products and live cattle since the BSE finding in the United States in late 2003. U.S. officials continue to urge their counterparts in Caracas to fully open the country's market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Fresh and Seed Potatoes: Import Permits (Import Policies)

The Government of Venezuela requires import permits for fresh and seed potatoes but in the past, importers were not able to obtain these permits due to a Byzantine system of approval that has become beholden to domestic political pressure. As a result, import permits are frequently denied and, when they are granted, the volume approved is less than the requested amount and the decisions on the requests take months or are never acted on.

The apparent goal of this policy is to force importers to source from domestic producers, who frequently grow an inferior product.

VIETNAM

Apples: Tariff (Import Policies)
Under Vietnam's WTO accession agreement, the tariff on apples dropped to 10% in 2012. The industry urges that the tariff be eliminated as part of the ongoing WTO or Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
With a population of 88 million and with 60% of that population under the age of 25, Vietnam is considered a growth market. The industry estimates that annual apple exports to Vietnam would increase by $5 million to $25 million.

Asparagus: Tariff (Import Policies)
The Government of Vietnam currently collects a 34% tariff on imports of asparagus.

Cherries: Tariff (Import Policies)
Under Vietnam's WTO accession agreement, the tariff on U.S. cherries dropped to 10% in 2012. The industry urges that the tariff be eliminated as part of the ongoing WTO or Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that cherry exports to Vietnam will increase by less than $5 million per year after the tariff has been eliminated.

Dehydrated Potato Products: Tariff (Import Policies)
Vietnam's tariff has been reduced from 40% to 18% as part of the country's accession to the WTO. The U.S. potato industry would like to see the tariff eliminated as part of the negotiations of the Trans Pacific Partnership Agreement.

Fresh Potatoes: Tariff (Import Policies)
The current Vietnamese fresh potato tariff is 20%.

Frozen Potato Products: Tariff (Import Policies)
Under Vietnam's WTO accession agreement, signed on May 31, 2006, Vietnam agreed to gradually lower the 40% tariff on frozen French fries to 13% over a six- year period. By 2010 the tariff had fallen to 22%. In addition, Hanoi agreed to lower the tariff on dehydrated potatoes from 40% to 18% over a five-year period, with the 2010 rate falling to 22.4%. The U.S. industry seeks the immediate elimination of these tariffs as part of the ongoing WTO or Trans Pacific Partnership negotiations.

In 2012, the Government of Vietnam applied a 15% tariff on frozen French fry imports, which is below the 16.66% tariff under the country's WTO accession agreement schedule. The tariff is scheduled to fall to 13% in 2013.

Estimated Potential Increase in Exports from Removal of Barrier
At the present time, Vietnam is a small market for U.S. frozen French fries. During the 2011-12 marketing year, U.S. frozen French fry exports to Vietnam totaled $1.8 million. With a population of 84 million, 60% of which are under the age of 25, Vietnam is seen by the U.S. industry as having tremendous potential as a market for frozen French fries, especially in Ho Chi Minh City and Hanoi. In view of the rapid expansion of Quick Service Restaurants, Vietnam could develop into an important and growing market worth $25 million or more if the tariff on frozen French fries is eliminated.

Pears: Tariff (Import Policies)
Under Vietnam's WTO accession agreement, the tariff on U.S. pears dropped to 10% in 2012. The industry urges that the tariff be eliminated as part of the ongoing WTO or Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The pear industry estimates that exports to Vietnam will increase by under $5 million after Vietnam eliminates the tariff.

Peas: Tariff (Import Policies)
The current Vietnamese tariff on dry peas stands at 10%.

Potato Chips: Tariff (Import Policies)
Pursuant to the 2006 WTO accession agreement, Vietnam agreed to immediately reduce the tariff on potato chips from 50% to 40%. The agreement called for the further reduction of the tariff to 18% over the subsequent five years.

Poultry: Tariff (Import Policies)
The Government of Vietnam currently imposes a 20% tariff on imports of frozen uncooked poultry (HS 0207.14).

Wine: Tariff (Import Policies)
Currently, U.S. wine faces a 50% Vietnamese tariff.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $25 million to $50 million.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Vietnam currently allows the importation of U.S. beef and beef products from cattle less than 30 months old. In July 2011, the two countries reached an agreement for exporting live U.S. cattle to Vietnam. U.S. officials continue to urge their counterparts in Hanoi to fully open the country's market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Processed Food Products: Documentation Requirements (Standards, Testing, Labeling & Certification)

The Government of Vietnam requires the shipper to provide a manufacturer's "authorization letter" and a Certificate of Analysis for each exported processed food product. The certificate is very difficult to obtain because the manufacturer frequently considers the information to be proprietary and confidential. Moreover, Vietnam is the only country that requires a Certificate of Analysis. Some manufacturers do not feel that the cost of the Certificate of Analysis is worth the return of sales to Vietnam, a developing market, where mixed containers of food products are the norm.

In a developing a market such as Vietnam where mixed containers of food products are the norm, this is a very costly exercise that some manufacturers feel is not worth the return on sales.

Apples: Transparency/Standards (Other)

Vietnam is in the process of reviewing the country's food safety regulations and has issued draft pest risk assessments for apples, cherries and pears. The industry is concerned that these PRAs might inhibit exports to Vietnam. Pacific Northwest fruit has been export to Vietnam for many years. For example, apples have been exported for over a decade without any incident. Although it is within Vietnam's right as a sovereign country to review its quarantine regulations, any such review should not limit trade of products that have not had any quarantine concerns (e.g., apples, pears and cherries).

It is important the Vietnam conduct its assessment of the plant health risk posed by apples, cherries and pears in a transparent manner and that any new regulations take into account international standards and are based on sound science.

Estimated Potential Increase in Exports from Removal of Barrier

Vietnam is a growing market for Pacific Northwest apples. The U.S. apple industry views Vietnam as a growth market because it has a population of 84 million, with 60% of that population under the age of 25. If market access requirements are transparent and based on international standards, the industry estimates that Pacific Northwest fruit sales should reach the upper end of the $5 million to $25 million range.

Cherries: Transparency/Standards (Other)

Vietnam is in the process of reviewing the country's food safety regulations and has issued draft pest risk assessments for apples, cherries and pears. The industry is concerned that these PRAs might inhibit exports to Vietnam. Pacific Northwest fruit has been export to Vietnam for many years. For example, apples have been exported for over a decade without any incident. Although it is within Vietnam's right as a sovereign country to review its quarantine regulations, any such review should not limit trade of products that have not had any quarantine concerns (e.g., apples, pears and cherries).

It is important the Vietnam conduct its assessment of the plant health risk posed by apples, cherries and pears in a transparent manner and that any new regulations take into account international standards and are based on sound science.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. cherry industry views Vietnam as a growth market because it has a population of 84 million, with 60% of that population under the age of 25. During 2011 Washington exported over $650,000 worth of cherries to Vietnam. If market access requirements are transparent and based on international standards, the industry estimates that Pacific Northwest fruit sales should reach the upper end of the $5 million to $25 million range.

Pears: Transparency/Standards (Other)

Vietnam is in the process of reviewing the country's food safety regulations and has issued draft pest risk assessments for apples, cherries and pears. The industry is concerned that these PRAs might inhibit exports to Vietnam. Pacific Northwest fruit has been export to Vietnam for many years. For example, apples have been exported for over a decade without any incident. Although it is within Vietnam's right as a sovereign country to review its quarantine regulations, any such review should not limit trade of products that have not had any quarantine concerns (e.g., apples, pears and cherries).

It is important the Vietnam conduct its assessment of the plant health risk posed by apples, cherries and pears in a transparent manner and that any new regulations take into account international standards and are based on sound science.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. pear industry views Vietnam as a growth market because it has a population of 84 million, with 60% of that population under the age of 25. In 2011, Washington pear exports to Vietnam almost reached $200,000. If market access requirements are transparent and based on international standards, with the Vietnam's WTO tariff rate commitments the industry estimates that Pacific Northwest fruit sales should reach the upper end of the $5 million to $25 million range.

ZAMBIA

Frozen French Fries: Tariff (Import Policies)

The Government of Zambia collects a 25% tariff and 16% VAT on U.S. imports of frozen French fries.

ZIMBABWE

Frozen French Fries: Tariff (Import Policies)

U.S. frozen French fry exports to Zimbabwe face a 25% tariff and 15% VAT.

PART II

LISTING BY PRODUCT

APPLES

Algeria: Tariff (Import Policies)
The Government of Algeria currently imposes a 30% tariff on U.S. apple exports.

Argentina: Tariff and Statistical Tax (Import Policies)
Argentina imposes a 10% import duty and a 0.5% statistical tax on imported U.S. apples. By comparison, imports of apples from Argentina's MERCOSUR partners (Brazil, Paraguay and Uruguay) are exempt from the tariff and statistical tax. This tariff and tax discrepancy places U.S. apple exporters at a competitive disadvantage.

In fact, Washington has not exported any apples to Argentina since 2001 and, the government has not issued any import permits since 2009 due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that apple exports would increase by less than $5 million per year if Argentina eliminated the tariff and subsidy program. This estimate is based on current market conditions.

Argentina: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Sometime prior to 2009 apple importers were no longer able to obtain import permits from the Government of Argentina, which apparently suspended imports due to concerns over the transmission of *Erwinia amylovora,* the bacteria that causes fire blight. USDA/APHIS has submitted technical information to the Government of Argentina that documents that the risk of transmitting the bacteria on mature symptomless apples is very low.

The Government of Argentina, however, has not responded to APHIS' letter. Instead, Argentina has started its own pest risk assessment (PRA) to replace the 2005 PRA, and has indicated that the new information will be used to determine the import permit requirements for apples.

For several reasons, the U.S. apple industry believes that Argentina's actions can only be interpreted as being designed to prohibit imports or perhaps gain some negotiating leverage in plant health negotiations with USDA. First, there have been no reported pest violations on any U.S. apple shipments to Argentina. Second, only a small amount of apples have ever been exported to Argentina each year (less than 100 MTS per year.) Third, there is only a very short shipping season of one or two months. And finally, fire blight poses little risk as has been underscored by the WTO dispute resolution decisions in U.S. vs. Japan and New Zealand vs. Australia.

Given these factors and the low risk posed by US apples, Argentina should issue import permits with the requirements that were in effect prior to 2009.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that the lifting of the apple import prohibition would lead to less than $5 million in exports per year. Washington has not exported any apples to Argentina since 2001 although there have been exports from other states in the intervening years.

Argentina: Export Rebate Subsidy (Export Subsidy)
The Government of Argentina subsidizes fruit exports by means of an export rebate program. The rebate is based on the FOB price per MT as declared by the exporter. Exporters of apples in boxes containing 2.5 kilos or less (net weight) receive a 6% rebate. Apple exports in boxes above 2.5 kilos and less or equal to 20 kilos (net weight) are subsidized by a 5% rebate.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina is a significant exporter of fresh apples to the United States and does not need subsidies when they already enjoy cost of production advantages over U.S. producers. The U.S. industry estimates exports of apples would increase by less than $5 million per year if Argentina's tariff and subsidy program were eliminated. This estimate is based on current market conditions.

Australia: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Although Australia does not impose tariffs on U.S. apples, it prohibits their importation. By contrast, Australian apples have duty-free access to the U.S. market. Until 2011 Australia banned the importation of apples from all countries when it allowed Chinese apples to be imported and New Zealand apples following a successful WTO dispute settlement case brought in 2007. The U.S. apple industry, however, is not aware of any New Zealand apple exports to Australia in 2012 likely due to the costly workplan requirements.

Pacific Northwest growers, packers and shippers have sought market access for over 15 years without success. The main issue is the bacterial disease fire blight. Although Australia fears that the disease could be transmitted to the country's domestic crops, the U.S. Agricultural Research Service, in coordination with plant scientists from New Zealand, published research that documents that there is negligible risk of mature, symptomless apples produced under commercial conditions of being a vector for the disease. The findings of this study have been confirmed through the World Trade Organization Dispute Panel proceedings that the United States brought against Japan concerning Tokyo's treatment of American apples. (In the wake of the WTO ruling, Japan removed its fire blight restrictions on U.S. apples.)

In November 2006, Australia issued its final risk assessment for New Zealand apples, which ignored most of the concerns of New Zealand and the United States and internationally affirmed science on fire blight. In 2009, Biosecurity Australia finally published its PRA for Pacific Northwest apples, which contained the same overly restrictive requirements that were placed on New Zealand apples.

The measures proposed by Australia are not consistent with Article 2 of the WTO Sanitary and Phytosanitary Agreement (SPS Agreement) and U.S. officials should strongly make this point in their meeting with their Australian counterparts. In addition, the U.S. apple industry believes that the issue should be discussed at the Standing Technical Working Group on Animal and Plant Health Measures established under the SPS Chapter of the bilateral trade agreement between the United States and Australia.

Estimated Potential Increase in Exports from Removal of Barrier
If Australia lifted the import prohibition, the industry estimates that exports would reach $5 to $25 million per year.

Bangladesh: Tariff (Import Policies)
The Government of Bangladesh applies a 37 tariff on imports of U.S. apples. After other taxes are imposed, the total tax is over 57%.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff would lead to an increase of less than $5 million in additional apple exports. This estimate is based on current market conditions.

Bolivia: Tariff (Import Policies)
The Government of Bolivia collects a 15% tariff on apple imports. U.S. exports are at a competitive disadvantage because apple imports from the other Andean Community countries (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay and Venezuela) are not assessed any tariff by the Bolivian government. Furthermore, Chilean apple imports enter the country duty-free under a bilateral trade agreement. As a result of these duty-free arrangements, U.S. apples are in effect excluded from the Bolivian market.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that the tariff is eliminated, the industry estimates that U.S. exports would increase by less than $5 million a year based on current market conditions in the country.

Brazil: Tariff (Import Policies)

Brazil assesses a 10% duty (CIF) on American apples imports. Apple growers from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on their product were eliminated on January 1, 1995.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Brazil, the industry estimates that U.S. apple exports would increase by less than $5 million a year if Brazil removed the tariff.

China: Tariff and VAT (Import Policies)

Under China's WTO accession agreement, the country agreed to reduce the tariff on U.S. apples from 30% to 10%. Although the tariff has been reduced, it still is a barrier to exports to China. In addition, China collects a 13% value added tax (VAT) on imported apples which the U.S. industry suspects is likely not collected on Chinese apples. Discriminatory treatment between the collection of the VAT on imported and domestic apples places U.S. apples at a distinct pricing disadvantage. Moreover, failure to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

In addition, under the China-New Zealand Free Trade Agreement, which took effect on October 1, 2008, China's import duty on New Zealand apples was reduced by two percent each year over four years until it was eliminated in 2012. This disparity in tariff treatment between New Zealand and U.S. apples puts Washington growers at a distinct disadvantage.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions, the industry estimates that apple exports would increase by less than $5 million a year if China eliminated the tariff.

China: Phytosanitary Varietal Import Prohibition (Standards, Testing, Labeling & Certification)

Although Washington state first began exporting apples to China in 1994, it is still only allowed to ship Red and Golden Delicious apples. The United States has been seeking market access for all apple varieties since the early 1990s but the negotiations have stalled due to China's unfounded concerns about fire blight. Mature symptomless fruit has been shown to not transmit the bacterial plant disease. This fact has been established by the 2005 World Trade Organization ruling against Japan's fire blight restrictions on U.S. apple imports and Australia's restrictions in a case brought by New Zealand. As a result, China should permit the entry of all apple varieties. Further delay is unjustified.

In addition, China allows market access for all apple varieties from other countries, including New Zealand, even though such countries have fire blight.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that exports would increase by $5 million to $25 million in the near term once the apple varieties and quarantine issues are resolved.

China: Post-Harvest Decay Organisms/Shipper Suspensions (Standards, Testing, Labeling & Certification)

From 2008 to 2009, Beijing suspended several Pacific Northwest apple shippers due to alleged Chinese detections of a post-harvest decay organism.. These shipper suspensions are inconsistent with the terms of an earlier agreement with China which stipulates that only orchards, not shippers, will be suspended for quarantine issues.

Although during the 2009 USDA-AQSIQ plant health negotiation, China committed to only suspend orchards and not shippers, it has subsequently sent notifications suspending shippers. USDA's Animal and Plant Health Inspection Service (APHIS) has petitioned the Chinese government to reinstate the suspended packing houses, citing insufficient evidence of pest presence, possible confusion over what was actually detected, and APHIS' failure to detect the disease/pest in orchards in which the shipments originated.

By applying the penalty to the packing facility, China effectively prohibits numerous orchards, (sometimes hundreds of growers), of that facility from exporting. Notifications of alleged interceptions are generally lacking in sufficient detail and are often issued many weeks or months after the interception. This severely limits the US industry's efforts to correct the problem, should one exist.

In March 2010, APHIS proposed that China sign a new Memorandum of Understanding, applicable to all work plans, to eliminate the practice of suspending packing facilities and to limit the penalty to the affected orchard, as currently required by the work plans. The MOU was finally signed in February 2012. The industry urges China not to use suspensions as a political tool to attempt to try to extract quarantine market access concessions from the United States, as it had done in the past.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that annual exports would increase by $5 million to $25 million in the near term once the apple varieties and fungal quarantine issues are resolved.

Ecuador: Tariff (Import Policies)
Ecuador assesses a 17% ad valorem tariff on U.S. apple imports. This places U.S. apples exporters at a competitive disadvantage due to tariff preferences provided to other apple exporting countries. Fruit imports from the other Andean Community countries (Bolivia, Colombia, and Peru) and MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) enter Ecuador duty-free. Apple imports from Chile also face no tariff under a bilateral free trade agreement. The net result is that U.S. apple exports are effectively excluded from the market.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Ecuador, the U.S. apple industry estimates that annual apple exports would increase by less than $5 million if the country eliminated the tariff.

Egypt: Tariff (Import Policies)
The Government of Egypt currently imposes a 20% tariff on the CIF value of apple imports as a result of a February 2007 unilateral decision to lower the rate from 40%. At least partially as a result of the decision to lower the duty, Washington apple exports to Egypt grew from $4.1 million in 2006 to $14.6 million in 2010.

U.S. apple growers, however, are now at a competitive disadvantage because as of July 2010 apples from the EU enter Egypt duty-free under a bilateral agreement. As a result, Washington apple exports fell to $5.9 million in 2011, a sharp declined from the year before.

Washington state apples have been exported to Egypt for at least 20 years despite the lengthy transit times and high transportation costs. The EU tariff preference has increased the price differential between EU and US apples to a reported six dollars per carton which comes to about $6,000 per container. Washington apple producers are very concerned that they will continue to lose their share of the Egyptian market and urge the United States Trade Representative to seek duty-free access to Egypt for U.S. apples.

The sharp decline in sales to Egypt is not the only concern because a small amount of apples exported to Egypt are transshipped to Algeria, Chad, Libya, and other North African countries. Therefore, the loss of the Egyptian market has long-term implications for the development of the entire North African market.

Estimated Potential Increase in Exports from Removal of Barrier
If Egypt eliminated the tariff, the industry estimates that apple exports would increase by $5 million to $25 million per year based on current market conditions.

EU: Tariff and TRQ (Import Policies)
The European Union's tariff on apple imports varies from month-to-month. By contrast, the U.S. does not place a tariff on apple imports. The current EU tariff schedule is as follows:

Arrival Date	Tariff
1/1 – 2/14	4.0%
2/15 – 3/31	4.0%
4/1 – 7/31	0% in-quota tariff for 600 MTs (HS codes 0808 10 20, 0808 10 50 and 0808 10 90)
4/1 – 6/30	0%
7/1 – 7/31	0%
8/1 – 12/31	9.0%

Estimated Potential Increase in Exports from Removal of Barrier
If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade distorting barriers, the U.S. apple industry estimates that apple exports would increase by less than $5 million per year based on current market conditions in the region.

EU: Entry Price System (Import Policies)
U.S. apple exports to the EU are negatively impacted by the custom union's entry price system, which exposes importers to financial uncertainty and acts as a disincentive to the importation of fresh fruit.

Under the EU entry price system, apple imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU below the entry price are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The fixed tariff and full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced products unfeasible.

Estimated Potential Increase in Exports from Removal of Barrier
If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade distorting barriers, the U.S. apple industry estimates that apple exports would increase by less than $5 million per year based on current market conditions in the region.

EU: Pesticide MRLS (Standards, Testing, Labeling & Certification)

The European Union began the process of establishing EU wide pesticide MRLs for plant protection products in 2009, which involved a comprehensive review of hundreds of chemical compounds. The EU risk assessment process differs from that conducted by the US EPA and, therefore can result in the establishment of different MRLs for a particular pesticide which could be a barrier to trade. The apple industry is particular concerned with the review of diphenylamine (DPA) because in 2009 the European Commission unexpectedly announced a decision to stop the sale of products containing DPA, which is used in the United States for scald control on apples. The effective date of the ban was Mary 30, 2010.

Estimated Potential Increase in Exports from Removal of Barrier

In the event that the DPA issue is not resolved, the loss of an import tolerance for this product will result in the closure of the European market to U.S. apple growers, resulting in an annual loss of sales ranging from $5 million to $25 million per year.

Guatemala: Domestic Support (Subsidies)

The Government of Guatemala collects a $0.07 Quetzal/pound (about $40 cents of a dollar per carton) fee on apple imports. This money is transferred to domestic apple producers.

India: Tariff (Import Policies)

The Government of India collects a 50% tariff on the CIF value of imported apples from the United State. Although it is under the country's WTO bound rate, the rate is one of the highest apple tariffs in the world. In general, U.S. apple imports do not compete directly with Indian apples because most imports arrive after the peak fall and early winter domestic apple marketing season is over.

According to USDA Economic Research Service research, this high tariff provides little or no protection to domestic apple producers, partially because domestic and imported apples are not considered close substitutes given the high price and quality of imported compared to Indian apples. Moreover, the average return for Indian apple growers has doubled since imported apples were allowed entry to the country, as imported apple prices have pulled domestic apple prices higher. This trend should continue even under a lower tariff rate environment.

Finally, given the country's love of fruit, lowering the apple tariff will increase consumer purchasing power and could create a much larger apple market. As it stands now, India's current annual per capita apple consumption is less than two kilograms, which is very low by global standards. The potential to increase per capita consumption to five kilograms or roughly a five million ton apple market would provide opportunities for both domestic growers and importers. Such growth could well increase domestic production from current levels of less than two million tons to three million tons.

Since the opening of the market in 2000, India has become one of the largest and fastest growing markets for Washington apples. (Red Delicious. accounts for almost all exports.) India was the third largest importer of Washington apples in CY 2011 with exports topping $80 million, only trailing Canada ($136 million) and Mexico ($108 million). The previous high for Washington apples exports to India was $40 million in 2009.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were reduced to 30%, U.S. apple exports to India could increase by $5 million to $25 million per year. However, the U.S. apple industry's objective is the complete elimination of the tariff which would result in even greater exports.

India: Fumigation Requirement (Standards, Testing, Labeling & Certification)
On January 3, 2012 India issued draft notice of proposed rule changes to phytosanitary requirements for apples and pears. The proposed changes for the United States were the addition of 22 insect pests to the quarantine list and more importantly ended the acceptance of "pest free area" status providing quarantine security for *Ceratitis capitata* (Mediterranean fruit fly.) In addition, India proposed requiring methyl bromide fumigation (at 69.8 degrees F) and cold treatment prior to shipment as treatment requirements. The Washington apple and pear industry fears that the implementation of this policy will eliminate apple and pear exports to India.

There are two main problems with India's proposal. The first is that Mediterranean fruit fly has never been known to occur in the Pacific Northwest. The second major problem is that the measure is not consistent with India's obligations under the WTO Sanitary and Phytosanitary Agreement, including not taking into account pest-free areas.

USDA/APHIS, as well as their counterparts in New Zealand and Chile, submitted technical comments in March seeking changes to these requirements. Among other things, APHIS has urged India to recognize the "pest-free" status for Mediterranean fruit fly for our apple and pear exports.

Estimated Potential Increase in Exports from Removal of Barrier
If enacted, this new requirement will end all Washington apple and pear exports to India because methyl bromide fumigation will significantly damage the fruit, making them unacceptable to customers. During the 2011-2012 season Pacific Northwest apple and pear exports to India reached an estimated $70 million (FOB).

Indonesia: Tariff (Import Policies)
The Indonesian tariff on U.S. apple imports currently stands at 5%. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on apples and other agricultural products. Under the China-ASEAN trade agreement, Chinese apples enter duty-free, placing U.S. products at a competitive disadvantage.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of the tariff would lead to less than $5 million in increased apple exports to Indonesia per year.

Indonesia: Import Licensing (Import Policies)
In 2012 the Government of Indonesia published several regulations covering the importation of horticultural products including Ministry of Trade Regulations 30 and 60 and Ministry of Agriculture Regulation 3 which are very concerning to the Washington apple industry.

The new measures establish a complex and non-transparent system of import requirements designed to discourage horticultural imports from all countries. The new requirements for importers include various approvals by different government agencies, each with their own set of requirements, inspection in the shipping country, and new labeling standards. The following summarizes just some of the new bureaucratic requirements for importers:

1) Apply and receive a General Importer or Producer Identification number from the Ministry of Trade;
2) Apply and receive approval from the Ministry of Trade as a registered importer or producer/importer;
3) Apply and receive approval from the Ministry of Agriculture for an Import Recommendation of Horticultural Products. Note that one application is valid just for one product, one country, one port of entry and one supplier;
4) Apply and receive approval for an Import Permit from the Ministry of Trade based on the Ministry of Agriculture's granting of an Import Recommendation;
5) Verification by Indonesia surveyors and/or their authorized agents in the country of origin. This inspection is for the Ministry of Trade to oversee the completeness of the paperwork and accuracy of the import documents;
6) Finally, the products must have Bahasa Indonesian labels attached to the packaging prior to arrival in Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier

These news requirements primarily impact our apple industry as their exports dominate our horticultural exports to Indonesia. Indonesia is the state's fifth largest export market with apples sales reaching an estimated $55 million 2011. Moreover, Indonesia is an important growth market as exports only reached $20 million five years ago.

Indonesia: Phytosanitary Import Restriction – Decree # 37 (Standards, Testing, Labeling & Certification)

On March 27, 2006 Indonesia implemented Ministry of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported vegetables and fruits, including apples to control for fruit flies. These new regulations were not preceded by any formal pest risk analysis, pest interceptions on imports or immediate (perhaps any) evidence of risk to domestic production from U.S. apples.

On June 24, 2012, the Government of Indonesia superseded Regulation 37 with Regulation 42, again absent any formal pest risk assessment or notification to the WTO. The regulation disregards important technical facts and international standards by requiring treatment of apples even though some of the pests do not attack apples or the apples come from production areas that are free from the pests of concern. It also requires treatment of apples even though Indonesia does not have host material for some of the fruit flies and lacks a climate suitable for establishment and spread of fruit flies occurring in the Pacific Northwest.

The U.S. government has provided detailed technical information to support its request for revisions to the regulation, beginning with comments that were submitted to Indonesia through the World Trade Organization in August of 2005.

In August 2007, after intensive work by USDA/APHIS and USTR, Indonesia officials agreed to an in-transit cold treatment process that allows trade to continue. However, if this cold treatment option were to be modified, it could easily result in the closure of the market for several months, leading to significant losses for U.S. apple exporters. An example of disrupted trade occurred in September 2010, when import permits were issued at some ports without the proper language allowing in-transit cold treatment.

Estimated Potential Increase in Exports from Removal of Barrier

Indonesia is the state's fifth largest export market with apples sales reaching an estimated $55 million 2011. Moreover, Indonesia is an important growth market as exports only reached $20 million five years ago. Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. apple industry would expect an increase of less than $5 million in exports per year.

Iraq: Tariff (Import Policies)

Washington apples face a 20% Iraqi tariff.

Israel: Tariff Rate Quota (Import Policies)

The United States and Israel signed a free trade agreement in 1985 but Israel argued that the agreement did not cover agricultural products. As a result, in 1996 the United States and Israel signed the Agreement on Trade in Agricultural Products (ATAP), which does not consist of any text, but rather a schedule of tariff rates, reference prices and quotas that were negotiated by the two countries. Since that time the United States has provided the vast majority of Israel's agricultural products with duty-free access to the U.S. market, but Israel has not reciprocated.

Israel's bound tariff rate on apples is approximately 563% ad valorem. Under the terms of the ATAP, U.S. apples receive limited duty-free access under a TRQ, which was set at 4,000 MTs in 2012. In recent years the apple TRQ has been completely filled. Above-quota imports receive a 10% discount on the general import tariff, which is the Israeli New Shekel (NIS) 2/kg ($0.5/kg). As a result of this discount, the above-quota rate is NIS 1.8/kg. The U.S. industry requests that its product be granted permanent duty-free access unlimited by any TRQ.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011 Washington apple exports to Israel reached $6.1 million. Once unlimited duty-free access is acquired and the TRQ system restructured, the industry would expect exports to increase by less than $5 million per year.

Israel: Administration of Tariff Rate Quota (Import Policies)

During the negotiations for the 2004 Agreement on Trade in Agricultural Products, Israel committed to reform the administration of its TRQ system on the basis of "first come, first serve" allocation. Unfortunately, Israel continues to issue import permits to individuals that do not import apples and these persons then sell their allotted TRQ volume to those that are involved in commercial trade.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011, Washington apple exports to Israel reached $6.1 million. Once unlimited duty-free access is acquired and the TRQ system restructured, the industry would expect exports to increase by less than $5 million per year.

Israel: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

On March 18, 2009 Israel's Plant Protection and Inspection Service notified USDA/APHIS of future changes to the U.S. apple cold treatment requirement. In an effort to avoid phytosanitary mitigation measures that would further restrict U.S. growers from shipping to Israel the two countries have been exchanging technical information and research.

U.S. apples have been exported to Israel from many years without any detection of live apple maggot or plum curculio (Rhagoletis pomonella and Conotrachelus nenuphar), two primary pests of concern to Israel. During the most recent bilateral meetings (August 2011), the United States provided current trial data by Cornell University on efficacy of cold treatment for apple maggot that supported previous trials dating back to the 1940s. Israel, however, continues to refuse to accept a standard cold treatment that has been used for major markets for many years without any failure.

Israel, however, did agree to drop plum curculio as a pest of concern and will allow access for U.S. apples under a temporary cold treatment protocol effective until September 12, 2012, while talks continue on specific technical questions. This temporary cold treatment protocol is based on treatment schedules which the U.S. industry hopes to make permanent. As of this time, Israel has not formally extended the September 12 deadline or permanently approved the cold treatment protocol for the recently harvested 2012 crop.

The U.S. apple industry appreciates the temporary cold treatment protocol but seeks a permanent agreement that eliminates the uncertainty that holds back the development of this export market.

Estimated Potential Increase in Exports from Removal of Barrier
If the issue is resolved, the U.S. apple industry would maintain a market that supports approximately $5 million in yearly sales of Pacific Northwest apples and pears.

Japan: Tariff (Import Policies)
Japan imposes a 17% ad valorem tariff on imported apples. This tariff is the highest rate applied by a WTO-designated "developed" country.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Japan, the industry estimates that apple exports would increase by less than $5 million per year if Japan eliminated the tariff. However, if both the SPS restrictions and the tariff are eliminated, the Washington apple industry anticipates that exports could increase by $5 million to $20 million per year.

Japan: Fumigation Requirement (Standards, Testing, Labeling & Certification)
Japan continues to require U.S. apples to be fumigated prior to export. This step imposes significant costs and harms the quality of the fruit. As a result, Washington apple exports to Japan have been very small, reaching only $93,000 in 2011.

Libya: Tariff (Import Policies)
The Government of Libya currently imposes a 40% tariff on U.S. apple imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. apple industry estimates that exports to Libya would reach less than $5 million per year if the tariff were eliminated.

Malaysia: Tariff (Import Policies)
Effective October 29, 1999, the Government of Malaysia reduced the tariff on apple imports to 5% ad valorem. However, the government collects an additional 5% sales tax on fresh fruit imports. More importantly, under the People's Republic of China-ASEAN trade agreement, Chinese apples enter Malaysia duty-free, placing U.S. exporters at a disadvantage

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. apple industry estimates that exports to Malaysia would reach less than $5 million per year if the tariff were eliminated.

Morocco: Tariff (Import Policies)
Under the U.S.- Morocco Free Trade Agreement, U.S. apple exports are governed by a tariff schedule and a tariff rate quota (TRQ), which is in effect between February 1 and May 31 of each year. During the time that the TRQ is in effect, in-quota apple imports receive duty-free treatment. The TRQ schedule is as follows:

YEAR	Quantity (MTs)
2006	2,000
2007	2,080
2008	2,163
2009	2,250
2010	2,340
2011	2,433
2012	2,531
2013	2,632
2014	2,737
2015 and beyond	Unlimited

During the rest of the year, U.S. apple imports are governed by a tariff, which is being phased out until it is eliminated in 2014. The tariff rate for 2012 is 15.6%.

Norway: Tariff (Import Policies)
The Government of Norway imposes a 4.83 Norwegian kroner (NOK) per kilo duty on imported apples between May 1 and November 30. Imported apples face a 0.03 NOK per kilo duty during the remainder of the year.

Philippines: Tariff (Import Policies)
The Government of the Philippines assesses a 5% tariff on U.S. apple imports.

Russia: Tariff (Import Policies)
Russia imposes a 0.2 Euro per kilogram tariff on apple imports from August 1 through December 1. The rate falls to 0.1 Euro per kilogram during the rest of the year.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Russia, the industry estimates that the elimination of the tariff on apples would lead to less than $5 million a year in additional exports.

South Africa: Tariff (Import Policies)
The Government of South Africa assesses a 4% ad valorem duty on U.S. exports of fresh apples.

South Africa: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
In 2009 Pacific Northwest apples gained market access to South Africa but only for apples from orchards that are declared free for apple maggot. During the 2010-2011 season many containers of apples were detained by South African officials for reported pest finds. In general, notifications from South Africa of alleged interceptions are lacking in sufficient detail and are often issued many weeks after the interception. These shortcomings severely limit the ability of the U.S. industry to research the issue and to correct any problem, should one exist.

In addition, South African officials have not responded to a June 2010 USDA request to amend the market access agreement for Pacific Northwest apples with a cold treatment protocol. This change would allow for the export of apples from areas regulated for apple maggot.

Estimated Potential Increase in Exports if Barrier were Removed
Resolving these phytosanitary issues in this counter seasonal market would lead to less than $5 million in annual exports.

South Korea: Tariff (Import Policies)
South Korea currently imposes a 45% tariff on apples. Under the U.S.-South Korean FTA, tariffs on all U.S. apples other than Fujis will be phased out over a 10-year period, while the tariff on Fujis will meet the same fate over a 20-year period. The agreement also contains a safeguard mechanism. The initial quantity is 9,000 tons which increases in year 5 to 12,000 tons and subsequently grows 3% a year to 20,429 tons in year 23. After that year, the safeguard no longer applies. The safeguard only applies to Fuji apples starting in year 11.

The tariff issue, however, is moot because U.S. apple exports to South Korea are prohibited for phytosanitary reasons.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the removal of the phytosanitary import prohibition and the tariff /safeguard mechanism would lead to $5 million to $25 million in apple exports each year.

South Korea: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The U.S. apple industry has been trying to open the South Korean market since the mid-1990s but Seoul continues to ban the importation of fresh apples for a myriad of phytosanitary reasons. This ban continues despite the pledge made by South Korea during the Uruguay Round to open its markets to U.S. fresh apples in 1995. The United States has provided the Government of South Korea with tons of information on the issue but Seoul has little interest in opening its market. Currently, the technical discussions are dormant.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the removal of the phytosanitary import prohibition and tariff would lead to less than $5 million to $25 million in apple exports each year.

Sri Lanka: Tariff (Import Policies)

Sri Lanka's tariff on apples is reportedly 64%. This high tariff is made more insurmountable by mysterious additional taxes that result in a total tax rate on apples of 100%.

Even with this high barrier, Washington apple exports this past season increased by 45% in volume and $3 million in value. Apple sales are benefiting from the reported 20% growth in the supermarket trade and the general optimism of the country which is rebuilding following years of conflict. Even if the tariff were only cut in half, exports should greatly increase to this market of 20 million people.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the elimination of the tariff would lead to under $5 million in annual apple exports.

Taiwan: Tariff (Import Policies)

As of January 1, 2002, the Taiwanese tariff on U.S. apple exports was reduced to 20%. Taiwan imports almost all of the apples consumed on the island because it has a very small number of apple growers who are struggling with poor growing conditions and rising costs. The USDA Foreign Agriculture Service estimates that further decreases will lower total production to just 175 hectares and 1,570 MTs. For these reasons, the U.S. apple industry urges the elimination of the tariff.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Taiwan, the industry expects that the elimination of the tariff would lead to an increase of $5 million to $20 million in annual apple exports to Taiwan.

Taiwan: Phytosanitary Work Plan (Standards, Testing, Labeling & Certification)

The Government of Taiwan is concerned about the possible presence of codling moth on U.S. apples. Following a codling moth detection in 2002, Taiwan closed the market to U.S. apple exports. The market was later reopened after the two countries negotiated a systems work plan.

Since the establishment of the new work plan in 2002 a significant amount of research has been undertaken to evaluate whether codling moth should be considered a serious quarantine pest for Taiwan. After ten years there is mounting evidence that codling moth is unlikely to arrive in Taiwan and in the unlikely event that it does, it is very likely that it cannot survive let alone become established in the country. Research by Dr. Lisa Neven of USDA/ARS can be put forward to strongly argue that the work plan is not based on scientific principles and is being maintained without sufficient science. The U.S. industry urges that the work plan be amended, if not completely eliminated, as the provisions are arbitrary and are now know to be more trade restrictive that required to achieve that appropriate level of phytosanitary protection.

A USDA Animal and Plant Health Protection Service (APHIS) technical document, which was finalized in October, 2006, supports the apple industry's position. The APHIS assessment demonstrates that based on the environmental requirements for codling moth to complete its lifecycle, the climate in Taiwan and the very low rate of codling moth infestation, apple shipments from the United States are a very low risk pathway for codling moth establishment in Taiwan. The study concludes that there is a 99% chance that it would take at least 10,091 years before a mating pair of codling moths would occur in Taiwan as a result of U.S. apple shipments. Based on this risk assessment, the apple industry has request that the USDA and USTR seek modification to the current three strikes system that will remove the threat of closure of this important market due to codling moth detections.

After 25 over years of apple shipments, totaling more than 7 billion apples, Taiwan is still free of codling moth. The U.S. apple industry believes that either U.S. apple export procedures mitigate the risk to levels below quarantine concern or codling moth cannot survive in Taiwan, or both. The U.S. apple industry urges our trade negotiators to take a firm position to correct this trade barrier as Taiwan is clearly in violation of Article 2.2 and Article 5 of the WTO SPS Agreement which provides the obligations for "Assessment of Risk and Determination of the Appropriate Level of Sanitary and Phytosanitary Protection."

APHIS and their counterparts in Taiwan have modified the workplan to contain a 2-week grace period following each codling moth detection. During this two week grace period, any codling moth detection will not count as an additional strike. Despite this concession, each year, the U.S. apple industry faces the possibility of the closure of one of their most important markets.

Estimated Potential Increase in Exports from Removal of Barrier were Removed
In 2004, Taiwan closed its market to U.S. apples after a third codling moth find. The resulting four month closure directly cost U.S. apple growers at least $15 million in lost sales to Taiwan while leading to an additional $10 million to $20 million in losses stemming from lower apple prices in the U.S. market due to increased supplies.

Taiwan: Pesticide MRLs (Standards, Testing, Labeling & Certification)
In early 2009 the authorities in Taiwan acted on previously unannounced increased enforcement of its pesticide maximum residue level (MRL) policy for imported food which disrupted exports of Pacific Northwest apple exports. The issue is particularly troubling because Taiwan currently has not established many MRLs for imported fruits and other specialty crops and is unable to keep up with ongoing changes in U.S. pest management practices. The U.S. fruit and vegetable industry urges the Taiwanese Department of Health (DOH) to overcome a lack of resources as well as the legal inability or resistance to considering alternatives to establishing its own MRLs, such as deferring to Codex MRLs, or the MRLs established by its trading partners.

Although DOH has agreed to establish MRLs for a priority list of 248 products, this list is not exhaustive, as it does not contain a number of MRLs of importance to U.S. apple, pear and cherry producers. As a result, the U.S. industry urges American officials to continue to urge authorities in Taiwan to defer to Codex MRLs or trading partner MRLs in the event that an import tolerance has not yet been established in Taiwan.

Estimated Potential Increase in Exports from Removal of Barrier were Removed
The establishment of pesticide MRL tolerances in Taiwan will not necessarily increase U.S. horticultural exports but it will help to maintain access to this $60 million to $70 million annual export market for U.S. apples, pears and cherries.

Thailand: Tariff (Import Policies)
Thailand imposes a 10% ad valorem tariff on imported U.S. apples. The tariff is particularly damaging to U.S. exporters because Chinese apples enter Thailand duty-free. U.S. apple exporters are also being placed at a competitive disadvantage due to Thailand's other economic agreements. For example, pursuant to the Thailand-Australian Free Trade Agreement, which entered into force on January 1, 2005, Australian apple exports enter Thailand duty-free. Moreover, under the Thailand-New Zealand Closer Economic Partnership, which entered into force on July 1, 2005, Thai duties on New Zealand apples were eliminated.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the removal of the tariff would lead to less than $5 million in increased U.S. apple exports per year.

Trinidad and Tobago: Tariff (Import Policies)
Trinidad and Tobago applies a 40% tariff on U.S. apples, which is below its WTO bound rate of 100%

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that annual exports would increase by less than $5 million after the elimination of the tariff.

Tunisia: Tariff (Import Policies)
At the present time, Tunisia imposes a 150% tariff on imported apples.

Turkey: Tariff (Import Policies)
At the present time, Turkey imposes a 60.3% tariff on imported apples.

Ukraine: Tariff (Import Policies)
The Government of Ukraine currently allows U.S. apples duty-free market access from December 1 to March 31 every year. From April 1 to November 30, U.S. apples face a 10% tariff.

Venezuela: Tariff (Import Policies)
Currently, the Government of Venezuela collects a 15% ad valorem tariff on imports of U.S. apples. U.S. exporters are placed at a competitive disadvantage by the duty-free treatment provided to imported apples from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Apples from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter the country duty-free. Consequently, Washington apples are excluded from the market for much of the year.

Estimated Potential Increase in Exports from Removal of Barrier
The apple industry estimates that apple exports to Venezuela would increase by $5 million to $25 million per year if the tariff was eliminate and import permits were issued freely to importers.

Venezuela: Import Permits (Import Policies)
In 2010 Venezuela ceased issuing import permits for most of the year in order to protect domestic fruit producers and conserve foreign exchange. The effect of this policy is to close the Venezuelan market to apple imports.

Estimated Potential Increase in Exports from Removal of Barrier
The apple industry estimates that apple exports to Venezuela would increase by $5 million to $25 million per year if the tariff was eliminated and import permits were issued freely to importers.

Vietnam: Tariff (Import Policies)
Under Vietnam's WTO accession agreement, the tariff on apples dropped to 10% in 2012. The industry urges that the tariff be eliminated as part of the ongoing WTO or Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
With a population of 88 million and with 60% of that population under the age of 25, Vietnam is considered a growth market. The industry estimates that annual apple exports to Vietnam would increase by $5 million to $25 million.

Vietnam: Transparency/Standards (Other)
Vietnam is in the process of reviewing the country's food safety regulations and has issued draft pest risk assessments for apples, cherries and pears. The industry is concerned that these PRAs might inhibit exports to Vietnam. Pacific Northwest fruit has been export to Vietnam for many years. For example, apples have been exported for over a decade without any incident. Although it is within Vietnam's right as a sovereign country to review its quarantine regulations, any such review should not limit trade of products that have not had any quarantine concerns (e.g., apples, pears and cherries).

It is important the Vietnam conduct its assessment of the plant health risk posed by apples, cherries and pears in a transparent manner and that any new regulations take into account international standards and are based on sound science.

Estimated Potential Increase in Exports from Removal of Barrier

Vietnam is a growing market for Pacific Northwest apples. The U.S. apple industry views Vietnam as a growth market because it has a population of 84 million, with 60% of that population under the age of 25. If market access requirements are transparent and based on international standards, the industry estimates that Pacific Northwest fruit sales should reach the upper end of the $5 million to $25 million range.

APRICOTS

Australia: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The Government of Australian prohibits the importation of U.S. apricots due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
If the phytosanitary import prohibition were eliminated, Washington apricot exports to Australia would be less than $5 million per year.

Japan: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Japan prohibits the importation of U.S. apricots due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
If the phytosanitary import prohibition were eliminated, Washington apricot exports to Japan would be less than $5 million per year.

Russia: Tariff (Import Policies)
The Government of Russia imposes a 5% tariff on imported apricots.

South Korea: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
Currently, U.S. apricot growers cannot not export their product to South Korea because of a phytosanitary import prohibition.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of this barrier would lead to less than $5 million in apricot exports from Washington state.

ASPARAGUS

Vietnam: Tariff (Import Policies)

The Government of Vietnam currently collects a 34% tariff on imports of asparagus.

BARLEY

South Korea: Tariff Rate Quota (Import Policies)

South Korea maintains a TRQ on barley in order to encourage the use of domestic barley, which may cost four times more than imported barely. The 2007 TRQ was 30,000 MTs with an in-quota tariff rate of 30% and an above-quota tariff rate of 513%. Under the proposed U.S-South Korean FTA, in the first year of the agreement, 9,000 MTs of unroasted malt and unmalted barley could enter South Korea duty-free. This 9,000 MT quota would grow 2% a year for 15 years, at which time all U.S. malt and malting barley would enter South Korea duty-free.

BEEF

Argentina: BSE Import Restriction (Standards, Testing, Labeling & Certification)
The U.S. industry cannot export beef to Argentina based on lingering BSE concerns.

Australia: BSE Import Restriction (Standards, Testing, Labeling & Certification)
Australia prohibits the imports of bovine products from the United States. In March 2010, the Government of Australia announced that Biosecurity Australia would have to conduct a separate import risk assessment for each county prior to considering the reopening of the market. As of this time, the risk assessment has not been completed.

Bolivia: BSE Import Restriction (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, the Government of Bolivia has banned imports of beef, beef products and live cattle from the United States.

Brazil: BSE Import Restriction (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, the Government of Brazil has banned imports of beef, beef products and live cattle from the United States. During high-level discussions, the Government of Brazil indicated that it was not willing to follow the guidelines of the International Office of Epizootics (OIE) which is a standard setting-body recognized by the WTO.

Cambodia: Tariff (Import Policies)
U.S. frozen boneless beef (HS 0202.30.00) exports to Cambodia face a 35% tariff.

China: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
In December 2003, after the bovine spongiform encephalopathy (BSE) detection in a cow imported into the United States from Canada, China banned the importation of American beef. The import prohibition not only covered beef but also low-risk bovine products such as bovine semen and embryos, protein-free tallow, and non-ruminant origin feeds and fats, which should pose no risk for BSE under international standards.

In August 2007 Beijing proposed lifting the ban on U.S. bone-in beef and deboned beef from cattle less than 30 months of age. The offer also included offals (heart, liver, lung, kidney and sinew.) Although China became a member of World Organization for Animal Health (OIE) in May 2007, it has not followed OIE guidelines regarding beef trade and BSE. The United States did not accept China's offer because the continued BSE-related restrictions on animal age and other products are not based on science and international standards.

In addition, Beijing's offer was made after the OIE designated the United States as a "BSE controlled" country in May 2007. OIE's new guidelines also indicate that the full range of beef and beef products are tradable regardless of the BSE status of a country, so long as specified risk materials (SRM), appropriate to the risk category of the country, are hygienically removed. Depending upon the BSE category of a country ("undetermined risk," "controlled risk," and "negligible risk"), and the age of the animal, varying amounts of SRMs must be removed. U.S. processing plants have followed OIE guidelines for SRM removal and the United States has presented evidence to China that it follows other OIE guidelines such as the ruminant feed ban. As of this time, however, the issue remains unresolved.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that annual direct beef exports to China would reach $200 million if the PRC lifted the ban.

Colombia: Tariff (Import Policies)
Colombia's WTO bound tariffs on imported beef range from 70% to 108% with applied tariffs ranging from 5% to 80%. Under the recently implemented FTA, U.S. beef producers would gain immediate duty-free treatment for their most important products. All other beef tariffs would be phased-out within 15 years at the latest. For standard quality beef cuts, the FTA provides for immediate duty-free access through a 2,100-ton TRQ with 5% annual growth. The 80% above-quota tariff will be phased-out over 10 years after a 37.5% decrease at the start of the first year of implementation.

In addition, the FTA establishes a 4,642-ton duty-free TRQ for beef variety meats (offals) with 5.5% annual growth. The above-quota tariff of 80% will be phased-out over 10 years with a 37.5% decrease immediately upon implementation of the agreement.

Dominican Republic: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, the Government of the Dominican Republic has banned imports of beef, beef products and live cattle from the United States.

Ecuador: BSE Import Restriction (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, Ecuador has banned imports of beef, beef products and live cattle from the United States.

El Salvador: BSE Import Restriction (Standards, Testing, Labeling & Certification)
The Government of El Salvador prohibits imports of U.S. beef and beef products from cattle 30 months of age and over, as well as imports of non-breeding cattle because of concerns over BSE.

Indonesia: Inspection Equivalence (Standards, Testing, Labeling & Certification)
The Government of Indonesia does not recognize the equivalence of the U.S. inspection system for beef. Instead, it requires the submission of an onerous questionnaire and a non-transparent review process that has resulted in the approval of a limited number of U.S. plants. Moreover, although several beef establishments submitted the required documents several years ago, they still have not been approved.

Indonesia: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
After the most recent BSE finding in the United States in April 2012, the Government of Indonesia amended its import requirements to only allow access for boneless beef from cattle under 30 months of age. Since historically the main U.S. beef exports to Indonesia have been livers, hearts, and bone-in short ribs, regaining access for bone-in beef and variety meats is necessary to restore the U.S. share of the market.

Israel: BSE Import Prohibition (Standards, Testing, Labeling & Certification)
Since the detection of a BSE-positive animal in the United States, the Government of Israel has restricted imports of beef, beef products and live cattle from the United States in a manner inconsistent with OIE guidelines.

Japan: Tariff and Safeguard (Import Policies)
Japan assesses a 38.5% tariff on imported beef. In addition, the Government of Japan included a beef safeguard during the Uruguay Round of negotiations, which can raise the tariff to 50%. The safeguard is triggered once the import value of beef increases by more than 17% compared to the previous year.

Japan: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Until early 2013, Japan required that U.S. beef exports to come from cattle no older under 20 months of age because of lingering concerns about BSE. In February, 2013 Japan agreed to allow the importation of beef from cattle less than 30 months of age, compared to the previous limit of 20 months.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. Meat Export Federation estimates that Japan's BSE export-related restriction and inspection policy have lowered annual beef exports by about $1 billion per year.

Mexico: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Over the last year the Government of Mexico has made progress in eliminating restrictions on beef products from cattle less than 30 months of age, including ground beef, weasand meat, sweetbreads, small intestines and head meat. BSE restrictions, however, remain in place on beef products from cattle over 30 months of age.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011, Mexico was the largest volume market for U.S beef with exports reaching $985 million.

Morocco: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
At the present time, U.S. beef exports to Morocco are constrained by BSE related restrictions.

New Zealand: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
At the present time, U.S. beef exports to New Zealand are constrained by BSE related restrictions.

Philippines: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
At the present time, U.S. beef exports to the Philippines are constrained by BSE-related restrictions.

Russia: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Russia currently limits the importation of U.S. beef to meat from cattle no older than 30 months of age.

Russia: Ractopamine Prohibition (Standards, Testing, Labeling & Certification)
In early 2013, Russia announced that it was banning all imports of U.S. meat (beef, pork and turkey) because of the use of the ractopamine feed additive. According the to the United States, Russia's policy disregards the extensive and expert scientific studies conducted by the Codex Alimentarius Commission, which has repeatedly determined that that animal feed containing the additive is completely safe for livestock and for humans that consume the meat. Ractopamine is also used in 27 countries.

Saudi Arabia: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

After the most recent BSE finding in the United States (April) the Saudi Arabia implemented a non-science based ban on imports of all U.S. beef.

Singapore: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Singapore currently bans imports of U.S. beef and beef products except for deboned beef from animals under 30 months of age. Singapore is currently conducting a risk assessment on beef and beef products and the United States is urging that the market be reopened based on OIE guidelines.

South Africa: BSE Restrictions (Standards, Testing, Labeling & Certification)

Although in June 2010 the Government of South Africa re-opened its market to U.S de-boned beef from cattle of all ages, it continues to prohibit the importation of all other beef products and beef cuts, as well as other U.S. ruminant animals and products. The United States is urging that the market be further reopened based on OIE guidelines.

South Korea: Tariff (Import Policies)

Prior to the implementation of the KORUS-FTA, U.S. beef exports to South Korea faced tariffs that ranged from 18% to 72%. Under the agreement, the 40% tariff on beef muscle meats will be phased-out over a 15-year period in equal installments, while the 18% tariff on American beef offals (feet, livers, tails and tongues) and the tariffs on other beef products, which range from 22.5% to 72%, will be eliminated in equal installments over 15 years.

The FTA also contains a South Korean "safeguard" of 270,000 tons for beef muscle meats, growing at a compound 2% annual rate to a final safeguard level of 354,000 tons in 15 years. The safeguard will be eliminated in year 16.

Estimated Potential Increase in Exports from Removal of Barrier

The USITC estimated that once the BSE issue was resolved and the KORUS-FTA fully implemented, American bovine meat product exports would increase by $0.6 billion to $1.8 billion per year and there could be a 1.8% job increase in U.S. beef output and employment nationwide.

In 2003, prior to the closing of the Korean market after the U.S. BSE finding, Washington exported $26.4 million worth of beef products to Korea. This level should increase under the KORUS-FTA.

South Korea: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

In 2003 U.S. beef exports to South Korea reached $814 million, accounting for 68% of total beef imports into South Korea, which was the third largest foreign market for U.S. beef. South Korea, however, banned all U.S. beef imports at the end of 2003 after the finding of bovine spongiform encephalopathy (BSE) in the United States.

In May 2007, the World Organization for Animal Health (OIE), which is in the international scientific body recognized by the WTO for issues related to animal disease and health, determined that the United States is a "controlled risk" country for the spread of BSE. This classification means that the United States maintains the OIE's recommended science-based measures to manage any risk of BSE in the U.S. cattle population.

In April, 2008, U.S. and South Korean negotiators reached an agreement on the sanitary rules governing U.S. beef exports to South Korea. The agreement allowed for the importation of all cuts of U.S. boneless and bone-in beef and other beef products from the other edible parts of cattle, regardless of the age, provided that all specified risk materials (SRM) known to transmit BSE had been removed and other conditions were met. Faced with a public backlash in South Korea, however, a "voluntary private sector arrangement" was reached in June 2008, which provides that only sales of U.S. beef, both boneless and bone-in, can be imported into South Korea if it comes from cattle that are under 30 months old when slaughtered and from which certain SRMs are removed. The voluntary agreement was intended to be only "a transition measure" but no timeline was established for further market opening.

In 2011 US beef and beef products exports to South Korea reached $686 million, a 33% increase over 2010 but only 84% of 2003 exports.

Sri Lanka: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Sri Lanka continues to prohibit the importation of all U.S. bovine products.

Taiwan: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

Following the BSE finding in the United States in late 2003, Taiwan banned the imports of all U.S. beef and beef products. Subsequently, Taiwan took several steps to re-open in the market, including allowing imports of U.S. deboned beef derived from cattle under 30 months of age in 2006. In October 2009, the United States and Taiwan agreed on a Protocol expanding market access for U.S. beef and beef products (for human consumption) based on science, the OIE guidelines, and the United States' controlled risk status. The Protocol defined all the conditions for the exportation of U.S. beef and beef products and the ultimate full re-opening of the market.

In January 2010, several months after the Protocol entered into force (November 2009), Taiwan's legislature adopted an amendment to Taiwan's Food Sanitation Act in January 2010 that effectively prohibit the importation of U.S. ground beef and certain offals and other beef products. In addition, Taiwan announced several new border measures, including a licensing scheme for permitted offal and imposed even stricter inspection requirements for certain "sensitive" beef offals (*e.g.*, tongue) that discourage imports of these products.

U.S. officials have continued to press this issue with their counterparts in Taiwan, urging Taipei to open its market fully based on science, the OIE guidelines, and the United States' controlled risk status.

Thailand: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Shortly after the positive BSE finding in the United States in late 2003, the Government of Thailand banned the importation of U.S. beef and beef products. Subsequently, Thailand partially opened its market and at the present time allows imports of U.S. deboned beef from animals less than 30 months of age. U.S. officials continue to urge their counterparts in Thailand to fully open the market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Turkey: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Turkey currently bans U.S. beef imports due to BSE concerns.

United Arab Emirates: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
The United Arab Emirates currently only allows imports of US beef from boneless cuts from cattle under the age of 30 months.

Uruguay: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
The Government of Uruguay has continued to prohibit the importation of all U.S. beef, beef products and live cattle since the BSE finding in the United States in late 2003. U.S. officials continue to urge their counterparts in Montevideo to fully open the country's market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Venezuela: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Venezuela has prohibited the importation of all U.S. beef, beef products and live cattle since the BSE finding in the United States in late 2003. U.S. officials continue to urge their counterparts in Caracas to fully open the country's market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

Vietnam: BSE Import Restrictions (Standards, Testing, Labeling & Certification)

The Government of Vietnam currently allows the importation of U.S. beef and beef products from cattle less than 30 months old. In July 2011, the two countries reached an agreement for exporting live U.S. cattle to Vietnam. U.S. officials continue to urge their counterparts in Hanoi to fully open the country's market to U.S. beef and beef products based on the OIE guidelines, science and the controlled risk status of the United States.

BLUEBERRIES

South Korea: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

At the present time, Washington state cannot export blueberries to South Korea because of a phytosanitary import prohibition.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of this barrier would lead to less than $5 million in blueberry exports.

CHERRIES

Algeria: Tariff (Import Policies)
The Government of Algeria currently imposes a 30% tariff on U.S. pear exports.

Argentina: Tariff and Statistical Tax (Import Policies)
The Government of Argentina charges a 10% import duty and a 0.5% statistical tax on American cherries. By comparison, imports of cherries from Argentina's MERCOSUR partners (Brazil, Paraguay and Uruguay) are exempt from the tariff and statistical tax. This tariff and tax discrepancy places U.S. cherry exporters at a competitive disadvantage and as a result, Washington cherries are not exported to Argentina.

Argentina: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Since the mid-1990s, the Government of Argentina has banned the importation of Pacific Northwest cherries due to concerns about cherry fruit fly and other insect pests. As of this time, the governments of the United States and Argentina have not reached an agreement on an export protocol.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the lifting of the cherry import prohibition would lead to less than $5 million in exports per year.

Bangladesh: Tariff (Import Policies)
The Government of Bangladesh imposes a 37% tariff on U.S. cherry imports. Once additional domestic taxes are added, that total tax burden on imported cherries is over 57%.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff would lead to an increase of less than $5 million in additional cherry exports due to current market conditions in Bangladesh.

Bolivia: Tariff (Import Policies)
The Government of Bolivia imposes a 15% tariff on U.S. cherry imports. Imports of fruit from the other members of the Andean Community (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay and Venezuela), as well as fruit from Chile, enter Bolivia duty-free.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that the tariff is eliminated, the industry estimates that U.S. cherry exports would increase by less than $5 million a year based on current market conditions in the country.

Brazil: Tariff (Import Policies)
The Government of Brazil assesses a 10% tariff (CIF) on imports of U.S. fresh sweet cherries. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on these products were eliminated on January 1, 1995.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Brazil, the industry estimates that U.S. cherry exports would increase by under $5 million a year if the country eliminated the tariff.

China: Tariff and VAT (Import Policies)
As part of its WTO accession commitments, China agreed to reduce the tariff on U.S. cherries from 30% to 10% in 2004. Although the tariff reduction is helpful it still deters cherry exports. In addition, China collects a 13% value added tax (VAT) on imported cherries, which the U.S. industry suspects is probably not collected on Chinese cherries. Failure, to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

U.S. cherries are also at a competitive disadvantage because under free trade agreements Chilean cherries started entering China duty-free in 2010, while the tariff on New Zealand cherries was eliminated in 2012.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011, Washington cherry exports to China reached $17.5 million, a huge jump over the previous year. Based on an assessment of current market conditions in China, the cherry industry estimates that annual exports would increase by less than $5 million per year if China eliminated the tariff.

Ecuador: Tariff (Import Policies)
The Government of Ecuador imposes a 25% ad valorem tariff on cherry imports. By contrast, cherry imports from other countries receive tariff preferences. Fruit imports from the other Andean Pact countries (Bolivia, Colombia, and Peru) and MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) enter Ecuador duty-free. Cherry imports from Chile receive duty-free treatment under a bilateral free trade agreement with Ecuador.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Ecuador, the U.S. cherry industry estimates that the elimination of the tariff would lead to under $5 million in additional exports per year.

Egypt: Tariff (Import Policies)
Sweet cherry exports to Egypt are limited by a 5% tariff on the CIF value of the shipment. Egypt also assesses another 3% administration fee and a 1% tax. Shipments over 500 tons are granted a 7% reduction in the customs tariff.

The U.S. cherry industry, however, is at a competitive disadvantage because cherries from the EU enter Egypt duty-free under the Agricultural Agreement of the European – Egypt Free Trade Agreement.

Estimated Potential Increase in Exports from Removal of Barrier
In the event that Egypt eliminated the tariff, the industry estimates that cherry exports would increase by under $5 million per year based on current market conditions.

EU: Tariff/TRQ (Import Policies)
U.S. sweet cherry exports face a 4% in-quota tariff early in the season. After the in-quota is exceeded, sweet cherries face a tariff that varies from 6% to 12%. The in-quota amount and above-quota tariff level severely limits cherry exports. The EU tariff schedule is as follows:

Arrival Date	Tariff (ad valorem)
1/1 – 4/30	12.0%
5/1 – 5/20	12.0% subject to a minimum 2.4 euro/100 kg/net
5/21 – 7/15	4.0% in-quota tariff up to 800 MTs (HS code 08092095)
5/21 – 6/15	12.0%
6/15 – 7/15	6.0%
7/16 – 12/31	12.0%

Estimated Potential Increase in Exports from Removal of Barrier
Based on current EU market conditions, the U.S. cherry industry estimates that sweet cherry exports would increase by less than $5 million per year if the EU eliminated the tariff, TRQ, entry price system and subsidies, as well as other trade-distorting measures.

EU: Entry Price System (Import Policies)

U.S. cherry exports to the EU are negatively impacted by the custom union's entry price system, which exposes importers to financial uncertainty and acts as a disincentive to the importation of fresh fruit. Under the EU entry price system, cherry imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU under the entry price are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92 and 100% of the entry price. The fixed tariff and the full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced product unfeasible.

Estimated Potential Increase in Exports from Removal of Barrier

If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade-distorting barriers, the U.S. cherry industry estimates that exports would increase by less than $5 million per year, based on current market conditions in the region.

EU: SPS Restrictions (Standards, Testing, Labeling & Certification)

As a condition for market entry, the EU requires cherries to be free from *Monilinia fructicola* (brown rot) and requires documentation indicating that controls have been applied in the field. These import requirements limit the supply of U.S. cherries that can qualify for importation into the EU.

There have been reports that brown rot exists in Europe but there are no known internal EU controls on the disease or on the movement of fruit within the EU from those countries where positive detections have been made. The Washington cherry industry urges the U.S. government to obtain an official report from the EU on the presence of brown rot and supporting technical documentation justifying its quarantine requirements.

Estimated Potential Increase in Exports from Removal of Barrier

If this SPS issue is resolved, the U.S. cherry industry estimates that exports would increase by less than $5 million per year based on current market conditions in the region.

India: Tariff (Import Policies)

The Government of India currently imposes a 30% duty on cherry imports.

Estimated Potential Increase in Exports from Removal of Barrier

In 2011Washington exported only $129,000 worth of cherries to India. The U.S. cherry industry estimates that their exports to India would increase by less than $5 million in the first year after the tariff is eliminated. This estimate is based on current market conditions in India. Sales would significantly increase if phytosanitary issues were resolved.

India: Methyl Bromide Fumigation Requirement (Standards, Testing, Labeling & Certification)

In addition to the 30% tariff and lack of a reliable cold chain, Pacific Northwest cherry exports are discouraged by India's requirement that cherries be fumigated with methyl bromide prior to exportation as a precautionary measure against the possible introduction of cherry fruit fly (Rhagoletis spp.*)*. Methyl bromide fumigation lowers the quality and shelf-life of cherries, particularly in a country with inadequate refrigeration and long transit times of ocean vessels.

Given the predominant climatic conditions in India, the biology of this insect and its management history in U.S. orchards, a system approach protocol can address India's phytosanitary concerns and should be replace the methyl bromide treatment requirement. In August of 2010, APHIS provided a draft protocol to India's Ministry of Agriculture and provided additional requested information to the Government of India in October 2011. As of this time, India has not responded to the new information.

Estimated Potential Increase in Exports from Removal of Barrier

Washington cherry exports to India reached $129 thousand in 2011, which was easily a record. The replacement of the fumigation requirement with a systems approach would provide for greater opportunity to export cherries to India.

Indonesia: Tariff (Import Policies)

U.S. cherry exports to Indonesia currently face a 5% tariff. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on cherries and other agricultural products.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. cherry industry estimates that the elimination of the tariff would lead to less than $5 million in annual increased exports.

Indonesia: Phytosanitary Import Restriction - Decree # 37 (Standards, Testing, Labeling & Certification)

On March 27, 2006 Indonesia implemented Ministry of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported cherries (and other fruits and vegetables) to control for fruit flies. These newly imposed regulations were not preceded by any formal pest risk analysis, pest interceptions on imports or immediate (perhaps any) evidence of risk to domestic production from U.S. cherries.

On June 13, 2012 the Government of Indonesia superseded Regulation 37 with Regulation 42 without any formal pest risk assessment or WTO notification. The regulation disregards important technical facts and international standards by requiring treatment of cherries for pests that do not attack cherries. It also requires treatment even though Indonesia does not grow cherries and cherry fruit fly hosts are not present in the

country. Therefore, the various cherry fruit flies that are present in the Pacific Northwest will not survive in Indonesia.

The U.S. government has provided detailed technical information to support its request for revisions to the regulation, beginning with comments that were submitted to Indonesia through the WTO in August 2005. As of this time, the Government of Indonesia has refused to resolve the problems impacting the importation of cherries. Cherries should be removed from Decree 42 as a commodity of concern for Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier
At the present time, few cherries are exported to Indonesia but the industry hopes to resolve this barrier to allow for future growth in exports. Based on current market conditions in Indonesia, the U.S. cherry industry expects an increase of less than $5 million in exports per year once the barrier is eliminated.

Iraq: Tariff (Import Policies)
The Government of Iraq collects a 20% tariff on any Washington cherry exports.

Israel: Tariff (Import Policies)
Israel's bound tariff rate for sweet cherries is roughly 83% ad valorem. The industry requests that the tariff be eliminated under the revised ATAP.

Estimated Potential Increase in Exports from Removal of Barrier
Once the tariff and the SPS barrier are eliminated, the industry would expect exports to increase by less than $5 million per year.

Israel: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
At the present time, the Government of Israel prohibits imports of U.S. cherries due to alleged concerns about plant pests and diseases. In June 2002, APHIS requested Israel to undertake a pest risk assessment (PRA) on Pacific Northwest cherries. The two countries have continued to exchange technical information so that Israel can finalize the PRA.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the lifting of the import prohibition would lead to less than $5 million in annual cherry exports to Israel.

Japan: Tariff (Import Policies)
Washington cherry exports to Japan face an 8.5% ad valorem duty. Washington cherry exports will be placed at a competitive disadvantage by the Chile-Japan bilateral trade agreement which is completely phasing-out the tariff over 6 years.

Estimated Potential Increase in Exports from Removal of Barrier

Since Japan opened its market in 1978, the Pacific Northwest has exported over 9 million cartons of fresh cherries to Japan, led by Washington State. Japan and Taiwan alternate as the largest foreign market for Washington cherries, with cherry exports reaching $15 million in CY 2011. The industry estimates that annual cherry exports to Japan would increase by less than $5 million per year after the elimination of the tariff.

Japan: Pesticide MRLs (Standards, Testing, Labeling & Certification)

The Washington cherry industry is very concerned with Japan's penalty structure for pesticide maximum residue level (MRL) violations. Penalties for violations can initially include increased inspection rates for shippers but these rates can increase to 100% hold and test policy for the entire commodity group if a second violation occurs. Negotiations between USTR and Japanese government officials led to a written agreement that provided substantial relief but no official Japanese policy changes have occurred. In the case of recent violations, Japan appears to have applied penalties only to affected shippers.

Estimated Potential Increase in Exports from Removal of Barrier

An agreement with Japan over the country's MRL sanctions policy might not necessarily lead to an increase in exports. However, an agreement will help reduce risk exposure and maintain access to this $55 million to $82 million annual export market for the U.S. cherry industry.

Japan: Phytosanitary Varietal import Prohibition (Standards, Testing, Labeling & Certification)

The Government of Japan (GOJ) insists on individually approving each new fresh cherry variety after USDA/ERS fumigation trials. Although the GOJ has approved 17 cherry varieties over the last decades, the U.S. cherry industry is seeking the approval of additional varieties. USDA has submitted research to Japanese officials that demonstrates that the efficacy of methyl bromide does not differ between varieties.

An example of Japan's unreasonable requirement is the submission by USDA/APHIS for approval of the Coral variety which has now undergone 30 commercial fumigation trials with each well exceeding the minimum requirements. This endless and arbitrary requirement of repeatedly testing each cherry variety restricts marketing opportunities and squanders the resources of USDA/APHIS, and the Agricultural Resource Service, as well as those of the industry.

Japan's varietal policy is not based on science and is inconsistent with their obligation under the WTO SPS agreement. It is important to note that Japan' varietal testing requirements have already been found to be in violation of trade rules as a result of the 1997 WTO Japan-Agricultural Products II case, which found them to be without scientific basis. Moreover, since 1978, the Pacific Northwest has exported over 33 million cherry cartons to Japan without any quarantine pest issue.

The Washington cherry industry is particularly unhappy with the October 22, 2010 final rule issued by the APHIS that allows all varieties of Japanese apples to be imported into the United States under the same provisions that previously allowed to the importation of the Fuji variety. In reaching this decision APHIS reasoned that the risk associated with allowing the importation of other varieties of apples was the same as that posed by Fuji apples.

The Washington cherry industry urges U.S. officials to insist that Japan adopt the same scientific approach with respect to their market access request for additional cherry varieties. In 2011, when U.S. officials traveled to Japan to seek reciprocity, they were stonewalled by their Japanese counterparts. Although the United States made the correct technical regulatory decision with respect to different varieties of Japanese apples, they did not obtain the same technical regulatory decision from Japan.

The United States has committed significant resources to a large cherry cultivation improvement project in Washington state and expects new varieties of cherries to continue to be introduced in the future. U.S. trade negotiators should press our trading partners to treat cherries as a single commodity.

Estimated Potential Increase in Exports from Removal of Barrier
The value of Pacific Northwest cherry exports to Japan would increase by up to $5 million annually if all varieties of fresh sweet cherries were approved under the current fumigation work plan for U.S. cherries.

Libya: Tariff (Import Policies)
The Government of Libya currently collects a 30% tariff on U.S. cherry imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. cherry industry estimates that exports to Libya would reach less than $5 million per year if the tariff were eliminated.

Malaysia: Tariff (Import Policies)
Effective October 29, 1999, Malaysia lowered the tariff on imported cherries to 5% ad valorem. The government collects an additional 5% sales tax on fresh fruit imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. cherry industry estimates that exports to Malaysia would reach less than $5 million per year if the tariff were eliminated.

Mexico: Phytosanitary Export Work Plan (Standards, Testing, Labeling & Certification)

The Government of Mexico (GOM) requires monitoring (trapping) for western cherry fruit fly (Rhagoletis indifferens). In response, USDA/APHIS provided information to the GOM that a 1995 NAFTA Technical Working Group noted that western cherry fruit fly was not of economic importance to Mexico because of the extremely limited scope of cherry production in the country.

APHIS has also pointed out that, given the distribution of the pest in the state of California, western cherry fruit fly was not ecologically adapted to the climate of northern Mexico's fruit growing areas. Apparently, Mexico is concerned about a native species, capulin cherry (*prunus serotina subsp. Salicifolia*), that is used as an indigenous food. In response, USDA/APHIS has proposed an existing fruit sampling protocol for western cherry fruit fly in place of the trapping requirement.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2012 cherry season, Pacific Northwest cherry exports to Mexico reached about $5 million. If the work plan issue is resolved, the industry sees growth potential in the Mexican market with the expansion of U.S. cherry production and resulting lower prices.

Norway: Tariff (Import Policies)

The Government of Norway collects a 5.57 Norwegian kroner (NOK) per kilo tariff on imported cherries all year round.

Philippines: Tariff (Import Policies)

The Government of the Philippines currently imposes a 5% import duty on cherries.

Russia: Tariff (Import Policies)

U.S. cherry exports to Russia are subject to a 5% duty.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in the country, the industry estimates that the elimination of the tariff on cherries would lead to under $5 million a year in additional exports to Russia.

South Africa: Tariff (Import Policies)

U.S. cherry exports to South Africa face a 4% ad valorem tariff. That tariff issue, however, is moot because the Government of South Africa currently prohibits the importation of U.S. cherries for phytosanitary reasons.

South Africa: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

The Government of South Africa prohibits the importation of U.S. cherries due to a number of phytosanitary issues being discussed by the two governments. The United States has submitted a pest risk assessment for sweet cherries to the South African government and awaits a response.

Estimated Potential Increase in Exports from Removal of Barrier

Based on exports to similar markets, the industry estimates that the lifting of the import prohibition would lead to less than $5 million in annual cherry exports to South Africa.

South Korea: Tariff on Canned Cherries (Import Policies)

U.S. canned cherry exports currently face a 45% South Korean tariff. Under the KORUS-FTA this tariff will be phased out over a decade.

South Korea: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

South Korea currently allows the importation of all sweet cherry varieties from specific counties in California, Idaho, Oregon and Washington on condition that they are fumigated with methyl bromide to control various pests, including codling moth. Research indicates that codling moth is an unlikely pest of fresh cherries.

Methyl bromide fumigation is expensive, harms the quality of the fruit and reduces shelf-life. The U.S. cherry industry is interested in eliminating the fumigation requirement and in June 2008 a systems work plan was submitted to the Korean National Plant Quarantine Service. Additional information was provided to South Korean officials in December 2008.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of the fumigation requirement will increase shelf-life and allow for fruit to be shipped via ocean vessel rather than air freight, thus reducing costs. Lower cost combined with an improved eating quality of fruit should grow sales. During the 2012 season, Pacific Northwest cherry exports to South Korea reached approximately $22.7 million. The industry estimates that the replacement of the methyl bromide fumigation requirement with a systems export protocol would result in an initial increase of approximately $5 million in sales, with further expansion of the market occurring over time.

South Korea: Pesticide Standards (Standards, Testing, Labeling & Certification)

During the 2011 and 2012 cherry seasons (end of June to late August) Pacific Northwest exporters experience periodic costly delays in clearing South Korea's import inspection process due to the country pesticide residue monitoring program.

The Korean Food and Drug Administration (KFDA) detains and conducts a 51 chemical multi-residue screen in two circumstances. The first occurs when a new packinghouse/exporter/importer combination, not previously tested, is found during the customs clearance process. The second reason is that KDFA also conducts a random hold and test pesticide residue detection program, not expected to exceed 5% of the shipments of any commodity.

In addition to the multi-residue test for the 51 known chemicals, each quarter an additional three chemicals are targeted for single-residue testing on selected produce. KFDA selects these three from a universe of 181 chemicals. Single residue tests are solely conducted by KFDA, and neither the chemicals nor the specific produce selected for testing are publicly disclosed. As a result, it is unknown whether or when cherries are subject to single residue testing. Also, KFDA recently began to require a new lead residue test for each new packinghouse/exporter/importer combination. Fruit can be moved to customers' cold storage facilities while awaiting testing results. Although most shipments clear customs the day submitted, USDA/FAS personnel in Seoul indicate that loads submitted for customs clearance later in the week may not clear customs in time for weekend promotions if randomly chosen for pesticide residue testing.

The industry believes that the hold and test procedure is a punitive action that disrupts the market and causes fruit quality loss when fruit is held without any evidence that residue violations are likely. The industry has urged USDA/FAS to seek a modification of this program with KFDA that either exempts Pacific Northwest fruit because of our positive track record or limits the program to sample and release testing until violations are noted in the commodity.

Estimated Potential Increase in Exports from Removal of Barrier:
Adjusting Korea's pesticide monitoring program for Pacific Northwest cherries will not necessarily increase exports but it will allow this highly perishable and time sensitive fruit to arrive in time for weekend promotion programs and the busiest time of the week for retail consumers. During the 2012 season, Pacific Northwest cherry exports to South Korea reached approximately $22.7 million .

Sri Lanka: Tariff (Import Policies)
The Government of Sri Lanka collects a 28% tariff on U.S. cherries, which is below the country's 50% bound rate.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the elimination of the tariff would lead to under $5 million in annual cherry exports.

Taiwan: Tariff (Import Policies)

U.S. cherry exports to Taiwan currently face a 7.5% duty. The U.S. cherry industry urges the elimination of the tariff.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that Taiwan's elimination of the tariff would lead to under $5 million in additional exports per year. This calculation is based on current market conditions in Taiwan.

Taiwan: Pesticide MRLS (Standards, Testing, Labeling & Certification)

In early 2009 the authorities in Taiwan took action related to previously unannounced increased enforcement of its pesticide maximum residue level (MRL) policy for imported food which disrupted exports of Pacific Northwest apples exports. The issue is particularly troubling because Taiwan currently has not established many MRLs for imported fruits and other specialty crops and does not have an adequate system to keep up with ongoing changes in U.S. pest management practices. The U.S. fruit and vegetable industry urges the Taiwanese Department of Health (DOH) to overcome a lack of resources as well as the legal inability or resistance to considering alternatives to establishing its own MRLs, such as deferring to Codex MRLs, or the MRLs established by its trading partners.

Although DOH has agreed to establish MRLs for a priority list of 248 products, this list is not exhaustive, as it does not contain a number of MRLs of importance to U.S. apple, pear and cherry growers. As a result, the U.S. industry urges American officials to urge their counterparts in Taiwan to defer to Codex MRLs or trading partner MRLs in the event that an import tolerance has not yet been established in Taiwan.

Estimated Potential Increase in Exports from Removal of Barrier were Removed

Establishing pesticide MRL tolerances in Taiwan will not necessarily increase the amount of exports from the U.S. but it will help to maintain access to this $60 million to $70 million annual export market for U.S. apples, pears and cherries.

Thailand: Tariff (Import Policies)

The Government of Thailand imposes a 40% ad valorem tariff on imported cherries, which poses a significant hurdle for Washington cherry exporters. Moreover, Washington cherries are at a competitive disadvantage because Thai duties on New Zealand cherries were eliminated under the Thailand-New Zealand Closer Economic Partnership, which entered into force on July 1, 2005. The Washington cherry industry urges the elimination of the Thai cherry duty.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Thailand, the industry estimates that the elimination of the tariff would lead to less than $5 million in additional exports each year.

Trinidad and Tobago: Tariff (Import Policies)
Trinidad and Tobago applies a 40% tariff on U.S. cherries, which is below its WTO bound rate of 100%

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. cherry industry estimates that annual exports would increase by less than $5 million after the elimination of the tariff.

Ukraine: Tariff (Import Policies)
The Government of Ukraine currently imposes a 5% tariff on U.S. cherry imports.

Venezuela: Tariff (Import Policies)
Venezuela assesses a 15% tariff on the ad valorem value of U.S. sweet cherry imports. U.S. exporters are placed at a competitive disadvantage by the duty-free treatment provided to cherry imports from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Cherry imports from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter Venezuela duty-free.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff would lead to less than $5 million in additional cherry exports per year.

Vietnam: Tariff (Import Policies)
Under Vietnam's WTO accession agreement, the tariff on U.S. cherries dropped to 10% in 2012. The industry urges that the tariff be eliminated as part of the ongoing WTO or Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that cherry exports to Vietnam will increase by less than $5 million per year after the tariff has been eliminated.

Vietnam: Transparency/Standards (Other)

Vietnam is in the process of reviewing the country's food safety regulations and has issued draft pest risk assessments for apples, cherries and pears. The industry is concerned that these PRAs might inhibit exports to Vietnam. Pacific Northwest fruit has been export to Vietnam for many years. For example, apples have been exported for over a decade without any incident. Although it is within Vietnam's right as a sovereign country to review its quarantine regulations, any such review should not limit trade of products that have not had any quarantine concerns (e.g., apples, pears and cherries).

It is important the Vietnam conduct its assessment of the plant health risk posed by apples, cherries and pears in a transparent manner and that any new regulations take into account international standards and are based on sound science.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. cherry industry views Vietnam as a growth market because it has a population of 84 million, with 60% of that population under the age of 25. During 2011 Washington exported over $650,000 worth of cherries to Vietnam. If market access requirements are transparent and based on international standards, the industry estimates that Pacific Northwest fruit sales should reach the upper end of the $5 million to $25 million range.

CORN

Japan: Tariff on Frozen Sweet Corn (Import Policies)
U.S. frozen sweet corn exports to Japan face a 10.5% tariff.

South Korea: Tariff on Canned Corn (Sweet) (Import Policies)
Under the U.S.-Korea FTA the current 30% tariff on imported frozen corn and the 15% tariff on canned corned will be phased-out over five years after the implementation of the agreement.

South Korea: Tariff on Frozen Corn (Import Policies)
South Korea currently imposes a 30% tariff on imports of frozen corn, which is above its bound rate of 54%. The 30% tariff on imported frozen corn will be phased-out over five years after the implementation of the bilateral free trade agreement between South Korea and the United States which is still awaiting congressional consideration.

DAIRY PRODUCTS

Cambodia: Tariff on Cheese (Import Policies)
U.S. cheese (HS0406.90.00) exports to Cambodia face a 35% tariff.

Canada: Tariff Rate Quotas (Import Policies)
Although NAFTA has been fully implemented some U.S. dairy products still face restrictive Canadian TRQs, with very high over-quota tariffs which typically range from 200% to 300%. Some of the limitations are as follows:

Dairy Product	Access in tons	Tariff Item Number (to 6-digit)
Milk Protein Substitutes	10,000	0350.40
Fluid Milk*	0	0401.10, 0401.20
Cream, Not Concentrated, No Sugar, (Heavy Cream)	394	0401.30
Skim Milk Powder	0	0402.10.10
Whole Milk Powder Whether or Not Sweetened	0	0402.21, 0402.29
Concentrated and Evaporated Milk	12	0402.91, 0402.99
Yogurt	332	0403.10
Powdered Buttermilk	908	0403.90
Liquid Buttermilk, Sour Cream	0	0403.90
Dry Whey	3,198	0404.10
Products Consisting of Natural Milk	4,345	0404.90
Butter, Fats and Oil from Milk	3,274	0405.10, 0405.90
Dairy Spreads	0	0405.20
Cheese	20,412	0406
Ice Cream Mixes	0	1806.20, 1806.90
Food Prep. With Milk Solids	70	1901.90
Food prep. with >= 25% ms; Not For Retail Sale	0	1901.20
Ice Cream and other Edible Ice	484*	2105.00
Milk Cream and Butter Subs.	0	2106.90
Non-Alcoholic Beverages Containing Milk	0	2202.90
Complete Feeds and Feed Supplements	0	2309.90

* Canada restricted the 484 MT TRQ for ice cream exclusively to ice cream in retail containers, thereby prohibition access for any bulk/ingredient ice cream products.

Although Washington dairy exports to the world totaled $461 million in 2011, Canada accounted for just $10.2 million of this total. Washington dairy exports would increase significantly if Canada agreed to eliminate many of these restrictions as part of the Trans Pacific Partnership negotiations.

Fluid Milk: Import for Re-Export Program for Fluid Milk (Import Policies)

U.S. dairy exports, particularly fluid milk products (HS 0401) can enter Canada under the country's Import for Re-Export Program (IREP), which allows Canadian processors to import certain dairy products provided the final product is re-exported from the country. The U.S. dairy industry believes that market access is undercut because many of the final products may re-enter the United States or enter other foreign markets where they then compete directly against U.S. dairy exports. Therefore, the U.S. industry does not believe that the IREP genuinely provides valuable market access.

Canada: Fluid Milk TRQ Administration (Import Policies)

Under its WTO commitments, Canada is obligated to provide a 64,500 MT TRQ fluid milk TRQ (HS0401.10.1000) but the country undercuts market access by banning commercial shipments from utilizing the TRQ. Instead, Canada unilaterally limited the TRQ to cross-border shoppers between the two countries.

Canada: Revised Cheese Standards for Cheese (Standards, Testing, Labeling and Certification)

While the U.S. dairy recognizes the right of every country to establish appropriate product standards, in 2008 Canada enacted new cheese compositional standards, which serve as significant non-tariff barriers that undercuts access to the market. The industry urges that these standards be address as part of the TPP negotiations because they were introduced after the implantation of NAFTA and the Uruguay Round agreements specifically with the intention to undercut market access.

EU: Geographical Indicators for Cheese (Lack of Intellectual Property Protection)

For the past few years, the European Union has been pursuing an increasingly aggressive strategy to restrict the use of common cheese names by non-EU producers in the EU and third countries through FTA negotiations and bilateral intellectual property discussions. The EU's clear goal is to advance their own commercial interests by advocating the EU's sole use of many cheese names that are commonly used around the world and considered to be generic in the United States and many other dairy producing countries. Cheese names that they have directly targeted for EU monopolization include feta, parmesan, asiago, gorgonzola, fontina, gruyere, munster and others. If successful, the EU's efforts will severely restrict U.S. and Washington cheese exports.

EU: Dairy Export Subsidies (Subsidies)

Under the EU's WTO commitments it is allowed to provide over 1 billion euros per year to subsidize dairy exports (724 million for on other dairy products, 346 million euros on cheese products and 298 million on skim milk powder.) These export subsidies allow EU producers to undercut their U.S. counterparts in third county markets.

Israel: Tariff Rate Quota (Import Policies)

U.S. dairy exports to Israel are seriously constrained by small TRQs and high over-quota tariffs established under the U.S.-Israel FTA. The U.S. industry urges Israel to provide the U.S. dairy industry with duty free market access.

Japan: Tariffs and TRQs (Import Policies)

The Government of Japan maintains high tariffs, TRQs and safeguards which restrict market access for U.S. dairy products. Despite all these barriers, U.S. dairy exports to Japan reached a record $225 million in 2011. The U.S. industry urges much greater market access in the event Japan joins the TPP negotiations.

Japan: Food Additive Approval System (Standards, Testing, Labeling & Certification

The U.S. dairy industry has submitted several petitions for the expansion of the usage of several food additives, including benzoic acid, potassium sorbate and calcium disodium EDTA in variety of dairy products. In some cases, the industry was merely requesting that Japan revise their current allowances to encompass a broader range of products, not the approval of entirely new additives. The industry is frustrated by the lack of transparency and the slow response of the Japanese MHLW.

Moreover all of these food additives have been evaluated by the Joint FAO/WHO Expert Committee on Food Additives (JECFA) and the USFDA, and are commonly used in the EU, Canada, Australia, New Zealand, and the United States. To date, none of the feedback from the MHLW has directed cited scientific reasoning as a basis for the rejection of the industry's submissions and, the technical data has been largely ignored.

Among the issues facing the industry is the difficulty in obtaining approval of safe food additives for benzoyl peroxide as a bleaching agent for whey and the application of natamycin (a preservative) to shredded, grated or sliced cheese. CODEX has approved both additives for use in whey and shredded/grated/sliced cheese, respectively.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011 Washington exported $64 million worth of dairy products to Japan.

New Zealand: Monopoly (Other)
One company controls approximately 90% of the milk produced in New Zealand. This monopolistic structure provides a huge advantage for New Zealand dairy exports as very few companies in any economic sector have the level of market share that New Zealand has obtained through domestic policies. The U.S. dairy industry insists that the TPP negotiations be used to finally address this monopoly through the introduction of reforms that will ultimately lower the level of market concentration afforded to one company in New Zealand.

South Korea: Tariff on Cheese (Import Policies)
South Korea currently imposes a 36% tariff on imported cheese. Under the U.S.-Korea FTA, Seoul provides U.S. cheese exports with a new duty-free TRQ of 7,000 MTs, which will grow at a compound 3% annual rate from year 2 through year 14 after the implementation of the agreement. Starting in year 15 all non-cheddar U.S. cheese can enter South Korea duty-free. Beginning in year 10 all U.S. cheddar imports can enter South Korea duty-free.

South Korea: TRQ Administration (Import Policies)
The Government of South Korea is using an auction system for many dairy TRQs, including milk powders and butter fat under the KORUS-FTA. Although the auction system was a negotiated element of the KORUS-FTA, the current auction policies have resulted in minimal usage of the allocated TRQs, thereby negating their value.

South Korea has established an unannounced minimum bid price and requires multiple bidders in order for an auction to grant any TRQ amounts, thereby increasing the price of imported milk powders. As a result, the usage rate of that TRQ to date has been extremely low. The U.S. industry urges U.S. officials to work with their Korean counterparts to evaluate these procedures to determine whether an alternate method is needed in this case. Specifically, the industry is urging greater transparency and for Korea to demonstrate that it is not setting the minimum bid price at a level that discourages greater usage of the TRQ.

GENERAL

China: Lack of Regulatory Transparency (Other)
The absence of regulatory transparency in China greatly increases the difficulty in exporting agricultural and processed food products to China. In terms of processed food products, there is no complete list of what is acceptable or not acceptable as a food ingredient. Some products have been rejected without explanation as to the problem ingredient, even though the Washington company had been successfully exporting them for years to China.

India: Tariffs on Value Added/Processed Food Products: Tariffs (Import Policies)
India has a rapidly expanding middle class and demand for imported foods, particularly from the United States, is growing. The excessively high tariffs, however, have increased further to nearly 40% for most processed food products, making it very difficult for U.S. exports to compete.

Pakistan: Tariffs on Fruits and Vegetables (Import Policies)
The Government of Pakistan imposes tariffs that range from 10% to 30% on imported vegetables and fruits.

Vietnam: Documentation Requirements for Processed Food Products (Standards, Testing, Labeling & Certification)
The Government of Vietnam requires the shipper to provide a manufacturer's "authorization letter" and a Certificate of Analysis for each exported processed food product. The certificate is very difficult to obtain because the manufacturer frequently considers the information to be proprietary and confidential. Moreover, Vietnam is the only country that requires a Certificate of Analysis. Some manufacturers do not feel that the cost of the Certificate of Analysis is worth the return of sales to Vietnam, a developing market, where mixed containers of food products are the norm.

In a developing a market such as Vietnam where mixed containers of food products are the norm, this is a very costly exercise that some manufacturers feel is not worth the return on sales.

GENETICALLY MODIFIED PRODUCTS

China: Import Prohibition (Standards, Testing, Labeling & Certification)

At the present time, China bans the importation of GMO products. As a result, one large Washington wholesaler/consolidator does not export any products containing tomatoes or corn. This greatly limits the export of cereals, popcorn and chips. Corn flakes, for example, are considered a GMO product and enter China only through the "gray market." For the same reason, Kraft food products are not exported to China. The only products the company sells in China are those that it manufactures in China.

India: GMO Restrictions on Processed Food Product (Standards, Testing, Labeling & Certification)

In August 2012 the Government of India implemented the Food Safety Standards Act of 2006, which appears to restrict items containing GMOs. This restriction would harm U.S. processed food exports since nearly all wheat- or corn-based products contain GMOs.

GRAPE JUICE

India: Tariff (Import Policies)

India currently imposes a 30% tariff on imported grape juice, which is much lower than the 85% bound rate.

HOPS

Canada: MRL Requirements (Standards, Testing, Labeling and Certification)

The Government of Canada recently added a new requirement to register crop protection products. Usually, in the United States crop protection registration for hops, as a minor crop, is completed by Inter-Regional Group 4 and involves four residue field trials in the Pacific Northwest, where the overwhelming majority of the country's hops are grown. It appears that the Government of Canada is requiring that one of the trials for registering a hop protection product in Canada must be conducted in Region 5, which is the upper Midwest/Great Lakes region. This requirement might be due to the fact that the small amount of hops that are grown in Canada are produced in this region just north of this border.

The new requirement creates an obstacle because hops are not grown in Region 5 and there are not enough hops grown in Canada to conduct required trials. In addition, there are also no known experiment stations working with hops in these areas.

Prior to this change, the four hop residue trials conducted in the Pacific Northwest met Canada's need for registering the products. The new requirement will prevent the registration of hops and MRLs in Canada in the future, thereby presenting an obstacle to exports. The industry urges Canada to amend its policy by allowing Pacific Northwest trials to meet the Canadian hop crop protection registrations requirements.

Estimated Potential Increase in Exports from Removal of Barrier

In 2011, the US shipped $12.8 million worth of hops to Canada with the large majority of shipments coming from Washington state. Any future chemical residue violation caused by Canada's change in policy would lead to an unnecessary publicity scare in Canada and reduced hop exports.

EU: Pesticide MRL Revocation (Standards, Testing, Labeling & Certification)

European regulators have concentrated more on reforming the European system for registering pesticides for use within the EU than on establishing MRLs since the establishment of the EU's harmonized MRL system in 2008. The EU is now pursuing a policy of revoking all existing MRLs if a pesticide has been withdrawn from further use within the EU. These changes are occurring without providing trading partners the opportunity to provide data to support MRLs that correspond to uses of the pesticide in foreign counties. Although the EU notifies such changes to the WTO, by this time the risk assessment has already been finalized and the only option for reinstating the MRL is to submit a new import tolerance application. This is a costly and slow process which can take 12 to 18 months and cost tens of thousands of dollars.

The U.S. hops industry urges U.S. officials to work with their EU counterparts to set up a system so that their trading partners are provided the chance to give their input on pesticide residue uses during the early stages of EU pesticide registration and review.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011, the U.S. hop industry exported $91.4 million worth of hops to the EU-7; the industry largest overseas market. Washington state accounted for almost all hop exports to the EU. The hop industry estimates that exports would increase by $10 million per year if the EU did not revoke the approval on any other pesticide MRL's.

Japan: Pesticide MRLs (Standards, Testing, Labeling & Certification)
Japan's current pesticide MRL policy requires the full registration in the country of origin prior to initially reviewing an import tolerance application. This policy can delay the establishment of an MRL by several growing years after the registration of the pesticide in the United States.

The U.S. industry urges Japanese and U.S. regulators to review pesticide application in tandem. The best outcome would be a policy change in Japan that would allow registrations to apply for MRLs in Japan at the same time that they are undertaking such action in the United States.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. hops industry exported $9.6 million worth of their product to Japan in 2011, with most of it grown in Washington State. Resolving this issue would increase exports by over $1 million a year.

NECTARINES

Australia: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The Government of Australian prohibits the importation of U.S. nectarines due to phytosanitary concerns.

China: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification
The Government of China currently prohibits the importation of U.S. nectarines due to phytosanitary concerns.

Japan: Tariff (Import Policies)
The Japanese government collects a 6.0% ad valorem duty on imports of nectarines. Japan allows all varieties of nectarines to be imported provided they are treated with methyl bromide.

Mexico: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
In July 2004 APHIS submitted a work plan to Mexico for peaches and nectarines, primarily to address Mexican concerns about Oriental Fruit Moth (OFM). Washington, Oregon and Idaho are seeking market access based on a systems approach that does not require the presence of Mexican inspectors in the Pacific Northwest.

The same Pacific Northwest growers currently export apricots to Mexico and peaches and nectarines to British Columbia, Canada under the OFM systems approach proposed to Mexico. OFM has never been detected in stone fruit shipments to British Columbia or in apricot shipments to Mexico. The industry seeks the same treatment for nectarine and peach exports, but Mexican officials note that the elimination of this requirement would necessitate a change to federal regulations.

The Washington stone fruit industry urges USTR and USDA/APHIS to work with the Mexican government to change the regulation that currently requires on-site verification.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that annual stone fruit exports to Mexico would be less than $5 million per year.

PEACHES

Australia: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The Government of Australian prohibits the importation of U.S. peaches due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
If the phytosanitary import prohibition were eliminated, Washington peach exports to Japan would be less than $5 million per year.

China: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification
Citing phytosanitary issues, the Government of China currently prohibits the importation of U.S. peaches.

Mexico: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
In July 2004 APHIS submitted a work plan to Mexico for peaches and nectarines, primarily to address Mexican concerns about Oriental Fruit Moth (OFM). Washington, Oregon and Idaho are seeking market access based on a systems approach that does not require the presence of Mexican inspectors in the Pacific Northwest.

The same Pacific Northwest growers currently export apricots to Mexico and peaches and nectarines to British Columbia, Canada under the OFM systems approach proposed to Mexico. OFM has never been detected in stone fruit shipments to British Columbia or in apricot shipments to Mexico. The industry seeks the same treatment for nectarine and peach exports, but Mexican officials note that the elimination of this requirement would necessitate a change to federal regulations.

The Washington stone fruit industry urges USTR and USDA/APHIS to work with the Mexican government to change the regulation that currently requires on-site verification.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that annual stone fruit exports to Mexico would be less than $5 million per year.

Japan: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

Japan prohibits the importation of U.S. peaches due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier

If the phytosanitary import prohibition were eliminated, Washington peach exports to Japan would be less than $5 million per year.

Russia: Tariff (Import Policies)

The Government of Russia imposes a 5% tariff on imported peaches.

South Korea: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

At the present time, U.S. peach growers cannot export their product to South Korea because of a phytosanitary import prohibition.

Estimated Potential Increase in Exports from Removal of Barrier

The elimination of this barrier would lead to less than $5 million in peach exports from Washington state.

PEARS

Algeria: Tariff (Import Policies)
U.S. pear exports to Algeria are restricted by a 30% tariff.

Argentina: Tariff and Statistical Tax (Import Policies)
The Government of Argentina collects a 10% tariff and a 0.5% statistical tax on U.S. pears. By contrast, imports of pears from Argentina's MERCOSUR partners (Brazil, Paraguay and Uruguay) are exempt from the tariff and statistical tax. This tariff and tax discrepancy places U.S. pear exporters at a competitive disadvantage.

The last time Washington exported pears to Argentina was in 1999. The Government of Argentina has not issued any import permits since 2009 due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina exports a significant quantity of pears to the U.S. market. As a result, the elimination of Argentina's tariff on pears would help level the playing field for the U.S. pear industry, which estimates that pear exports would increase by less than $5 million per year if the tariff and subsidy programs were eliminated. This estimate is based on current market conditions.

Argentina: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Sometime prior to 2009 Argentine pear importers were no longer able to obtain import permits from the Government of Argentina, which apparently suspended imports due to concerns over the transmission of *Erwinia amylovora*, the bacteria that causes fire blight. In 2009 USDA/APHIS submitted technical information to the Government of Argentina that documents that the risk of transmitting the bacteria on mature symptomless pears is very low.

The Government of Argentina, however, has not responded to APHIS' letter. Instead, Argentina has started its own pest risk assessment, indicating that the information will be used to determine the import permit requirements for pears.

For several reasons, the U.S. pear industry believes that Argentina's actions can only be interpreted as being designed to prohibit imports or perhaps gain some negotiating leverage in plant health negotiations with USDA. First, there have been no reported pest violations on any U.S. pear shipments to Argentina. Second, only a small amount of pears have ever been exported to Argentina each year (less than 100 MTS per year.) Third, there is only a very short shipping season of one or two months. And finally, there is a lack of risk from fire blight as demonstrated in the WTO dispute resolution decisions in U.S. vs. Japan and New Zealand vs. Australia.

Given these factors and the low risk posed by U.S. pears, Argentina should issue import permits with the requirements that were in effect prior to 2009.

Estimated Potential Increase in Exports from Removal of Barrier
The last time Washington exported pears to Argentina was in 1999. The industry estimates that the lifting of the pear import prohibition would lead to less than $5 million in exports per year.

Argentina: Export Rebate Subsidy (Export Subsidy)
The Government of Argentina subsidizes pear exports by means of an export rebate program. The rebate is based on the FOB price per MT as declared by the exporter. Pear exports in boxes containing 2.5 kilos or less (net weight) receive a 6% rebate. Exports of pears in boxes above 2.5 kilos and less or equal to 20 kilos (net weight) are subsidized by a 5% rebate.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina is a significant exporter of pears to the United States and the country's growers do not need subsidies because they already enjoy cost of production advantages over U.S. producers. The U.S. pear industry estimates that pear exports would increase by less than $5 million per year if the tariff and subsidy programs were eliminated. This estimate is based on current market conditions.

Australia: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
With the exception of Ya pears and Fragrant Pears from China and Nashi pears from Japan, China and South Korea, the Government of Australia prohibits the importation of pears due to a variety of phytosanitary issues. (The country does not impose a tariff on pear imports.) By contrast Australian pears have access to the U.S. market.

As with apples, the main phytosanitary issue is the bacterial disease fire blight, which Australian officials fear could be transmitted to their own crop. The U.S. position is that mature, symptomless fruit that were produced under commercial conditions have not been shown to transmit the disease. Research supporting this position was published in 2007.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that the lifting of this import prohibition would lead to less than $5 million in U.S. pear exports per year based on sales to similar markets.

Bangladesh: Tariff (Import Policies)
The Government of Bangladesh assesses a 37% tariff on U.S. pear imports. The effective tax rate on imported pears rises to over 57% once domestic taxes are included.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff would lead to an increase of less than $5 million in additional pear export based on current market conditions in Bangladesh.

Bolivia: Tariff (Import Policies)
U.S. pear exports to Bolivia face a 15% tariff. Exports of fruit from other Andean Community countries (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela), enter Bolivia duty-free. Chilean pears also receive duty-free treatment under a bilateral trade agreement.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Bolivia, the industry estimates that U.S. pear exports would increase by less than $5 million a year if the tariff was eliminated.

Brazil: Tariff (Import Policies)
The Government of Brazil imposes a 10% duty (CIF) on U.S. pear imports. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on their pears were eliminated on January 1, 1995.

Estimated Potential Increase in Exports from Removal of Barrier
In 2011 Washington pear exports to Brazil totaled nearly $10 million. Based on current market conditions in Brazil, the industry estimates that U.S. pear exports would increase by under $5 million a year if the country removed the tariff.

China: Tariff (Import Policies)
Under the WTO accession agreement, China reduced the tariff on U.S. pears to 10% in 2004. Fresh fruit imports also are subject to a 13% value-added tax, which the U.S. industry suspects is probably not collected on much of China's domestic crop. At the present time, however, the tariff issue is moot because Beijing maintains a phytosanitary import ban against U.S. pears.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the U.S. pear exports would increase by less than $5 million per year if China eliminated the tariff and phytosanitary import prohibition.

Ecuador: Tariff (Import Policies)

Ecuador collects a 17% ad valorem tariff on pear imports from the United States. By comparison, pear imports from the other Andean Pact countries (Bolivia, Colombia, and Peru) and MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) enter Ecuador duty-free. Chilean pears also receive duty-free treatment under a bilateral free trade agreement with Ecuador.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Ecuador, the U.S. pear industry forecasts that annual exports would increase by less than $5 million if Ecuador eliminated the tariff.

Egypt: Tariff (Import Policies)

U.S. pear exports to Egypt face a 20% ad valorem tariff on the CIF value of the shipment. Egypt also assesses another 3% administration fee and a 1% tax. Shipments over 500 tons are granted a 7% reduction in the customs tariff.

U.S. pear growers, however, are at a competitive disadvantage because pears from the EU enter Egypt duty-free as of July 2010 under the Agricultural Agreement of the European –Egypt Free Trade Agreement. The Egyptian market for U.S. pears is very small and unlikely to grow unless the tariff disparity with the EU is eliminated.

Estimated Potential Increase in Exports from Removal of Barrier

In the event that Egypt eliminated the tariff, the U.S. pear industry estimates that exports would rise by less than $5 million per annum based on current market conditions.

EU: Tariff (Import Policies)

The European Union tariff on pear imports varies from month-to-month. The European quota and tariff on U.S pear exports are too restrictive. By comparison, foreign pears enter the U.S. market duty-free from April 1 to June 30 and are assessed only a 0.3 cents/kilogram duty at any other time. The current EU tariff schedule is as follows:

Arrival Date	Tariff (Ad valorem)
1/1 – 1/31	8.0%
2/1 – 3/31	5.0%
4/1 – 4/30	0.0%
5/1 – 6/30	2.5%, subject to a minimum of 1 euro.100kg/net
7/1 – 7/15	0.0%
7/16 – 7/31	5.0%
8/1 – 12/31	5.0% in-quota tariff for 1,000 MTs
8/1 – 10/31	10.4%
11/1 – 12/31	10.4%

Estimated Potential Increase in Exports from Removal of Barrier
If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade-distorting barriers, the U.S. pear industry estimates an increase of less than $5 million in exports per year. This estimate is based on current market conditions in the region.

EU: Entry Price System (Import Policies)
U.S. pear exports to the EU are limited by an entry price system, which is a disincentive to the importation of fresh fruit by exposing importers to financial uncertainty. Under the EU entry price system, pear imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU below the entry price are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The fixed tariff and the full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced product unfeasible.

Estimated Potential Increase in Exports from Removal of Barrier
If the EU eliminated its tariff, TRQ, entry price system and subsidies, as well as other complicated trade-distorting barriers, the U.S. pear industry estimates that exports would increase by less than $5 million per year, based on current market conditions in the region.

India: Tariff (Import Policies)
India currently applies a 30% tariff on the CIF value on pear imports from the United States. U.S. pear imports do not compete with Indian production because domestic pears are sold out by the end of early September while U.S. pears do not arrive in India until October at the earliest.

India often adjusts tariffs during its annual budget setting process. The United States usually submits a priority list of products for consideration during this process in an effort to obtain unilateral tariff rate reductions. Apples and pears have been on the list of priorities in the past and should continue to be included in the future.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that exports to India would increase by less than $5 million in the first year after the removal of the tariff but could reach $5 million to $25 million over a five-year period. These estimates are based on current market conditions in India.

India: Fumigation Requirement (Standards, Testing, Labeling & Certification)

On January 3, 2012 India issued draft notice of proposed rule changes to phytosanitary requirements for apples and pears. The proposed changes for the United States were the addition of 22 insect pests to the quarantine list and more importantly ended the acceptance of "pest free area" status providing quarantine security for *Ceratitis capitata* (Mediterranean fruit fly.) In addition, India proposed requiring methyl bromide fumigation (at 69.8 degrees F) and cold treatment prior to shipment as treatment requirements. The Washington apple and pear industry fears that the implementation of this policy will eliminate apple and pear exports to India.

There are two main problems with India's proposal. The first is that Mediterranean fruit fly has never been known to occur in the Pacific Northwest. The second major problem is that the measure is not consistent with India's obligations under the WTO Sanitary and Phytosanitary Agreement, including not taking into account pest-free areas.

USDA/APHIS, as well as their counterparts in New Zealand and Chile, submitted technical comments in March seeking changes to these requirements. Among other things, APHIS has urged India to recognize the "pest-free" status for Mediterranean fruit fly for our apple and pear exports.

Estimated Potential Increase in Exports from Removal of Barrier

If enacted, this new requirement will end all Washington apple and pear exports to India because methyl bromide fumigation will significantly damage the fruit, making them unacceptable to customers. During the 2011-2012 season Pacific Northwest apple and pear exports to India reached an estimated $70 million (FOB).

Indonesia: Tariff (Import Policies)

The Government of Indonesia currently assesses a 5% tariff on pear imports from the United States. Under the China-ASEAN trade agreement, Chinese apples enter Indonesia duty-free, placing U.S. products at a competitive disadvantage.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. pear industry estimates that the elimination of the tariff would lead to less than $5 million in annual increased exports.

Indonesia: Phytosanitary Import Restriction – Decree 37 (Standards, Testing, Labeling & Certification)

On March 27, 2006 Indonesia implemented Ministry of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported pears, as well as other fruits and vegetables, to control for fruit flies. These newly imposed regulations were not preceded by any formal pest risk analysis, pest interceptions on imports or immediate (perhaps any) evidence of risk to domestic production from U.S. pears.

On June 13, 2012 the Government of Indonesia superseded Regulation 37 with Regulation 42 without any formal pest risk assessment or WTO notification. The regulation disregards important technical facts and international standards by requiring treatment of pears for pests that do not attack this fruit. It also requires treatment despite the fact that Indonesia does not have host material for some of these fruit flies and does not have a climate suitable for establishing and spreading fruit flies occurring in the Pacific Northwest.

The U.S. government has provided detailed technical information to support its request for revisions to the regulation, beginning with comments that were submitted to Indonesia through the WTO in August of 2005. The U.S. pear industry argues that pears should be removed as a commodity of concern to Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier
Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. pear industry anticipates that exports will increase by less than $5 million per year.

Iraq: Tariff (Import Policies)
The current Iraqi tariff rate on U.S. pears is 20%.

Israel: Tariff Rate Quota (Import Policies)
The United States and Israel signed a free trade agreement in 1985 but Israel argued that the agreement did not cover agricultural products. As a result, in 1996 the United States and Israel signed the Agreement on Trade in Agricultural Products (ATAP), which does not consist of any text, but rather a schedule of tariff rates, reference prices and quotas that were negotiated by the two countries. In 2004 the U.S. and Israel renegotiated the 1996 ATAP, which had expired in 2001.

The vast majority of Israel's agricultural products have duty-free access to the U.S. market. Israel's bound tariff rate on pears is approximately 446%. Under the ATAP TRQ, however, U.S. in-quota pear imports can enter Israel duty-free. The pear quota was set at 1,364 MTs in 2012). The U.S. pear industry would like unrestricted access under any new agreement.

Estimated Potential Increase in Exports from Removal of Barrier
In CY 2011 Washington pear exports to Israel reached $1.6 million. Once the TRQ is eliminated, the industry would expert exports to increase by less than $5 million per year.

Israel: Administration of Tariff Rate Quota (Import Policies)

During the negotiations for the 2004 Agreement on Trade in Agricultural Products, Israel committed to reform its administration of its TRQ system on the basis of "first come, first serve." Unfortunately, Israel continues to issue import permits to individuals that do not import pears and these persons then sell their allotted TRQ volume to those that are engaged in commercial trade.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2011 Washington pear exports to Israel reached $1.6 million. Once unlimited duty-free access is acquired and the TRQ system restructured, the industry would expect exports to increase by less than $5 million per year.

Israel: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)

On March 18, 2009 Israel's Plant Protection and Inspection Service notified USDA/APHIS of forthcoming changes to the cold treatment requirement for the importation of pears which are aimed at mitigating the risks from apple maggot and plum curculio. In an effort to avoid phytosanitary mitigation measures that would further restrict U.S. growers from shipping to Israel the two countries have been exchanging technical information and research.

U.S. pears have been exported to Israel from many years without any detection of live apple maggot or plum curculio (Rhagoletis pomonella and Conotrachelus nenuphar), two primary pests of concern to Israel. During the most recent bilateral meetings (August 2011), the United States provided current trial data by Cornell University on efficacy of cold treatment for apple maggot that supported previous trials dating back to the 1940s. Israel, however, continues to refuse to accept a standard cold treatment that has been in use for major markets for many years without any failure. However, while talks continue on specific technical questions, Israel did agree to drop plum curculio as a pest of concern and will allowed access for U.S. pears under a temporary cold treatment protocol effective until September 12, 2012. This temporary cold treatment protocol is based on treatment schedules which the U.S. industry hopes to make permanent. As of this time, Israel has not formally extended the September 12 deadline or permanently approved the cold treatment protocol.

Estimated Potential Increase in Exports from Removal of Barrier

If the issue is resolved, the U.S industry would maintain a market that supports approximately $5 million in yearly sales of Pacific Northwest apples and pears.

Japan: Tariff (Import Policies)

The Government of Japan imposes a 5% tariff on pear imports. The tariff issue, however, is moot because the country prohibits the importation of pears for alleged phytosanitary reasons.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that annual pear exports to Japan would reach approximately $5 million if the phytosanitary and tariff issues were resolved.

Japan: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Japan prohibits the importation of U.S. pears because of plant quarantine concerns related to the bacterial disease, fire blight. The U.S. position is that mature, symptomless fruit produced under commercial conditions have not been shown to transmit the disease. In 2007 research substantiated the U.S. position.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that U.S. pear exports to Japan would reach less than $5 per year if Japan lifted the import ban. This estimate is based on sales to similar markets.

Libya: Tariff (Import Policies)
The Government of Libya currently assesses a 40% tariff on U.S. pear imports.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. pear industry estimates that exports to Libya would reach less than $5 million per year if the tariff were eliminated.

Malaysia: Tariff (Import Policies)
Effective October 29, 1999, Malaysia lowered the tariff on imported pears to 5% ad valorem. The government collects an additional 5% sales tax on fresh fruit imports.More importantly, under the People's Republic of China-ASEAN trade agreement, Chinese pears enter Malaysia duty-free, placing U.S. pear shippers at a competitive disadvantage.

Estimated Potential Increase in Exports from the Removal of Barrier
The U.S. pear industry estimates that exports to Malaysia would reach less than $5 million per year if the tariff were eliminated.

Norway: Tariff (Import Policies)
The Government of Norway assesses a 4.41 NOK per kilo tariff on imported pears between August 11 and November 30. The rate falls to 0.02 NOK per kilo during the rest of the year.

Philippines: Tariff (Import Policies)
U.S. pear exports to the Philippines currently face a 5% import duty.

Russia: Tariff (Import Policies)
U.S. pear exports to Russia are subject to a 5% duty.

Estimated Potential Increase in Exports if Barrier were Removed
Based on current market conditions in the country, the industry estimates that Russia's elimination of the tariff would lead to under $5 million a year in additional pear exports.

South Africa: Tariff (Import Policies)
South Africa collects a 5% ad valorem tariff on imports of U.S. pears. The industry's main concern is not the tariff, but rather the phytosanitary importation prohibition maintained by the Government of South Africa over concerns about the bacterial disease fire blight.

South Africa: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The U.S. pear industry cannot export its product to South Africa due to a phytosanitary import prohibition. The two governments have held discussions but have not been able to resolve the issues.

Estimated Potential Increase in Exports from Removal of Barrier
Based on exports to similar markets, the lifting of the import prohibition would lead to less than $5 million in annual pear exports to South Africa.

South Korea: Tariff (Import Policies)
U.S. pear exports to South Korea currently face a 45% tariff. South Korea, however, prohibits the importation of U.S. pears due to plant quarantine concerns. Under the U.S.-South Korean FTA, the tariff on non-Asian pear varieties will be phased-out over 10 years, while the tariff on Asian pear varieties is eliminated over 20 years.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the removal of the phytosanitary restriction and tariff would lead to less than $5 million in pear exports each year.

South Korea: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Currently, South Korea prohibits the importation of U.S. pears due to a number of alleged plant quarantine concerns under discussion between the two countries.

Estimated Potential Increase in Exports from Removal of Barrier:
The industry estimates the removal of the phytosanitary restriction and 45% tariff would lead to less than $5 million to $25 million in pear exports each year.

Sri Lanka: Tariff (Import Policies)

U.S. pear exports to Sri Lanka face a 28% tariff, which is below the country's bound rate of 50%.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the elimination of the tariff would lead to under $5 million in annual pear exports.

Taiwan: Tariff (Import Policies)

Effective January 1, 2002, the Taiwanese tariff on U.S. pears declined to 10% under the country's WTO accession agreement. The U.S. pear industry urges the elimination of the duty.

Estimated Potential Increase in Exports from Removal of Barrier were Removed

Based on current market conditions in Taiwan, the industry estimates that sales would increase by under $5 million per year if the country eliminated the tariff.

Taiwan: Pesticide MRLs (Standards, Testing, Labeling & Certification)

In early 2009 the authorities in Taiwan took action related to previously unannounced increased enforcement of its pesticide maximum residue level (MRL) policy for imported food which disrupted exports of Pacific Northwest pear exports. The issue is particularly troubling because Taiwan currently has not established many MRLs for imported fruits and other specialty crops and does not have an adequate system to keep up with ongoing changes in U.S. pest management practices. The U.S. fruit and vegetable industry urges the Taiwanese Department of Health (DOH) to overcome a lack of resources as well as the legal inability or resistance to considering alternatives to establishing its own MRLs, such as deferring to Codex MRLs, or the MRLs established by its trading partners.

Although DOH has agreed to establish MRLs for a priority list of 248 products, this list is not exhaustive, as it does not contain a number of MRLs of importance to U.S. apple, pear and cherry growers. As a result, the U.S. industry urges American officials to urge their counterparts in Taiwan to defer to Codex MRLs or trading partner MRLs in the event that an import tolerance has not yet been established in Taiwan.

Estimated Potential Increase in Exports from Removal of Barrier were Removed

Establishing pesticide MRL tolerances in Taiwan will not necessarily increase the amount of exports from the U.S. but it will help to maintain access to this $60 million to $70 million annual export market for U.S. apples, pears and cherries.

Thailand: Tariff (Import Policies)
The Government of Thailand imposes a 30% tariff on U.S. pears, which is a significant barrier to Washington pear exports, particularly since other countries enjoy duty-free market access under other trade agreements.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Thailand, the industry estimates that the elimination of the 30% tariff would lead to less than $5 million in additional pear exports per year.

Trinidad and Tobago: Tariff (Import Policies)
Trinidad and Tobago applies a 40% tariff on U.S. pears, which is below its WTO bound rate of 100%

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. pear industry estimates that annual exports would increase by less than $5 million after the elimination of the tariff.

Turkey: Tariff (Import Policies)
The Turkish tariff on imported pears is currently 60.3%.

Ukraine: Tariff (Import Policies)
The Government of Ukraine currently imposes a 5% tariff on imported U.S. pears between December 1 and March 31 every year. From April 1 to November 30, U.S. pears face a 10% tariff.

Venezuela: Tariff (Import Policies)
Venezuela imposes a 15% tariff on the ad valorem value of pear exports from the United States. U.S. pear exporters are placed at a competitive disadvantage by the duty-free treatment provided to pear imports from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Pear imports from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter Venezuela duty-free. As a result, Washington pears are effectively excluded from Venezuela for much of the year.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff and the granting of import permits without restriction would lead to less than $5 million in additional pear exports per year.

Venezuela: Pear: Import Permits (Import Policies)

In 2010, Venezuela ceased issuing import permits for most of the year in order to protect domestic fruit producers and conserve foreign exchange. The effect of this policy is to close the Venezuelan market to pear imports.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff and the granting of import permits without restriction would lead to less than $5 million in additional pear exports per year.

Vietnam: Tariff (Import Policies)

Under Vietnam's WTO accession agreement, the tariff on U.S. pears dropped to 10% in 2012. The industry urges that the tariff be eliminated as part of the ongoing WTO or Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier

The pear industry estimates that exports to Vietnam will increase by under $5 million after Vietnam eliminates the tariff.

Vietnam: Transparency/Standards (Other)

Vietnam is in the process of reviewing the country's food safety regulations and has issued draft pest risk assessments for apples, cherries and pears. The industry is concerned that these PRAs might inhibit exports to Vietnam. Pacific Northwest fruit has been export to Vietnam for many years. For example, apples have been exported for over a decade without any incident. Although it is within Vietnam's right as a sovereign country to review its quarantine regulations, any such review should not limit trade of products that have not had any quarantine concerns (e.g., apples, pears and cherries).

It is important the Vietnam conduct its assessment of the plant health risk posed by apples, cherries and pears in a transparent manner and that any new regulations take into account international standards and are based on sound science.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. pear industry views Vietnam as a growth market because it has a population of 84 million, with 60% of that population under the age of 25. In 2011, Washington pear exports to Vietnam almost reached $200,000. If market access requirements are transparent and based on international standards, with the Vietnam's WTO tariff rate commitments the industry estimates that Pacific Northwest fruit sales should reach the upper end of the $5 million to $25 million range.

PLUMS

Australia: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The Government of Australian prohibits the importation of U.S. plums due to phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
If the phytosanitary import prohibition were eliminated, Washington plum exports to Japan would be less than $5 million per year.

China: Tariff (Import Policies)
U.S. plum exports face a 10% tariff. By contrast, in 2010 Chilean entere China duty free, while New Zealand plums faced a reduced tariff under bilateral trade agreements.

Mexico: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)
At the present time, Washington state cannot export plums to Mexico because an export protocol has not been established.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of this barrier would lead to less than $5 million in plum exports.

South Korea: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
South Korea currently prohibits the importation of U.S. plums based on phytosanitary concerns.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of this barrier would lead to less than $5 million in plum exports from Washington state.

PORK

South Korea: Tariff (Import Policies)

At the present time, U.S. pork exports to South Korea face applied tariffs of 25% for frozen products and 22.5% for fresh or chilled products. Under the U.S. –Korean FTA, however, Korean tariffs on 90% of U.S. pork imports, including all frozen and process pork imports, will be phased-out within several years after implementation of the agreement.

POTATO PRODUCTS

Angola: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fry exports to Angola currently face a 15% tariff.

Argentina: Tariffs on Processed Potatoes (Import Policies)
The Government of Argentina imposes 10% to 14% tariffs on potato products from non-MERCOSUR countries. The current tariff on frozen French fries is 14%. Moreover, U.S. exporters are placed at a competitive disadvantage due to the preferential tariffs provided to regional producers. The industry urges Argentina to significantly reduce its tariffs on processed potatoes as part of the ongoing WTO round of negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
Quick Service Restaurants are making inroads into the Argentine market, increasing the demand for frozen French fries. Washington has not exported frozen French fries to Argentina since 2002. If U.S. frozen fry exporters were provided with the same level of market access enjoyed by regional competitors, the industry estimates that exports would increase by several million dollars per year.

Argentina: Phytosanitary Import Prohibition on Seed Potatoes: (Standards, Testing, Labeling & Certification)
The phytosanitary basis for the Government of Argentina's current ban on the importation of American seed potatoes is unclear.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the lifting of the import prohibition would immediately lead to $3 million in seed potato exports due to Argentina's large processing industry.

Botswana: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fry exports to Botswana currently face a 20% tariff and a 15% VAT.

Brazil: Tariff on Fresh Potatoes (Import Policies)
As a member of MERCOSUR, Brazil maintains a Common External Tariff (CET) of 10% on imports of U.S. fresh potatoes.

Brazil: Tariff on Frozen French Fries (Import Policies)

As a member of MERCOSUR, Brazil maintains a Common External Tariff (CET) of 14% on imports of American frozen French fries. In addition, Brazil recently proposed increase tariffs on 100 products, including frozen French fries and on September 27, 2012 announced that it had raised the tariff on frozen French fries to 25%, which is below the country's bound rate of 35%. The rate is supposed to be valid for one year with the possibility that it will be extended until the end of 2014.

The tariff increases the price differential between higher cost U.S. frozen French fries and lower cost product from Canada, the Netherlands, and Argentina. As a result, the U.S. industry has completely lost the market to Argentina, which receives preferential tariff rates under MERCOSUR, and to the EU.

Estimated Potential Increase in Exports from Removal of Barrier

U.S. frozen French fry exporters believe that the large Brazilian economy offers significant opportunities. If the industry received the same tariff treatment as that provided to Argentine industry, U.S. exports would increase by several million dollars annually.

Brazil: Sulfite Tolerance for Dehydrated Potatoes (Standards, Testing, Labeling & Certification)

Brazilian authorities have not established a sulfite food additive tolerance for dehydrated potatoes. As a result, the American dehydrated potato products industry cannot use sulfites in products exported to Brazil. The U.S. processed potato industry urges Brazil to apply a sulfite tolerance level at the internationally-accepted standard of approximately 500 ppm.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-2012 marketing year the U.S. industry exported $150,000 in dehydrated potato products to Brazil. If Brazil establishes a higher sulfite tolerance, the U.S. industry expects high quality product could be exported to Brazil leading to $5 million in sales.

Brazil: Phytosanitary Import Restrictions on Seed Potatoes (Standards, Testing, Labeling & Certification)

In 2004 the Government of Brazil officially agreed to open the market to U.S. seed potatoes but exports have been held back by a series of obstacles. The most significant obstacle is that Brazil sometimes applies requirements for seed potatoes that go beyond the agreed upon IN-6 regulation governing the importation of seed potatoes.

This policy reflects the lack of transparency in Brazil's import regulations. Shipments are frequently stopped at ports while "fees" are requested before they are released. Failure to pay the fees often leads to unexpected problems with the shipment such as soil or pest finds. These problems are not unique to U.S. seed potatoes.

In recent years Brazilian potato growers complained to their government about the difficulties they face in obtaining the release of seed potato imports because they feared that they would miss the planting season.

The U.S. industry urges the Government of Brazil to establish transparent and predictable import requirements based on sound science and international SPS principles.

Estimated Potential Increase in Exports from Removal of Barrier
Given the large Brazilian potato industry, an immediate $3 million market for U.S. seed potatoes could be achieved if the phytosanitary import requirements were adjusted to allow for trade.

Cambodia: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fry exports to Cambodia face a 35% tariff.

Canada: Pesticide MRLs for Fresh Potatoes (Standards, Testing, Labeling and Certification)
The Government of Canada is preparing to replace its general 0.1 ppm (default) pesticide tolerance with new pesticide maximum residue levels (MRLs). As a sovereign country, Canada is within its right to undertake such an action. Given the amount of trade between the United States and Canada, however, the U.S. potato industry urges Canada's Pest Management Regulatory Agency (PMRA) to implement the policy in manner that avoids trade disruptions.

The U.S. industry was pleased when in 2009 the PMRA announced that it would retain the default tolerance while additional MRLs were being established.

Estimated Potential Increase in Exports from Removal of Barrier
Canada is the largest foreign market for U.S. fresh potatoes, with exports reaching $120 million during the 2011-2012 marketing year.

Canada: Proposed Import Standards for Fresh Potatoes (Standards, Testing, Labeling and Certification)

Canada is implementing changes to the import standards for fresh potatoes from the United States even though there are no clear phytosanitary justifications for the changes. The proposed changes would apply to bulk loads originating from "regulated" areas in both the United States and Canada. The proposal would entail significant increases in the requirements for Canadian firms receiving and processing or repacking bulk loads from regulated areas. It is notable that regulated areas in Canada established by the regulations are unlikely to be areas making any bulk shipments. The regulated areas established by the proposed rules for the U.S. will required the new standards to be applied to all loads originating in the United States.

These new standards will add significant costs to the U.S. shipments and will be implemented at exactly the same time that the requirements of the Ministerial Exemption agreement between the United States and Canada would have eased the impact of Ministerial Exemptions on U.S. shipments.

The Government of Canada has also proposed, but not acted upon, a proposal to deregulate Soybean Cyst Nematode (SCN) in Canada. Currently, SCN is known to exist in Canada but there are no known internal controls to limit the spread. Although CFIA acknowledges this fact, it continues to place restrictions on U.S. imports from states that have SCN.

Estimated Potential Increase in Exports from Removal of Barrier

Canada is the largest U.S. fresh potato export market with shipments reaching $120 million during the 2011-2012 marketing year.

China: Tariff on Fresh Potatoes (Import Policies)

Under China's WTO accession agreement, the tariff on fresh potatoes was bound at 13% on July 1, 2004. The tariff issue, however, is moot until the phytosanitary ban on U.S. fresh potatoes is lifted.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. potato industry estimates that opening the market to fresh potatoes would lead to less than $5 million in annual exports in the short-term.

China: Tariffs on Potato Products (Import Policies)

Despite the tariff concessions contained in China's WTO accession agreement, U.S. potato products still face significant tariffs. Most importantly, the current tariff on U.S. frozen French fries (HS 2004.1) is 13% while the tariff on dehydrated potato products is 15%. The Chinese tariffs on these and other potato products (HS 1105.2 and 2005.2) are reflected in the following table:

Product	Pre-accession Duty	Current
Dehydrated potato flakes and granules (HS 1105.20)	30%	15%
Potato flour, meal and powder (HS 1105.10)	27%	15%
Fresh or chilled potatoes (HS 0701.90)	13%	13%
Frozen potatoes (HS 0710.10)	13%	13%
Non-Frozen, prepared/preserved potatoes including chips (HS 2005.20)	25%	15%
Frozen Fries (HS 2004.10)	25%	13%
Potato Starch (HS 1108.13)		15%

The U.S. industry urges that the tariffs on potato products be eliminated as part of the ongoing round of WTO negotiations. Moreover, the United States government should also ensure that China's 17% VAT is being applied equally to domestic potato products and imported products, in keeping with international trade rules. Moreover, it has been reported that China has levied the VAT twice, once on the CIF value of the imported product and a second time on the combined value of the CIF of the goods plus the 17% VAT and the applicable tariff.

In addition, U.S. potato product exports have been placed at a competitive disadvantage due to the free trade agreement signed between New Zealand and China on April 7, 2008. Under this agreement, Beijing agreed to reduce its tariffs on New Zealand potato products over 5 years.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-2012 MY (June-July) U.S .frozen potato exports to China reached $100 million, up 62%. As a result of this increase, China has become the industry's fourth largest export market. By comparison U.S. frozen French fry exports totaled $72.8 million during the previous marketing year. U.S. dehydrated potato products exports reached $8.3 million during the 2011-2012 marketing year. Should tariffs be eliminated, the industry anticipates annual exports to China would reach $125 million.

China: Certificate of Quality and Condition for Frozen French Fries and Dehydrated Potato Products (Standards, Testing, Labeling & Certification)

Starting in 2002, the Government of China began to require that shipments of frozen French fries and dehydrated potato products be accompanied by a USDA Agricultural Marketing Service (AMS) Certificate of Quality and Condition. This requirement was in lieu of China's earlier inappropriate demand for a phytosanitary certificate for processed potatoes; a product that does not present any phytosanitary risk. The Certificate of Quality and Condition is unnecessary as it serves no purpose while becoming increasingly expensive to obtain. No other foreign market has the same requirement. The U.S. processed potato industry seeks the immediate elimination of this requirement.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011 – 2012 marketing year, U.S. frozen potato product exports to China reached $100 million, a sharp increase over the $61.5 million exported the year before. During My 2011-2012 U.S. dehydrated potato product exports reached $7 million. If China maintained WTO-consistent and transparent import regulations, the industry estimates that annual exports could reach $125 million.

China: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)

China currently bans the importation of U.S. fresh table-stock potatoes based on uncertain and unsubstantiated phytosanitary concerns. Following bilateral meetings in the summer of 2000, China agreed to conduct a pest risk assessment (PRA). After twelve years, however, China has still not completed the PRA.

On the few occasions over this time when China has asked for pest information and provided a pest list, academic research indicates that many of these pests are already present in China and not under official control. During the September 2012 bilateral technical talks, Beijing again did not provide a final PRA.

China's opaque policy and lack of progress are inconsistent with WTO rules. Moreover, China politicizes scientific reviews by directly linking progress on U.S. market access requests to progress on Chinese requests.

Estimated Potential Increase in Exports from Removal of Barrier

Although China is the biggest producer of potatoes in the world, its crop is destined for domestic consumption, primarily as fresh potatoes. The U.S. industry estimates that annual fresh potato exports would reach $5 million a year in the near-term and $30 million within five years if China lifted the import prohibition.

China: Pesticide MRLs for Potato Products (Standards, Testing, Labeling & Certification)

The U.S. potato products industry is concerned that China is in the process of establishing its own pesticide MRLs but Beijing is not directly communicating with the U.S. government about the needs and priorities of U.S. growers.

China: Import Regulations for Potato Products (Standards, Testing, Labeling & Certification)

In recent years China has detained and destroyed loads of processed potatoes for highly questionable reasons, misapplying a Chinese snack regulation to U.S. processed potatoes and making highly questionable claims that the product did not meet these standards. Moreover, the Government of China rushed to destroy the product before allowing the situations to be reviewed and resolved. Regulations can also differ between Chinese ports of entry.

In April 2011, the U.S. processed potato industry learned that China was planning to ban two flour bleaching agents, benzoyl peroxide and calcium perioxide. Benzoyl peroxide is a Codex-approved substance used in U.S. as an ingredient in processed potatoes. The U.S. industry is not aware of any scientific justification cited by the Government of China for the prohibition, other than the agents might be misused in Chinese food production.

Although China notified this change to the WTO several years ago, the implications of the policy change were not evident until April 2011, when China gave the industry one month to meet the standard, as opposed to the end of the year. Chinese authorities have denied requests for an extension. China's policy affected over a billion pounds of U.S. product that had to be sold to different markets or reformulated, at significant expense to the industry. The additional expenses are particularly disturbing because the product is approved by the United States and by Codex.

The U.S. processed potato industry was able to meet this new requirement at great expense and requests that U.S. officials emphasize to China that the country's import policies must be transparent, consistent, based on sound science, and the least trade-restrictive as possible. In view of China's responsibilities as a WTO member, it is important that the country's import regulations meet international standards.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011 – 2012 marketing year, U.S. frozen potato product exports to China reached $100 million, a sharp increase over the $61.5 million exported the year before. During My 2011-2012 U.S. dehydrated potato product exports reached $7 million. If China maintained WTO-consistent and transparent import regulations, the industry estimates that annual exports could reach $125 million.

Congo: Tariff on Frozen French Fries (Import Policies)

The Government of the Congo currently collects a 20% tariff and 16% VAT on imports of U.S. frozen French fries.

Costa Rica: Phytosanitary Restrictions on Potato Products (Import Policies)

In April 2012 the Government of Costa Rica banned imports of Nicaraguan fresh potatoes due to the presence of zebra chip, a disease that causes striping in potatoes. Shortly thereafter it also banned imports of U.S. product due to the same concern.

In June 2012 APHIS reached an agreement that temporarily established a market access protocol for imports of potatoes destined for Costa Rican chipping plants while Costa Rica conducted a PRA. Although the U.S. industry believed that the agreement had temporarily resolved the issue, the Government of Costa Rica has refused to issue import permits. The U.S. industry believes that this policy is designed to protect domestic growers despite Costa Rican officials' claims that they need to consider public comments and notify the WTO of the agreement. Costa Rican growers, however, do not produce shipping potatoes.

Finally, in November, Costa Rica began to issue import permits. U.S. officials should urge their Costa Rican counterparts to finalize the PRA as soon as possible.

Dominican Republic: Phytosanitary Requirements on Seed Potatoes (Import Policies)

Exports of U.S. potato products have been increasing under the DR-CAFTA. However, difficulties have arisen with respect to seed potato exports as importers are not having their full request to import U.S. seed potatoes approved by the Government of the Dominican Republic when seeking importer permits. Although under the DR-CAFTA there is no quota on either U.S. seed or fresh potatoes, importers are being told that there is a quota on seed potatoes and that only part of it can be filled by U.S. potatoes. The Dominican Republic has been granted other parts of the quote to other countries, such as the Netherlands.

The U.S. industry encourages USDA and USTR to continue their discussion with their counterparts in the Dominican Republic and to stress that there is no quota under the DR-CAFTA.

Estimated Potential Increase in Exports from Removal of Barrier

U.S. seed potato exports to the Dominican Republic were limited during the 2011-12 marketing year. The Dominican Republic is one of the largest potential seed potato markets and U.S. exports should increase once this issue is addressed.

Ecuador: Tariff on Fresh Potatoes (Import Policies)
The Government of Ecuador imposes a 20% tariff on imports of fresh potatoes from the United States. This tariff is a major obstacle because other counties benefit from preferential tariff agreement under regional trade agreements.

Ecuador: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fry exports to Ecuador face a 30% tariff, placing them at a competitive disadvantage against their competitors, which receive tariff preferences under regional trade agreements.

Estimated Potential Increase in Exports from Removal of Barrier
If Ecuador eliminated tariffs on potato products, the U.S. processed potato industry estimates that annual exports would increase by several million dollars per year.

Ecuador: Tariff on Seed Potatoes (Import Policies)
The Government of Ecuador collects a 5% tariff on imports of seed potatoes from the United States.

Egypt: Tariff on Frozen French Fries (Import Policies)
The Government of Egypt collects a 20% tariff on imports of U.S. frozen French fries.

Egypt: Phytosanitary Import Prohibition on Seed Potatoes (Standards, Testing, Labeling & Certification)
Egypt is a major importer of seed potatoes from such countries as Syria, Turkey and in 2009 the Government of Egypt and Egyptian growers expressed an interest in importing U.S. seed potatoes. In response, APHIS, working with the U.S. potato industry, provided the Government of Egypt with a draft market access protocol. At the request of the Government of Egypt, in January 2010 the U.S. industry also provided information about pests faced by the U.S. seed potato industry.

In June 2012, the Government of Egypt provided a draft PRA covering U.S. potatoes. Later that month USDA commented on the draft and the industry is currently awaiting a final report. In September 2012, the Government of Egypt issued its yearly seed potato import requirements. Since the requirement this year did not exclusively call for European seed, technically U.S. approved varieties could be grown. Although the U.S. industry will seek to supply product under this general agreement, it still seeks an official agreement which will supply greater certainty. The U.S. industry is also attempting to register additional seed potato varieties with Egyptian authorities.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. potato industry anticipates that seed potato exports to Egypt could reach $15 million in a few years once a market access protocol has been reached.

Ghana: Tariff on Frozen French Fries (Import Policies)

The Government of the Ghana currently collects a 20% tariff and a 12.5% VAT on imports of U.S. frozen French fries.

Hong Kong: Pesticide MRLs for Processed Potatoes (Standards, Testing, Labeling & Certification)

Hong Kong is currently transitioning to a "positive" pesticide residue level (MRL) policy. At the present time, Hong Kong defers to Codex MRLs and has acknowledged that these MRLs will serve as a basis for their new MRL list.

The U.S. industry has submitted several comments to Hong Kong officials concerning the transition and identification of many potato MRLs that were not listed on the provisional Hong Kong MRL list. As of this time, the U.S. industry needs Hong Kong to address about 15 potato MRLs before the August 1, 2014 implementation date.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-12 marketing year, Hong Kong imported $31 million worth of U.S. frozen French fries, an increase over the $25 million the previous year. The industry anticipates an additional $5 million in annual exports if they are able to successfully transition to Hong Kong's new MRL policy.

India: Tariff on Dehydrated Potato Products (Import Policies)

India currently collects a 30% duty on imported dehydrated potato products (HS 1105.2/HS 2005.2) This applied rate is lower than India's bound rate but this reduction has been nullified to some degree by the addition and occasional repeal of various taxes on top of the ad valorem tariff. The current effective duty is over 40% on dehydrated potato products that fall under HS 1105.20 due to the 30% tariff, a 4% special additional duty (Spl. CVD), and 3% customs Cess duty, which is an educational tax. Similarly the effective rate on dehydrated potato products that fall under HS 2005.20 is over 40% because of a 30% tariff, a 6% additional duty (CVD), 4% special additional duty (SPL CVD), and 3% customs Cess duty.

The U.S. industry believes that only the ad valorem tariff should be applied to imports and urges India to eliminate the tariff on these products during the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The United States exported $1.2 million worth of frozen French fries to India during the 2010-2011 marketing year. The U.S. industry believes that the Indian market has a huge potential for frozen French fries and other potato products, possibly worth $5 million in exports in three years and $20 million in ten years with reduced tariffs, based on the interest of U.S. quick service restaurant chains in India. A lower tariff on dehydrated potato products could lead to $2 million in annual exports in the short-term, increasing to $5 million due to the expanding snack food industry in India.

India: Tariff on Fresh Potatoes (Import Policies)
The Government of India currently imposes a 30% tariff on fresh potato imports.

India: Tariff and Taxes on Frozen French Fries (Import Policies)
India currently imposes a 30% tariff on imported frozen French fries (HS 2004.1). This applied rate is lower than India's bound rate but this reduction has been nullified to some degree by the addition and occasional repeal of various taxes on top of the ad valorem tariff. The current effective duty is over 40% due to a 6% additional duty (CVD), a 4% special additional duty (Spl. CVD), and a 3% custom Cess duty.

The industry believes that only the ad valorem tariff should be applied to imports and urges India to completely eliminate it as part of the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The United States exported $700,000 worth of frozen French fries to India during the 2011-2012 marketing year (July-June), which was down from $1.2 million the previous year. The U.S. industry believes that the Indian market has a huge potential for frozen French fries and other potato products, possibly worth $5 million in exports in three years and $20 million in ten years with reduced tariffs. A lower tariff on dehydrated potato products could lead to $2 million in annual exports in the short-term, increasing to $5 million owing to increased demand from the expanding snack food industry in India.

Indonesia: Tariff on Fresh Potatoes (Import Policies)
In March 2005, the Government of Indonesia raised its applied tariff on fresh table stock potatoes from 5% to 20% to protect domestic growers. Although the revised rates falls under the country's 50% bound WTO tariff rate, the U.S. industry urges Indonesia to lower the rate.

The U.S. fresh potato urges Indonesia to bind its tariff at 5% as part of the ongoing WTO Doha Round of negotiations.

Indonesia: Tariff on Frozen French Fries (Import Policies)

The Government of Indonesia currently applies a 5% tariff on imports of frozen French fries, well below the 50% bound rate negotiated under the Uruguay Round. The industry urges Indonesia to accept a 5% bound tariff during the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011/12 MY US frozen potato exports to Indonesia reached $14 million, up 28% from the previous year The industry estimates that Indonesia's binding of the tariff at 5% would provide predictability to exporters and importers and increase annual exports to Indonesia by up to $25.

Indonesia: Import Permits for Processed Potatoes (Import Policies)

The U.S. processed potato industry has several concerns with Indonesia's new food safety regulations, particularly decree 60 which went into effect on September 28, 2012. First, the decree establishes an import permit system which might be used to impede imports when there is an abundance of domestic potatoes. Secondly, the measure requires bags and boxes to include Bhasa Indonesian language label, which the industry can only meet by applying the sticker to boxes and bags upon arrival in Indonesia. Importers, however, have informed the industry that shipments must be labeled before arrival in country, which would cause an unacceptable expense.

Estimated Potential Increase in Exports from Removal of Barrier

Prior to the implementation of Decree 60, the Indonesia market held promise for the U.S. process potato industry as exports had grown to $14 million during the 2011-2012 marketing year. The industry fears that the market will be lost if Decree 60 restricts trade.

Indonesia: Phytosanitary Import Prohibition on Fresh Potatoes (Standards, Testing, Labeling & Certification)

The U.S. fresh potato industry is interested in opening the Indonesia market because processed potato sales to the country and fresh potato exports to Southeast Asia have been growing.

In the spring of 2011, the U.S. fresh potato industry asked APHIS to seek market access to Indonesia. A letter was sent to the Indonesian authorities requesting information on what steps needed to be undertaken to open the market but as of this time a clear response has not been received.

Estimated Potential Increase in Exports from Removal of Barrier

Frozen U.S. potato exports to Indonesia reached $14 million during the 2011-12 market year, as the country is developing into a promising market for the industry. Annual exports could reach $25 million.

Japan: Tariff on Dehydrated Potato Flakes (Import Policies)

Japan currently imposes an excessive 20% tariff on U.S. dehydrated potato flakes (HS 1105.20/HS 2005.2). In the ongoing round of WTO negotiations, the U.S. industry urges Japan to eliminate this tariff.

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $327 million worth of the product during the 2011-2012 marketing year. The United States also exported $25 million worth of dehydrated potato products to Japan during that time period.

Japan: Tariff on Fresh Potatoes (Import Policies)

Japan's tariff on fresh potatoes is 4.3%.

Japan: Tariff on Frozen French Fries (Import Policies)

The Government of Japan currently collects an 8.5% tariff on U.S. frozen French fries. Japanese importers pay a large amount of duties each year due to the high volume of U.S. fry exports to Japan. As part of the WTO Doha Round of negotiations or the TPP negations, should Japan decide to join, the U.S. industry urges Japan to eliminate its tariff on frozen French fry imports.

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $327 million worth of the product during the 2011-2012 marketing year. The United States also exported $25 million worth of dehydrated potato products to Japan during that time period. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices and coliforms and to make their food regulations more transparent.

Japan: Phytosanitary Import Restrictions on Fresh Potatoes (Standards, Testing, Labeling & Certification)

The Government of Japan (GOJ) prohibited the importation of fresh U.S. potatoes based on plant quarantine concerns for over 23 years. As a result, Japanese processing plants have been forced to remain idle for part of the year because Japanese growers do not produce enough potatoes for their snack food and chip companies to operate at full capacity on a year-round basis. Moreover, Japanese processors have also been concerned about the poor quality of domestic potatoes.

In November 2000 the U.S. potato industry provided the GOJ with a potato protocol proposal designed to address Japanese concerns. The proposed procedures included: 1) visual inspecting to ensure that potatoes were free of visible signs of disease of concern to Japan; 2) storing of chipping potatoes cultivated from approved fields in separate facilities; 3) brushing of the potatoes to ensure that no soil adhered to the potatoes; and 4) applying a sprout inhibitor. In addition, the potatoes would be shipped to Japan in a sealed container and opened in Japan only in the presence of Japanese officials or at the processing facility with Japanese authorization.

In February 2006 Japan opened up its market to U.S. potatoes, on the condition that they had to be processed immediately after arrival in Japan. The protocol only covered 12 states and required chipping potatoes to arrive in Japan between February 1 and June 30. In addition, the product had to go to approved processing plants in Japan which had to have an extensive waste management system.

In June 2011, after six years of discussion, the GOJ finally approved a second processing facility for receiving U.S. chipping potatoes and increased the shipping window to include the month of July. This newly-approved plant is located in the Kagoshima Port area which does not have an international port. As a result, U.S. chipping potatoes must be transported to the plant on a feeder vessel. The U.S. fresh potato industry and Japanese processors are very interested in overland approval for the potatoes from the port of entry to the facility. Although in 2008 the GOJ provided guidance on how such approval could occur, it has not yet approved overland shipping.

The approval of overland shipping and additional processing facilities are major priorities for the U.S. fresh potato industry. In addition, the industry seeks the further expansion of the shipping window to include the month of January. The bottom line, however, is that Japan's market access limitations on U.S. fresh and chipping potatoes are not based on sound science and should be eliminated.

Estimated Potential Increase in Exports from the Removal of Barrier
Exports of U.S. chipping potatoes have significantly grown with shipments reaching $8 million during the February-July 2012 shipping season, more than double the year before. Shipping contracts for the next marketing year indicate that there will be a new record for shipments. Opening of the market to fresh potatoes could increase sales by $10 million in the first year and $50 million in three years.

Japan: Pesticide MRLs for Processed Potatoes (Standards, Testing, Labeling & Certification)

In May 2006 the Government of Japan (GOJ) implemented a "positive" pesticide maximum residue level (MRL) list, which prohibits the importation of products that exceed certain levels of pesticide residues. Fortunately, during a three-year transition period, the U.S. potato industry was able to obtain virtually all the pesticide MRLs it needed to continue exporting to Japan.

The U.S. industry, however, is very concerned about the length of time that the Government of Japan takes to establish MRL for new active ingredients that that have been registered in the United States. There is a year and half to two year delay for new crop protection products approval because Japan's MRL system does not start until the product has been registered in the United States.

In addition, the U.S. potato industry is very concerned about Japan's very stringent sanctions policy for MRL violations even though it has not had a MRL violation since 2008. Other U.S. industries, however, have had violations. Although Japan has improved its sanctions policies for a single strike by only taking action against the individual shipper, the increased testing of an entire industry has led to second strike violations and 100% test-and-hold sanctions against all shippers.

The U.S. industry urges the adoption of a policy that focuses sanctions on the individual violator and any industry-wide testing should only be introduced after multiple violations.

Estimated Potential Increase in Exports from Removal of Barrier
Japan is by far the largest foreign market for U.S. frozen French fries. During the 2011-12 marketing year, U.S. exports of frozen French fries reached $327 million, a sharp increase from the $268.5 million in exports the year before. In the 2011-2012 marketing year, U.S. dehydrated potato product exports to Japan totaled $23 million. In order to sustain 2% to 3% growth, the industry seeks transparency in Japan's food safety regulations, and the least trade-restrictive actions when applying sanctions for pesticide residue violations.

Kenya: Tariff on Frozen French Fries (Import Policies)
The Government of the Kenya currently assesses a 25% tariff and 16% VAT on imports of U.S. frozen French fries.

Lebanon: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fry exports to Lebanon face a 70% tariff.

Malawi: Tariff on Frozen French Fries (Import Policies)
Malawi currently imposes a 25% tariff and 16.5% VAT on imports of U.S. frozen French fries.

Mexico: Phytosanitary Import Restrictions on Fresh Potatoes (Standards, Testing, Labeling & Certification)

In March 2003 the United States and Mexico signed an export protocol, which opened up the market to potatoes from all U.S. states based on a "shipment freedom" system whereby individual shipments were required to be inspected. Under this agreement, U.S. potato exporters have to use certified seed potatoes, apply sprout inhibitor, inspect for viruses and diseases and supply Mexican officials with appropriate documentation. The agreement limited shipments in the first year to the border zone (26 kilometers) but provided for the extension of market access to the seven northern states in the second year and the negotiation of market access to the rest of the country in the third year.

Under the original agreement, discussions to further open the seven northern Mexican states were to occur but nematode finds and subsequent revised export protocol have pushed back the timetable. Since the signing of the new agreement little progress has been made toward opening the Mexican market to the seven northern states, let alone the entire country, even though the number of pest finds has declined over time to about 1% to 2% of shipments. Expanding access to the Mexican fresh potato market is one of the U.S. potato industry's highest priorities.

Although the border region is valued by the U.S. industry, there is no phytosanitary reason for limiting fresh potato exports to the 26-km border region. Instead, USDA and the U.S. potato industry agreed to this political concession. In exchange for this concession and a U.S. commitment to open the its market to Mexican avocados, the Government of Mexico agreed to open its market to U.S. potatoes the Northern States of Mexico by 2005 and to discuss access to the rest of Mexico in 2006. Since that time Mexican avocado exports to the United States have surpassed the $2 billion mark, while Mexico has not opened its market to US potatoes.

During the summer of 2011, a North American Plant Protection Organization (NAPPO) mediation panel found many of Mexico's arguments for restricting market access to be invalid. In July 2011 the NAPPO panel found only six pests of concern to Mexico. Despite the NAPPO panel, in December 2012, the Government of Mexico notified the WTO of its proposed revised potato standards, which cites 83 pests of concern. The proposed standard also does not make a distinction between the risk of seed potatoes destined for planting and fresh potatoes destined for consumption, even though numerous international regulations make that distinction. The U.S. government and potato industry will provide comments which are due in January 2013.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-2012 market year U.S. fresh potato exports to the border region reached $41 million, a significant increase from the $32.2 million the previous year. The industry estimates that annual exports to Mexico could reach $100 million with the removal of all phytosanitary restrictions.

Mozambique: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fries to Mozambique face a 20% tariff and 17% VAT.

Myanmar: Tariff on Frozen French Fries (Import Policies)
Although Myanmar's bound tariff rate on frozen French fry imports is up to 163%, in practice the country only imposes a 15% tariff.

Namibia: Tariff on Frozen French Fries (Import Policies)
The Namibian government currently collects a 20% tariff and 15% VAT on imported U.S. frozen French fries.

Nigeria: Tariff on Frozen French Fries (Import Policies)
The Nigerian government currently collects a 20% tariff and 5% VAT on imported U.S. frozen French fries.

Panama: Tariff on Dehydrated Potato Flakes, Pellets and Granules (Import Policies)
Under the U.S.-Panamanian FTA the 15% tariff on dehydrated potato flakes, pellets and granules (HS 1105.2) is being phased-out over 5 years. The FTA entered into force on October 31, 2012.

Panama: TRQ on Fresh Potatoes (Import Policies)
Under the U.S.-Panama FTA, American fresh potato exports are be governed by a 750-MT TRQ in the first year after that agreement is implemented. The in-quota tariff rate is 0% while the above-quota tariff rate is 83%. The quota amount will grow by a compounded 2% rate in perpetuity.

Panama: TRQ on Frozen French Fries (Import Policies)
Under the U.S.-Panama FTA, U.S. frozen French fry exports will be governed by a 3,500 MT quota in the first year after the agreement is implemented. The in-quota is 0% while the above-quota is initially 20%. The quota amount will grow by a compounded 4% rate for five years, while the above-quota tariff is gradually eliminated. The quota will be eliminated after 5 years.

The U.S-Panama entered into force on October 31, 2012.

Year	Quota (MT)	In-Quota Tariff	Above-Quota Tariff
Year One	3,640	0%	16%
Year Two	3,786	0%	12%
Year Three	3,937	0%	8%
Year Four	4,095	0%	4%
Year Five	n/a	0%	0%

Estimated Potential Increase in Exports from Removal of Barrier
With its close historical and military ties to the United States, Panama has a large number of quick service restaurants, which generate demand for frozen French fries. Given market access equal to regional competitors, U.S. frozen French fry exports could dominate the market. U.S. frozen potato exports to Panama reached $6.4 million during the 2011-2012 marketing year. The U.S. industry estimates that exports to Panama would double in the near term if the tariff were eliminated.

Philippines: Tariff on Dehydrated Potato Products (Import Policies)
The Government of the Philippines currently collects a 15% tariff on imported dehydrated potato products.

Philippines: TRQ on Fresh Potatoes (Import Policies)
Fresh potato market access to the Philippines is restricted by a TRQ that is approximately 1,500 MTs with an in-quota tariff of 40% and an above-quota tariff of 50%. The U.S. industry desires the elimination or expansion of the TRQ as part of the Doha Round of WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that annual fresh potato exports (table and chip) would reach at least $5 million per year if the Philippines eliminated the TRQ.

Philippines: Tariff on Frozen French Fries (Import Policies)
The Government of the Philippines applies a 10% tariff on imports of frozen French fries and other processed potato products. The current applied rate is significantly below the WTO bound rate of 35%.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-2012 marketing year U.S. frozen French fry exports to the Philippines reached $34 million dollars, making it the industry's seventh most important export market. The industry estimates that the elimination of Philippine tariffs would increase demand by approximately $20 million per year in the short-term.

Philippines: Phytosanitary Import Restriction on Fresh Potatoes (Standards, Testing, Labeling & Certification)

In March 2009 APHIS requested that the Government of the Philippines provide market access for U.S. fresh potatoes. The Government of the Philippines responded that a pest risk assessment would have to be carried out for potatoes not destined for processing. This issue was to be discussed at the inaugural US-Philippine plant health bilateral in June 2011 but the meeting was cancelled.

In July 2012 the U.S. potato industry hosted a delegation from the Philippines and in October the Philippines delivered a draft PRA. APHIS was scheduled to comment on the draft PRA in November and the U.S. is hopeful that a market access agreement will be signed in the first quarter of 2013 to allow shipments from that year's crop.

Estimated Potential Increase in Exports from Removal of Barrier

Market access for fresh potatoes could lead to up to $15 million in annual fresh potato exports to the Philippines.

Russia: Coliform Standards for Potato Products (Standards, Testing, Labeling & Certification)

It appears that Russia applies a zero tolerance to coliforms. This policy should not be required due to the further cooking of frozen French fries. Instead, a zero tolerance for E. coli would be appropriate. A clearer understanding of what category frozen French fries fall under in Russian regulations would be helpful.

Estimated Potential Increase in Exports if Barrier were Removed

As of this time, Russia is not a major market for U.S. processed potatoes, but given the country's pace of economic development and its high potato consuming population, the market could expand. If Russia began to implement food safety standards that are consistent with international regulations, the U.S. industry estimates that processed potato exports could reach $10 million in five years.

Russia: Pesticide MRLs for Potato Products (Standards, Testing, Labeling & Certification)

The U.S. processed potato products industry is concerned that the Government of Russia apparently requires lists of crop protection products for each shipment imported into the country. This requirement would be difficult to meet and is inconsistent with international standards. The industry is also concerned that several other countries have had issues with Russia's pesticide MRL standards, which are not transparent and appear to be out-of-date.

Estimated Potential Increase in Exports if Barrier were Removed

As of this time, Russia is not a major market for U.S. processed potatoes, but given the country's pace of economic development and its high potato consuming population, the market could expand. If Russia began to implement food safety standards that are consistent with international regulations, the U.S. industry estimates that processed potato exports could reach $10 million in five years.

South Korea: Tariff on Dehydrated Potato Products (Import Policies)

Under the KORUS-FTA the 20% tariff on processed dehydrated potato products will be phased out over 7 years in keeping with the following schedule.

Year	Tariff
Year 1	17.1%
Year 2	14.3%
Year 3	11.4%
Year 4	8.6%
Year 5	5.7%
Year 6	2.9%
Year 7	0

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is now the third largest export market for U.S. frozen fries with exporters reaching $62 million in marketing year 2011-12, which was up 25% over the previous year. U.S. dehydrated potato exports were $7 million over that period, a 59% increased. The U.S industry believes that U.S. processed potato exports to South Korea could reach $80 million per year once all tariffs and TRQs are eliminated.

South Korea: TRQ for Dehydrated Potato Flakes (Import Policies)

Prior to the implementation of the KORUS-FTA, exports of dehydrated potato flakes (HS 1105.2) faced a 60 MT TRQ, which could be filled in one shipment. The extremely high over-quota tariff of 304% forced exporters to alter their products to less user-friendly blends to have the product fall under the lower tariff rate for processed dehydrated products (HS 2005.2).

Under the US-South Korean FTA, U.S. dehydrated potato flakes exports will be governed by a less restrictive TRQ. In the first year after the agreement goes into effect, U.S. exports under 5,000 MTS will enter duty-free, with above-quota exports facing a 294.3% duty. The TRQ schedule is provided below.

Year	**Safeguard Trigger Level** (MTs)	Over Quota Duty
Year 1	5,000	294.3%
Year 2	5,150	284.5%
Year 3	5,305	274.8%
Year 4	5,464	265.1%
Year 5	5,628	255.4%
Year 6	5,796	214.6%
Year 7	5,970	199.7%
Year 8	6,149	184.8%
Year 9	6,334	169.9%
Year 10	6,524	155%
Year 11	N/A	0%

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is now the third largest export market for US frozen fries. U.S. frozen fry exports to South Korea amounted to $62 million in marketing year 2011-12, which was up 25% over the previous year. U.S. dehydrated potato exports were $7 million over that period, up 59%. The U.S industry believes that U.S. processed potato exports to South Korea could reach $80 million per year once all tariffs and TRQs are eliminated.

South Korea: TRQ for Fresh Potatoes (Import Policies)

Under the U.S.-South Korean FTA, tariffs on chipping potatoes will be immediately eliminated during the December 1 to April 30 time period. This seasonal duty-free market access will allow significant market access and will free the rest of the quota for table stock potatoes. During the rest of the year, the tariff will remain at 304% for the first seven years, before being phased out in equal installments over the next eight years according to the following schedule:

Year	Duty May 1-Nov. 30
Year 1	304%
Year 2	304%
Year 3	304%
Year 4	304%
Year 5	304%
Year 6	304%
Year 7	304%
Year 8	266%
Year 9	228%
Year 10	190%
Year 11	152%
Year 12	114%
Year 13	76%
Year 14	34%
Year 15	0%

In addition, the U.S.-South Korean FTA establishes a 3,000 MT TRQ for U.S. fresh potatoes (non-chipping) that grows incrementally. In-quota imports enter South Korea duty-free while above-quota exports face a snap-back tariff of 304%. The TRQ schedule is provided below.

Year	**Duty Free Quota** (Metric Tons)
Year 1	3,000
Year 2	3.090
Year 3	3,183
Year 4	3,278
Year 5	3,377
Year 6	3.478
Year 7	3,583
Year 8	3,690
Year 9	3,800
Year 10	3,914
Continues	Continues to grow 3% annually

South Korea: Phytosanitary Import Restrictions on Fresh Potatoes (Standards, Testing, Labeling & Certification)

In August 2012, South Korea closes its market to Pacific Northwest potatoes due to the presence of zebra chip in the area. The U.S. industry believes that South Korea's concerns are unfounded as it does not have the vector and the disease cannot spread without the vector and the potato plant. Sprout inhibited potatoes destined from processing or consumption are not a threat.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-2012 market U.S. exports of potato products to South Korea reached $78 million with frozen French fries accounting for $62 million of that total.

South Korea: Pesticide Standards for Processed Potato Products (Standards, Testing, Labeling & Certification)

In June 2010 and again in November 2012 the Government of South Korea increased pesticide residue testing on a U.S. commodity in reaction to a violation in Taiwan even though the situations are completely different. South Korea maintains a national MRL list and then defers to Codex and other standards when no national MRL has been established. By contrast, Taiwan has a limited MRL list and does not defer to any other standards.

For over a decade, U.S. commodity groups have been trying to address the Taiwan situation. The U.S. processed potato industry urges Seoul to not take additional steps on MRL issues based on violations under Taiwan's more restrictive MRL system. A violation in Taiwan does not signify that the shipment would have violated South Korean or U.S. MRL policies. It is more likely that it reflects Taiwan's failure to establish a MRL for the substance. The industry believes that Korea should only increase residue testing when there is cause for concern in South Korea.

Estimated Potential Increase in Exports from Removal of Barrier:
South Korea is the fifth largest foreign market for U.S. frozen French fries with exports reaching $62 million during the 2011-2012 marketing, a significant increase over the $48.3 million in exports during the preceding marketing year. In addition, during the most recent marketing year, the United State exported $6.4 million worth of dehydrated potato product up from the nearly $4 million in exports during the 2010-2011 marketing year.

Sri Lanka: Phytosanitary Import Prohibition on Seed Potatoes (Standards, Testing, Labeling & Certification

The U.S. industry is interested in exporting seed potatoes to Sri Lanka, which has been annually importing nearly $1 million of the product from Europe. In 2010, after several years of negotiations, it appear that Sri Lanka had agreed to amends some import requirements that would allow all U.S. seed potatoes to be imported more easily. After a change in personal in Sri Lanka, however, the old requirements for imports were restored.

Although the United States was able to export some seed potatoes to Sri Lanka in 2010, the industry desired Sri Lanka to abide by the 20120 understanding.

Estimated Potential Increase in Exports from Removal of Barrier:
The industry estimates that the market could reach $5 million in a matter of years, if the import system is altered to increase transparency and create predictable market access.

Taiwan: Tariff on Fresh Potatoes (Import Policies)

Taiwan currently assesses a 15% tariff on U.S. fresh potatoes. The U.S. industry urges that Taiwan eliminate its tariff on fresh potato import as part of the ongoing round of WTO negotiations.

Taiwan: Tariff on Frozen French Fries and Other Potato Products (Import Policies)

Based on Taiwan's WTO accession commitments, the bound tariff rate for frozen French fry imports is 12.5%. A more complete guide to Taiwan's current tariffs on potato products follows:

H.S. Number	Product	Current Taiwanese Tariff Based on WTO Accession
0701.90	Fresh potatoes (table stock)	15%
0710.10.00	Frozen potatoes	15%
1105.10.10	Potato Flour	10%
1105.10.20	Potato Meal	10%
1105.20.00	Potato flakes	10%
2004.10.11 2004.10.19	Potato sticks, frozen (frozen fries) >1.5kg. Other potato chips	12.5%
2004.10.90	Other potatoes, prepared or preserved, frozen	18%
2005.20.10	Potato chips and sticks >1.5kg.	12.5%
2005.20.20	Potato chips and sticks < 1.5 kg.	15%
2005.20.90	Other potatoes, preserved	18%

Estimated Potential Increase in Exports from Removal of Barrier

During the 2011-12 marketing year, the United States exported $43.35 million in frozen French fries and $2.1 million in dehydrated potato products to Taiwan. The industry urges Taiwan to immediately eliminate all of its tariffs on potato products as part of the ongoing WTO negotiations. The industry estimates that such a commitment would lead an increase of annual exports of $10 million in the near term and $25 million in the long terms.

Taiwan: Fresh Potatoes: Phytosanitary Restriction – Late Blight on Fresh Potatoes (Standards, Testing, Labeling & Certification)

Taiwan requires the inspection and certification that potato fields that are a source of fresh potato exports to Taiwan are free of late blight. After the potatoes have been inspected, they have to be segregated from other potatoes as "approved" for export to Taiwan. No other market has these requirements.

During the 2011 bilateral talks, Taiwan reiterated this requirement but suggest that it had some flexibility regarding as to how the inspection could occur. Although the U.S. industry continues to work with APHIS on this issue, it has not been resolved.

Estimated Potential Increase in Exports from Removal of Barrier were Removed
Improved market access could lead to exports increasing from $5.2 million to $10 million to $15 million in a few years.

Taiwan: Pesticide MRLs for Potato Products (Standards, Testing, Labeling & Certification)

In 2009 Taiwan increased the testing of imported products for pesticide residue violations, without notifying its trading partners. This policy change immediately led to the detention of shipments. In June 2010 and November, Taiwan again took action against U.S. commodities for pesticide residue violations.

Taiwan's actions are problematic for several reasons. First, Taiwan only has a limited list of maximum residue levels (MRLs). While the United States currently has established 104 potato-related MRLs , Taiwan has only about 50 MRLs.

Secondly, in 2000 U.S. commodity and chemical companies submitted hundreds of data packages to officials in Taiwan in order to assist them establish its MRLs. Although Taiwan has now established MRLs for many of the priority products, the list is a dozen years old and all U.S. industries now have different needs.

Thirdly, in 2008 Taiwan sought to establish a list of more than 200 priorities for future MRL reviews, including 11 priorities of the U.S. potato industry. Although the U.S. potato industry appreciates this prioritization and that 5% of the identified reviews are for potato MRLs and that Taiwan has establish several of these MRLs, there still remain many US MRLs that will not be covered under this review, leaving open the possibility that U.S. shipments will be delayed or rejected.

Fourth, Taiwan has refused to defer to any international MRL standard, whether Codex or an exporting country's standard during the time it develops its own MRLs. In addition, Taiwan refuses to create a comprehensive provisional MRL list like that implemented by Japan during its transition. Many commodity groups are concerned by Taiwan's unwillingness to adopt some sort of safety net, especially as Taiwan detained a number of products over the last several years.

Finally, Taiwan has publicly announced violations, which invariably leads to media reports insinuating that U.S. food is unsafe. Although these reports are not true, they can damage sales.

As of this time, Taiwan has not held any potato shipments for pesticide residue violations. However, the U.S. industry urges U.S. officials to raise the MRL issue with Taiwan and seek Taiwan's deferral to Codex in any instance where Taiwan has not established an MRL. This is part of Taiwan's commitment as a member of the WTO. Moreover, until permanent pesticide tolerances are established, the U.S. industry urges Taiwan from detaining any shipments.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2011-12 marketing year, the United States exported $43 million worth of frozen French fries, and increase over the $35.5 million in exports the previous marketing year. In addition, dehydrated potato product exports to Taiwan totaled $1.6 million during the most recent marketing year. Resolving the pesticide residue issue would save the U.S. industry millions of dollars each year.

Tanzania: Tariff on Frozen French Fries: Tariff (Import Policies)
U.S. exports of frozen French fries to Tanzania face a 25% tariff and 18%.

Thailand: TRQ for Fresh and Seed Potatoes (Import Policies)
Fresh and seed potato imports into Thailand are limited by a TRQ as established during the Uruguay Round. The 2010 TRQ for fresh potatoes was 36,000 MTS, the same level as 2009. Although the motive for the TRQ appears to be the encouragement of domestic production of potatoes, the Thai potato industry is unable to meet the needs of processing facilities, retailers and the hotel/restaurant industry.

The bulk of Thailand's potato production for the chipping industry occurs in the northern part of the country. However, excessive moisture in the higher elevations of Chiang Ria causes uncontrollable nematode problems and early blight. Other potato production problems include viral diseases from chili peppers and other crops grown in the region. Unfavorable weather conditions and disease problems are the major reasons why large-sized potatoes are not grown in the country.

Thailand also does not produce a domestic supply of quality seed potatoes that can be used to produce the type of potato used for chipping or other snack foods. As a result, Thai manufacturers import and distribute seed potatoes from foreign suppliers, mainly from Canada and the United Kingdom, although seed potatoes from Washington, Idaho, California and Oregon are allowed entry into Thailand. The seed potato TRQ for 2010 announced by the Thai Department of Foreign Trade was 1,430 MTs, a substantial drop from the 7,178 MT TRQ for 2009.

Thailand: Tariff on Frozen French Fries (Import Policies)
With the lack of progress in the U.S.-Thailand FTA and WTO Doha negotiations, importers are shifting their frozen French fry purchases to Australia and New Zealand producers which currently only face a 9% tariff under bilateral trade agreements implemented in 2004. The tariff on Australian and New Zealand fries will drop to 6% during the 2012-2013 marketing year, further undercutting the competitive position of U.S. fries. In addition, Chinese fries enter Thailand duty-free under the China-ASEAN FTA. By comparison U.S. exporters face a 30% or 25 baht/kg tariff, which is among the highest in the world.

The U.S. industry urges the U.S. government to seek a unilateral reduction in the frozen French fry tariff to the levels provided to Australia and New Zealand under their FTAs.

Estimated Potential Increase in Exports from Removal of Barrier
In marketing year 2011-12, Thailand imported $11.5 million worth of U.S. frozen potatoes. However, the U.S. industry fears it will lose the entire market if the United States does not obtain the tariff concessions that match those provided to Australia, New Zealand and China. The industry estimates that U.S. exports of frozen French fries to Thailand could reach $20 million, if Thailand reduced the tariff.

Uganda: Tariff on Frozen French Fries (Import Policies)
The Government of Uganda imposes a 25% tariff on U.S. exports of frozen French fries.

Uruguay:: Phytosanitary Import Restrictions on Seed Potatoes (Import Policies)
In January 2009 Uruguay rejected 60 containers of U.S. seed potatoes because of the presence of powdery scab, which is listed as a quarantine pest even though there is a tolerance for the pest. Ultimately, some loads were reconditioned and salvaged, but many were lost.

In July 2009 APHIS and the U.S. potato industry hosted high-level Uruguayan officials in an effort to persuade Uruguay to adjust its unreasonable powdery scab tolerance. Uruguay agreed to amend the tolerance and the classification of the pest from quarantine to non-quarantine. While this change technically occurred, the new proposed levels remain unacceptable and U.S. requests for additional changes have not been answered by Uruguay.

Although exports occurred over the last three years without disruption, the shipments needed to come from certain areas, while other shippers could not export because the issue has not been resolved.

At the request of Uruguayan importers and U.S. exporters, in 2012 a new pre-testing proposal was presented to Uruguay. Although acceptance of this proposal would be a step forward, it does not resolve the need to change the powdery scab standard.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that annual seed potato exports could reach $10 million in a matter of years if the Government of Uruguay adopted a more realistic powdery scab tolerance.

Venezuela: Import Permits for Fresh and Seed Potatoes(Import Policies)

The Government of Venezuela requires import permits for fresh and seed potatoes but in the past, importers were not able to obtain these permits due to a Byzantine system of approval that has become beholden to domestic political pressure. As a result, import permits are frequently denied and, when they are granted, the volume approved is less than the requested amount and the decisions on the requests take months or are never acted on.

The apparent goal of this policy is to force importers to source from domestic producers, who frequently grow an inferior product.

Vietnam: Tariff on Dehydrated Potato Products (Import Policies)

Vietnam's tariff has been reduced from 40% to 18% as part of the country's accession to the WTO. The U.S. potato industry would like to see the tariff eliminated as part of the negotiations of the Trans Pacific Partnership Agreement.

Vietnam: Tariff on Fresh Potatoes (Import Policies)

The current Vietnamese fresh potato tariff is 20%.

Vietnam: Tariff onFrozen Potato Products(Import Policies)

Under Vietnam's WTO accession agreement, signed on May 31, 2006, Vietnam agreed to gradually lower the 40% tariff on frozen French fries to 13% over a six- year period. By 2010 the tariff had fallen to 22%. In addition, Hanoi agreed to lower the tariff on dehydrated potatoes from 40% to 18% over a five-year period, with the 2010 rate falling to 22.4%. The U.S. industry seeks the immediate elimination of these tariffs as part of the ongoing WTO or Trans Pacific Partnership negotiations.

In 2012, the Government of Vietnam applied a 15% tariff on frozen French fry imports, which is below the 16.66% tariff under the country's WTO accession agreement schedule. The tariff is scheduled to fall to 13% in 2013.

Estimated Potential Increase in Exports from Removal of Barrier

At the present time, Vietnam is a small market for U.S. frozen French fries. During the 2011-12 marketing year, U.S. frozen French fry exports to Vietnam totaled $1.8 million. With a population of 84 million, 60% of which are under the age of 25, Vietnam is seen by the U.S. industry as having tremendous potential as a market for frozen French fries, especially in Ho Chi Minh City and Hanoi. In view of the rapid expansion of Quick Service Restaurants, Vietnam could develop into an important and growing market worth $25 million or more if the tariff on frozen French fries is eliminated.

Vietnam: Tariff on Potato Chips (Import Policies)

Pursuant to the 2006 WTO accession agreement, Vietnam agreed to immediately reduce the tariff on potato chips from 50% to 40%. The agreement called for the further reduction of the tariff to 18% over the subsequent five years.

Zambia: Tariff on Frozen French Fries (Import Policies)

The Government of Zambia collects a 25% tariff and 16% VAT on U.S. imports of frozen French fries.

Zimbabwe: Tariff on Frozen French Fries (Import Policies)

U.S. frozen French fry exports to Zimbabwe face a 25% tariff and 15% VAT.

POULTRY

Indonesia: Tariff (Import Policies)
The Government of India currently imposes a 100% tariff on imports of frozen and fully cooked chicken.

Japan: Tariff on Frozen Poultry (Import Policies)
Washington exports of raw frozen poultry legs with bone in (HS020714.210) to Japan faced a 8.5% of CIF tariff, while exports of other raw frozen poultry parts (HS 0207.14.220) face a 12% of CIF tariff. In 2011 Washington exports of frozen poultry (HS 0207) to Japan nearly reached 10 million.

Russia: TRQ on Frozen Uncooked Poultry (Import Policies)
In recent years the Russian government has instituted policies that have decreased poultry imports (HS 02017.14 and HS 1602.32) in order to promote the country's local poultry industry. One of these steps has been Russia's progressively reducing its poultry TRQ over the last few years. In 2009 the TRQ was reduced by 300,000 MTs to 952,000 MTs. The U.S. share of the quota shrank to 750,000 MT from 931,000 MT. In 2010 the TRQ was further reduced to 750,000 MTs with the US share falling to 600,000 MTs. In 2011, Russia once again lowered the TRQ to only 350,000 MTs and eliminated all country-specific allocations.

In 2012 the Government of Russia split the TRQ into a 80,000 MT for boneless poultry and 250,000 MT for bone-in poultry, reducing the total of the TRQ by 20,000 MTs in the process.

Moreover, several years ago Russia increased the above-quota tariff from 40% (but not less than0.32 Euros/kg) to 80% (but not less than 0.7 Euros/kg).

Estimated Potential Increase in Exports from Removal of Barrier
In 2011 Washington exports of frozen uncooked poultry to Russia reached $11.2 million, a sharp drop from the $31 million in exports the year before.

Taiwan: Tariff on Frozen Poultry (Import Policies)
Washington raw frozen poultry legs with bone in (HS 020714 to Taiwan faced a 205% of CIF tariff, while exports of other raw frozen poultry parts (HS 0207.14.220) faces a 12% of CIF tariff.

Vietnam: Tariff (Import Policies)
The Government of Vietnam currently imposes a 20% tariff on imports of frozen uncooked poultry (HS 0207.14).

PULSES

Colombia: Tariff (Import Policies)

Colombia's bound tariff rates on imports of dry peas, beans and lentils range from 15% to 178%, but the country currently applies tariffs on pulses ranging from 5% to 60%. Under the bilateral trade agreement Colombia will immediately eliminate tariffs on dried peas and dried lentils and provide immediate duty-free access for dried beans under a 15,750-ton TRQ, which will expand by 5% each year. The above-quota tariff of 60% for dried beans will be phased-out over 10 years under a non-linear staging formula that includes a 33 percent cut at the beginning of the first year.

Vietnam: Tariff on Peas (Import Policies)

The current Vietnamese tariff on dry peas stands at 10%.

SEAFOOD

Brazil: DIPOA Certification: Sulfite Tolerance (Standards, Testing, Labeling & Certification)

A Washington seafood exporter reports difficulties in obtaining a Department of Inspection of Products Originated from Animal (DIPOA) certificate, which Brazil requires as a condition for importing the product into the country.

Estimated Potential Increase in Exports from Removal of Barrier

The company estimates that the removal of the barrier would lead to $3,000,000 to $5,000,000 in additional exports per year.

EU: Tariff on Cod(Import Policies)

The EU imposes a 3% tariff on imports of Pacific Cod if the fish is to be processed in approved facilities. The duty is 12% if the fish is not destined for approved facilities.

EU: Tariff on Pacific Whiting (Import Policies)

The EU imposes a 4% tariff on imports of Pacific Whiting Cod which is a type of Hake that competes with other global supplier of Hakes. The EU duty on U.S. Pacific Whiting places U.S. exporters at a competitive disadvantage because other countries, such as Peru, who produce Hake do not have to pay the duty.

Japan: Tariff on Cod (Import Policies)

Japan imposes a 6% tariff on the CIF value of frozen Pacific cod (HS 0303.52) and a 10% tariff on the CIF value for fresh or chilled cod.

Estimated Potential Increase in Exports from Removal of Barrier

The Washington cod industry estimates that the elimination of the tariff would increase cod exports to Japan by over $2,610,000 per year. The freezer longline sector exported roughly 20,000 MTs of cod to Japan in 2011 at an average price of $4,350/MT for a total value of $87 million. The total revenue on the $87 million in exports is $5,220,000 at the rate of the 6% tariff. The industry estimates that if the tariff were removed the savings would be roughly split between Washington exporters and Japanese importers. The industry also estimates that the total increase in exports that would result from the removal of the tariff would reach $5 million to $10 million per year.

WHEAT

Brazil: Marine Renewal Tax (Import Policies)

The Government of Brazil collects a 25% merchant marine renewal tax (MMRT) on imports of U.S. wheat. Although the MMRT transportation tax was suspended for shipments to the Northeast port of Fortaleza for a ten-year period, it has been reinstated. Under the General Agreement on Tariffs and Trade (GATT), additional fees like the MMRT are only supposed to cover the cost of service and the 25% MMRT on ocean freight seems excessive. While mills in the Northeast can request a refund on the tariff, the additional paperwork and hassle, as well as the possibility of not receiving the money back puts U.S. wheat at a competitive disadvantage to Argentine wheat that does not have to pay the MMRT under MERCOSUR.

Estimated Potential Increase in Exports from Removal of Barrier

Increased competitiveness from the removal of Brazil's domestic subsidies and MMRT, and the implementation of a TRQ, could add between $100 and $500 million in annual wheat sales at today's prices.

Brazil: Tariff (Import Policies)

Under the WTO Uruguay Round, Brazil agreed to establish a duty free 750,000 MT TRQ for wheat imports. Brazil has never established the TRQ and in 1996 notified the WTO of its intention to eliminate it. In the meantime, the Government of Brazil imposes a 10% duty on imported wheat. The United State should work with Brazil to either implement the TRQ or establish the terms (compensation) for the elimination of the commitment.

Brazil: SPS Restrictions (Standards, Testing, Labeling & Certification)

For years, the Government of Brazil has maintained bans on pests that are unsuitable to the country's climate and farming practices despite APHIS' repeated attempts to negotiate the removal of these phytosanitary restrictions.

At the present time, Brazil only allows the importation of certain classes of wheat and excludes shipments from West Coast ports mainly due to concern over flag smut (*urocystis agropyri*) and cephalosporium stripe. Brazil maintains this import ban even though it allows the importation of wheat from Argentina where flag smut is present. In addition, cephalosporium stripe requires the repeated freezing and thawing of the ground in the spring to cause root damage, which is unlikely to occur in Brazil and is very unlikely to be conveyed in grain shipments. In response to the raising of these issues, Brazil has threaten to reconsider all possible quarantine pests in wheat with the possibility of finding new restrictions even though it has not been able to identify any actual quarantine problems with U.S. wheat. These restrictions are counter to the non-discrimination and scientific principles of the WTO SPS Agreement. This situation has been going on for over 10 years without any sign of progress.

Brazil is a major wheat importer, purchasing an average of about 6 million MTs over the last five years. The import amount varies in accordance with the size of the country's domestic crop. During the last ten year the highest market share for U.S. wheat was only 13%, mainly due to the preferential tariff treatment accorded to Argentine and other MERCOSUR wheat exporters. Moreover, U.S. wheat shipped from the West Coast impacted by the SPS requirements would rarely be price competitive compared with exports from Gulf of Mexico ports. Finally, the U.S. wheat industry is concerned that Brazil's unwarranted restrictions on flag and cephalosporium stripe could be copied by other importers, causing further damage to U.S. wheat growers.

Estimated Potential Increase in Exports from Removal of Barrier
In those years when West Coast prices are competitive in Brazil, a 10% increase in U.S. wheat exports using the current hard red winter export free on board price of $340 per metric ton would lead to an economic gain of $100 to $500 million.

Brazil: Domestic Supports (Subsidies)
Upon accession to the WTO every country committed to capping their domestic subsides, including a fixed cap on trade distorting supports, known as the aggregate measure of support (AMS). Countries also have ceilings on de minimis spending as a percentage of general and product specific production with developing nations, including Brazil, capped at 10% percent, developed at 5% and China at 8.5%.

The U.S. industry believes that Brazil exceeded the country's wheat product specific de minimis subsidy cap for 2007/2008 and 2008/2009 based on the Brazil's recent WTO notification. The U.S. wheat industry believes that Brazil's calculation methodology understates the level of support by $292 million because it does not include all wheat production. The $292 million level of support is almost three times that of the country's reported de minimis subsidy limits of $102 million. The U.S. industry points to a study by DTB Associates that concluded that using all wheat production indicates that Brazil's product-specific aggregate measure of support (AMS) for wheat was $785 million in 2010— vastly surpassing the country's de minimis threshold of $144 million.

Brazil: Export Subsidies (Subsidies)
Brazil has notified a domestic support and transportation program called Premio do Escomento de Produto (PEP) Program, which appears to be an export subsidy. Under the PEP program, Brazilian wheat growers are provided with a guaranteed a minimum support price, and buyers are given subsidies to transport wheat either for export or to the northern, wheat-deficit regions of the country. The industry encourages US officials to examine the PEP program to ascertain whether it distorts trade by violating Brazil's WTO commitments on both domestic support and export subsidies.

Chile: Scaled Tariff System (Import Policies)

Under a bilateral Free Trade Agreement, Chile eliminated duties on U.S. wheat but the product is still subject to a scaled tariff system that mirrors the price band system which continues price floors and ceilings. The scaled tariff on U.S. wheat will reach zero in 2014 as per the U.S.-Chile FTA. Expediting the phase-down period will help U.S. competitiveness. The floor price protects domestic wheat producer, but results in a higher input price to the miller and ultimately the consumer.

Estimated Potential Increase in Exports from Removal of Barrier

Chile imports up to 1.0 million metric tons (MMT) of wheat each year from the United States, Argentina and Canada. U.S. market share averages around 40% and competition is intense between the three suppliers. U.S. suppliers need every advantage possible to maintain market share. Maintaining a 40% market share compared to lower shares seen in the past few years results in a $50 million increase to U.S. producers.

China: Import Licenses (Import Policies)

Chinese wheat importers are required to obtain an import inspection license from their quarantine agency in order to import wheat and other commodities to ensure that they are aware of various SPS restriction when purchasing wheat. The importer must have the certificate in hand prior to contracting the purchase, rather than before the arrival of the shipment. In addition, the importer must obtain a new certificate for every new order. These requirements are not always practical if the buyer is attempting to capture a particular price window.

China: TRQ (Import Policies)

Under China's wheat TRQ system, the country imposes a prohibitively high over-quota tariff of 65% on wheat imports while in-quota shipments face a 1% duty.

China: TRQ Administration (Import Policies)

The administration of China's wheat TRQ is not transparent. China committed to a 9.64 MMT TRQ, with 10% allocated to non-state trading enterprises (STEs) participants. Unused STE TRQs share are reallocated to private mills or private trading entities on a very limited basis. Under the country's WTO accession commitments and the intent of the working party during accession discussions (which are an integral part of the agreement), while STE TRQs must use a state-designated buying agent to purchase the commodity, there is no limitation as to the recipients (state or non-state).

China's current policy does not guarantee full utilization or promote the complete utilization of the total TRQ in any given year. U.S. wheat growers would have much greater access to the market if a greater share of the TRQ was allocated to the private sector. The U.S. wheat industry also believes that the current import licensing procedure is duplicative of the application for TRQ preference, creating another barrier to U.S. wheat. The Report of the Working Party on China's WTO accession provides that import licenses shall be valid for a period of six months, except for exceptional circumstances. China's licensing procedure should be timely in order to permit importers to capture market opportunities, especially in today's volatile price market. As a result, receipt of a TRQ should not necessitate a separate import license that further burdens the import process.

China: Food Safety Law (Standards, Testing, Labeling & Certification)

The U.S. wheat industry is increasingly concerned that China's precedent-setting requirements for inspection and certification of origin (traceability) for processed agricultural products will ultimately be extended to cover raw materials such as wheat. Such an extension for raw materials will increase costs and lower efficiency, as wheat shipments often originate from more than one region. Different origins are frequently blended at export facilities to meet the specific quality requirements of buyers and to meet the large volumes needed for a single vessel. This means that if it were even possible it would be very costly to document the specific origin of wheat in each shipment.

China: DON Standard (Standards, Testing, Labeling & Certification)

In 2004 the Chinese Ministry of Health began to limit the mycotoxin DON in wheat to 1.0 part per million (ppm.) which is one of the tightest tolerance levels in the world and the strictest for the Asian market. The concern is the amount of DON in foodstuffs for human consumption but many countries maintain a tolerance of 2pp for wheat for milling and food consumption (which with no decimal place actually allows for detections up to 2.49 ppm in practice.) Although the United States has not established a DON tolerance for wheat, the FDA has established an advisory level or 1 ppm in finished products, which is in recognition of the fact that cleaning and milling of wheat can actually reduce the level of DON by 50%. As a result, wheat with a 2 ppm of DON can usually be milled and processed into processed flour with a DON level below 1 ppm. Chinese companies have indicated that some local inspection officials are aware of the reduction in DON achieved by the milling process and therefore sometimes allow the discharge and use of wheat with DON levels as high as 2 ppm. The regulatory requirement, however, forces a 1.0 ppm level in contracts. In years where DON is widespread, U.S. exporters can only provide wheat with low DON levels at a much higher price that is not competitive with Chinese or other origin wheat.

China: Inspection Procedures (Standards, Testing, Labeling & Certification)
Wheat shipments face delays and additional costs by China's preliminary inspection at anchorage and a more thorough inspection and sampling during the discharge, as well the requirement to hold commodities in storage until final clearance.

China: TCK (Standards, Testing, Labeling & Certification)
China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) keeps a list of over 80 quarantine pests, including *tilletia controversa* Kuhn (TCK) and Karnal bunt (KB). Although China and the United States signed a bilateral agreement in 1999, Beijing ignores the provision which allows TCK level of up to 30,000 spores per 50 grams in the composite sample collected, inspected and certified by Federal Grain Inspection Service (FGIS) of the USDA or its officially designated agent.

The bilateral agreement allows the unloading of U.S. wheat vessels at any Chinese port with expeditious delivery to processors and buyers without requiring any additional treatment. Local quarantine officials in some port regions, however, threatened buyers if they import U.S. winter wheat that may have come from areas where TCK has been previously found. In southern Chinese ports, U.S. winter wheat must be discharged at one designated port and a cleaning fee is assessed, which is estimated to range from $10 to $13 per MT. Although U.S. winter wheat classes are often price competitive with domestic and foreign wheat from other origins, Chinese importers have purchased limited amounts of U.S. wheat because of potential discharge issues and the additional costs and burden to re-ship from the cleaning facility.

In conjunction with Chinese scientists, the United States conducted research that resulted in the agreed upon spore level. Additional research, in which China opted to not participate despite the invitations and encouragement from the United States, confirms that TCK cannot be established in environments similar to those in Chinese agricultural regions.

China: Weed Seed Tolerance (Standards, Testing, Labeling & Certification)
AQSIQ's wheat weed seed rules, such as those covering Johnson grass and jointed goat grass, discourage buyers from purchasing wheat that may contain those weed seeds even though these weeds are present in China. The absence of a documented transparent national control program for weed seeds is another factor inhibiting exports.

China: Domestic Subsidies (Subsidies)
The U.S. wheat industry believes that China's miminum support prices for wheat have increased significantly in recent years, resulting in higher domestic support payments that likely exceed its AMS commitments. (AMS refers to amber box trade distorting subsidies.) The US industry estimates that wheat price support plus other amber box support totals and AMS for wheat of $4.9 billion in 2012, which exceeds the de minimis threshold of $ 2.7 billion.

The minimum procurement price for wheat has annually increased and the last notified minimum price support (2008) was approximately $215/MT, whereas the 2012 price for non-durum wheat was $320/MT. China's external reference price for wheat was set at $265/MT upon the country's accession to the WTO.

Egypt: Ragweed Standards (Standards, Testing, Labeling & Certification)

In 2010 the Egyptian General Authority for Supply Commodities (GASC) introduced a specification into government wheat tenders mandate that wheat be free from the weed seed *ambrosia* (ragweed), which is a common pest in major wheat growing countries. For decades the United States has exported several million tons of wheat to Egypt each year without excessive concern over ragweed. This new strict specification, however, has led many U.S. wheat exporters to decline to offer wheat on GASC tenders after the Russian wheat export ban in mid-2010 due to the rejection risk if ambrosia was found upon arrival in Egyptian ports. Subsequently U.S. exports resumed although the restrictive tender language has not been removed and could again lead to disruptions. It is also concerning that other exporters are willing to certify freedom from ambrosia even though it is likely present in all wheat exporting countries and cannot be completely removed by cleaning.

Although Egyptian quarantine officials are reportedly conducting a PRA on ambrosia, they have forced GASC to impose this new requirement pending the conclusion of the PRA. This measure is an unnecessary precaution as Egyptian officials acknowledge that ambrosia is already present in the country, and quarantine officials have verbally stated that they will not reject shipments if ambrosia is detected but will simply require that they be cleaned (at the shipper's cost). In view of the fact that Egypt will accept wheat to be cleaned upon arrival in the country, GASC tenders should specify a workable tolerance and clearly indicate how the shipment will be treated if is found, which are provisions that would more accurately reflect statements from quarantine officials and reduce the risk to U.S. wheat shipments.

Egypt: Unpredictability (Standards, Testing, Labeling & Certification)

Inconsistent enforcement and interpretation of Egyptian food safety and plant health issues is barrier to U.S. wheat exports. It appears that Egyptian agencies and individual officials use SPS issues as a means to further their own views or perhaps to leverage their positions in the bureaucracy. This results in expensive delays and unanticipated testing for importers. The Egyptian Organization for Standards (EOS) is responsible for updating the country's standards, but the ministries responsible for agriculture and health frequently ignore EOS specifications and establish different limits, causing conflict, confusion and higher risk for U.S. exporters, which often leads them to decide not to participate in tenders.

EU: TRQ for Low Quality Wheat (Import Policies)

Since early 2008, high prices for wheat have led to the duty-free access for U.S. high quality and durum wheat to the European Union. (High quality wheat has a high protein level, which the EU has defined as 14%.) Despite unfettered market access for these types of wheat, lower quality wheat still faces a restrictive TRQ. In 2003 the EU implemented a TRQ for low and medium quality wheat. U.S. wheat has a special 572,000 MT low-duty (12 euros/MT) allocation out of the total l 2,981,600 MT low-duty quota. The above-quota tariff is 95 euros per MT, which is far above the U.S. tariff of $3.50 per MT of imported wheat for WTO member countries. In February 2011, the EU reduced the in-quota tariff to zero for low and medium quality wheat. This temporary duty exemption is currently scheduled to remain in place until December 31, 2012.

The temporary reduction in the in-quota tariff allowed the US industry to completely fill the specific EU TRQ quota for the first time. It is unclear to the industry whether U.S. wheat could be used to fill third-country TRQ volume. Moreover, the U.S. wheat industry urges officials to push for continued access to reduced tariff access for low and medium quality wheat.

EU: Karnal Bunt Standards (Standards, Testing, Labeling & Certification)

The EU does not accept APHIS certification for Karnal bunt (KB) in the belief that the APHIS bunted kernel standard for KB does not provide adequate risk protection. Many EU countries, particularly the United Kingdom and Greece, aggressively sample U.S. wheat to test for KB spores. The delay and uncertainty of spore testing of American wheat encourages buyers to seek wheat from other origins, particularly Canada even though both the United States and Canada mainly ship wheat to the EU from Great Lake ports.

It is believed that the EU is the only group of countries that questions the sufficiency of the APHIS bunted kernel methodology for certifying KB. Since it was first detected in the 1990s, the KB-affected area in the United has gradually grown smaller in size and it is now only found in a few counties in Arizona. In the 15 years since KB was first detected in the United States, there have not been any instances where KB has emerged elsewhere in the world owing to U.S. wheat imports and no confirmed case of KB contamination of a U.S. wheat shipment. Despite this record, APHIS and its EU counterpart have not made any progress on resolving this issue.

EU: Vomitoxin and Ochratoxin Standards (Standards, Testing, Labeling & Certification)

The EU maintains sampling and testing requirements for ochratoxin and vomitoxin (deoxynivalenol or DON) for imported wheat. Although the U.S. Federal Grain Inspection Service (FGIS) offers official testing services for both these mycotoxins, the EU has not accepted that the rapid methods approved by FGIS are equivalent to the method they require or that FGIS sampling, especially for ochratoxin, is sufficiently intensive. Testing at destination discourages exports by delaying delivery which increases the cost and uncertainty for both buyers and shippers.

France: Export Subsidies (Subsidies)

French wheat exports to the French territories of Martinique and Guadeloupe are subsidized by the French government, allowing wheat to arrive in these Caribbean islands at below market cost. A portion of that wheat is then transshipped to Suriname. The Surinamese market size is about 35,000 MT, with French wheat accounting for about 40% percent of the total. This transshipment effectively allows French wheat to enter Suriname at subsidized rates, putting U.S. wheat shipments at a price disadvantage.

General: State Trading Enterprises: (Other)

One of the most important objectives for the U.S. wheat industry in the ongoing round of WTO negotiations is the elimination of State Trading Enterprises (STEs) as they distort trade.

India: SPS Restrictions (Standards, Testing, Labeling & Certification)

U.S. growers have been excluded from the potentially large Indian wheat market because of unreasonable and unevenly enforced quarantined weed seed requirements. India tightens and relaxes their SPS requirements for temporary periods in response to the need for imports. However, U.S. exports cannot even meet the seed requirements for India's relaxed wheat tender terms. U.S. exporters have been kept out of this market because our highly developed and transparent regulatory system admits that the requirements are unobtainable and APHIS cannot certify that U.S. wheat shipments are free from these weed seeds.

Moreover, many of these weed seeds can be commonly found in most wheat exporting countries and only a few exporters, mainly Canada and Australia, clean sufficiently to reduce weed seed presence. However, even after cleaning, certification stating the cargo is free from weed seeds would be difficult to meet. In 2007 India accepted imported wheat from several countries, including Australia, Canada, the EU, Russia and Ukraine. Although other countries are certifying to India's requirements, many of them have questionable inspection and certification practices. Although the United States and India discussed the issue in 2007, India refused to amend their tender terms. This impasse completely closed the market to U.S. wheat growers, in a year when India could have been a top U.S. export market. Tenders won by other exporting countries were somehow able to meet the tender requirements, which raise the question as to whether the terms were uniformly enforced.

India: Domestic Supports (Subsidies)

Every country commits to domestic subsidy caps as part of their accession to the WTO. This commitment includes a fixed cap on trade distorting supports, known as the aggregate measure of support (AMS). Countries also have caps on de minimis spending as a percentage of general and product specific production, with developing nations capped at 10%. India has not notified domestic support spending to the WTO since 2003 despite the annual WTO notification requirements. The U.S. wheat is troubled by India's failure to meet its notification requirements because it is the second biggest producer of the crop in the world.

Based on the country's previous notifications to the WTO and USDA reports, the U.S. wheat industry believes that India is violating its wheat specific subsidy cap. Analysis indicates that India's wheat-specific aggregate measure of support is between $11.8 and $13.4 billion, which far surpasses the country's de minimis threshold of $2.3 billion.

The industry also believes that India is exceeding price support commitments for other commodities, such as rice, corn, soybeans, cotton, soybeans and rapeseed. The industry believes that India's total AMS falls between $37.3 and $62.0 billion, while India's total AMS limit is zero. AMS spending needs to be carefully monitored and U.S. negotiators should address this issue through the WTO consultative process in Geneva.

India: Export Subsidies (Subsidies)

In recent months, India has considered wheat export subsidies. It is likely this option is being considered due to excess domestic production which could be attributed to excess domestic subsidies.

Japan: Import System (Import Policies)

Wheat can only be imported through the Ministry of Agriculture, Forestry and Fisheries (MAFF), which then sells the product to Japanese flour millers after significantly raising the price beyond the import price. This policy is designed to discourage the importation of wheat.

Japan: Pesticide MRLs (Standards, Testing, Labeling & Certification)

Japanese pesticide regulations discourage the introduction of new and improved pesticides in the United States. While the provisional minimum residue levels (MRLs) established for the new system generally are compatible with U.S. pesticide tolerances, the Japanese system does not provide for timely changes or for any temporary accommodation of new EPA-approved pesticide. Commercial availability of EPA-approved chemicals can wait for years pending approval of an MRL in Japan.

For example the EPA approved spinosad in January 2005 as a stored grain protectant and established a tolerance of 1.5 ppm. This pesticide is widely viewed as being a much safer grain protectant than existing products. Japan's Ministry of Health, Labor and Welfare (MHLW), however, took almost 7 years to review the proposal for a MRL on wheat before finally establishing a 2.0 ppm MRL in August 2012,

The MHLW also established a maximum vomitoxin (deoxynivalenol or DON) level of 1.1 parts per million (PPM). Since this MRL must be met on destination testing, many contracts stipulate a specification below this level to ensure a result lower than 1.1 ppm. This is one of the tighter DON specifications in the world as many countries have a tolerance of 2 ppm in wheat for milling and food consumption (which with no decimal actually allows detections up to 2.49 ppm). The United States, by contrast, has not established a limit on DON in wheat, but the FDA has set an advisory level of 1 ppm in finished food products. This FDA policy acknowledges that the cleaning and milling of wheat can reduce the presence of DON by around 50%, so 2 ppm wheat can usually be milled into processed flour with a DON level below 1 ppm. In years where DON is common, U.S. wheat exporters can only supply product with low DON levels at a much higher price, raising concern that Japanese importers will look to cheaper origins.

Japan is usually the leading importer of U.S. wheat, annually purchasing over 3.0 million metric tons (MMT) or just over a 50**%** market share. The U.S. wheat industry has worked very closely with the Japanese wheat industry to minimize market disruption. Assistance in streamlining Japan's MRLs would provide U.S. producers more options in managing the production and storage of their wheat crop each year.

Kenya: Tariff (Import Policies)

The Government of Kenya collects a 10% ad valorem duty on imported wheat. This tariff encourages under-invoicing by many smaller exporters when prices are high. The United States has a very transparent price and invoices cannot be changed. Higher duties place the United States at a disadvantage to competitors who can alter the values shown on documents for taxation purposes. Further, the customs authority requires a bond for another 15%, where release of the bond is based on accounting proof that the wheat was milled and sold in Kenya. This requirement has added an incredible amount of additional accounting for importing millers.

Estimated Potential Increase in Exports from Removal of Barrier

There are times when U.S. wheat exports from the PNW are more competitive than those from the Gulf of Mexico and the ability to ship from both ports could increase U.S. wheat market share. U.S. market share in Kenya is low, but even a5% increase in market share would result in a $10 million gain for U.S. wheat growers.

Kenya: Flag Smut Restrictions (Standards, Testing, Labeling & Certification)

In 2006 the Government of Kenya began enforcing long-standing flag smut restrictions on U.S. wheat exports. APHIS partially resolved this problem when it was able to certify shipments from areas other than the West Coast ports as free of flag smut. Although this certification allowed exports to resume, Pacific Northwest shippers and growers have been excluded from the Kenyan market. The issue needs to be further explored on a technical level as it is not clear that flag smut should be a quarantine concern to Kenya.

Kenya's SPS issues also impact U.S. wheat exports from the PNW to Uganda, which does not have a flag smut ban on West Coast exports, but since importers in Uganda generally use Kenyan port facilities, they must abide by the requirement for Kenya.

Estimated Potential Increase in Exports from Removal of Barrier

The total import market for Kenya and Uganda can reach up to 1.0 million metric tons (MMT) in some years. There are times when U.S. wheat exports from the PNW are more competitive than those from the Gulf of Mexico, and the ability to ship from both ports could increase U.S. wheat growers' small market share. Even a 5% increase in market share would result in a $10 million gain to the U.S. wheat growers.

Pakistan: Tariff on Wheat Flour (Import Policies)

The Government of Pakistan imposes a 10% duty and a 15% sales tax on imported wheat tariffs.

Pakistan: Tariff on Wheat (Import Policies)

U.S. wheat exports to Pakistan are constrained by a 35% tariff and a 15% sales tax on private sector imports.

Philippines: Tariff (Import Policies)

For a number of years Philippine flour millers have been loyal U.S. wheat customers, resulting in this country being a top five customer with purchases averaging around 1.7 MMT each year. In 2008, due to high prices, the Government of the Philippines reduced duties on wheat from all origins but ended this reduction in July 2011. U.S. wheat now faces a 3% duty disadvantage against Australian wheat which enters duty-free as a result of the Australia-ASEAN agreement. Australia's geographic proximity and tariff advantage will hurt U.S. market share in the future.

South Korea: Tariff and TRQ (Import Policies)

U.S. wheat exports face a South Korean TRQ of 2,400,000 tons for milling-quality wheat with an applied in-quota tariff rate of 1%. South Korea imposes a 1.8% tariff on non-durum wheat.

Under the U.S-Korean FTA, an unlimited amount of U.S. wheat for milling will be able to enter Korea duty free while Korean imports of U.S. wheat will no longer be subject to Korea's 1.8% tariff or its autonomous tariff-rate quota (TRQ) of 1%.

Estimated Potential Increase in Exports from Removal of Barrier

Korea is one of the American wheat industry's largest overseas markets. The small tariff break under the FTA will help U.S. wheat exporters which face strong competition from Australia and Canada.

South Korea: Pesticide MRLs (Standards, Testing, Labeling & Certification)

South Korean mycotoxin inspection for wheat began in 2010 with a vomitoxin (deoxynivalenol or DON) limit of 1part per million (ppm), zearalenone - 200 ppb, aflatoxin - 15 ppb, and ochratoxin A - 5 ppb. The U.S. wheat industry is most concerned with the MRL for DON as the Korean limit is stricter than the 2 ppm level set by most importing countries. Although FDA does not place a limit on DON in wheat it has established an advisory level of 1 ppm in finished food products. The policy of the FDA considers the fact that the cleaning and milling of wheat can reduce the presence of DON by around 50%, so 2 ppm wheat can usually be milled into processed flour with a DON level below 1 ppm. In years where DON is widespread, U.S. wheat exporters can only supply wheat with low DON levels at a much higher price, which might lead Korean importers to look for cheaper source of wheat. Implementation of a 1 ppm maximum by Korea should be justified by scientific measures.

In addition, South Korea recently imposed 0.2 ppm limits on lead and cadmium in wheat, which are limits also adopted by Codex, and reportedly began testing for these metals in July 2010. These metals are present in wheat not because of contamination but are taken up from the soil by the growing wheat plant and occur at some level in wheat from all origins. While normally neither limit should be a problem, U.S. wheat could occasionally exceed a 0.2 ppm limit.

Estimated Potential Increase in Exports from Removal of Barrier:
The important South Korean market exceed1.1 MMT each year, resulting in a return of over $250 million at today's prices. Any disruption in U.S. exports due to SPS measures would directly lead to sales being diverted to growers in Australia or Canada.

Thailand: Proposed Cadmium Ban (Standards, Testing, Labeling & Certification)
The Government of Thailand is currently proposing to ban cadmium, which occurs naturally in the soil. Durum wheat especially absorbs cadmium during the growing process. In the United States cadmium in wheat is not viewed as a health risks, but some countries have expressed concern over cadmium levels. An overall ban on cadmium would limit wheat from all origins and a scientifically established tolerance is required as other wheat classes also contain levels of cadmium.

Estimated Potential Increase in Exports from Removal of Barrier
Thailand is a major Southeast Asia market for U.S. wheat producers with average annual U.S. exports of 400,000 MT, resulting in a market value of over $100 million.

Turkey: Tariff (Import Policies)
The Government of Turkey currently imposes an import tax up to 130% on all wheat. The tax level varies each year depending on the size of the Turkish wheat crop.

Turkey: Import Permits (Import Policies)
In addition to collecting a high import tax, the Government of Turkey often refuses to grant wheat import permits.

Turkey: Domestic Supports (Import Policies)
Upon accession to the WTO every country commits to domestic subsidy caps. This includes a fixed cap on trade distorting supports, known as the aggregate measure of support (AMS). Countries also have caps on de minimis spending as a percentage of general and product specific production with developing nations capped at 10%, developed at 5%, and China at 8.5%. While countries are to report domestic support spending annually, Turkey has not notified domestic support spending to the WTO since 2001. The U.S. wheat industry is finds this lack of transparency troubling as Turkey is a large wheat producer and the second biggest exporter of wheat flour.

Based on past notifications to the WTO and data contained in USDA country reports, the U.S. wheat industry reports that it has detected violations of product specific subsidy caps on wheat in Turkey. Analysis of Turkey's price support practices shows a wheat-specific AMS of $5.541 billion, while Turkey's de minimis limit is only $0.441 billion. Similar analysis indicates that Turkey is exceeding domestic support commitments in other commodities such as corn, rice, sugar, soybeans and others, with an estimated total AMS of $9.201 billion. Turkey's AMS limit is zero, so any spending above de minimis levels is inconsistent with the country's WTO obligations.

AMS spending needs to be carefully monitored and U.S. negotiators should address this issue through the WTO consultative process in Geneva.

WHEY

India: Tariff: (Import Policies)
The Government of India currently imposes a 30% tariff on imported whey.

South Korea: Tariffs and Tariff Rate Quota (Import Policies)
U.S. food whey exports are currently limited by a 54,233 MT quota. The in-quota tariff is 20% while the above-quota is 49.5%. At the present time U.S. whey feed exports enter the Korean market under tariff rates of 4, 20, or 49.5 percent, depending upon the type of product and the volume that has already been imported in a particular year.

U.S. whey feed exports will receive immediate duty-free access under the bilateral free trade agreement. U.S. food whey exports will receive a new 3,000 ton TRQ with in-quota imports facing zero tariffs. The TRQ will grow at a compound annual rate of 3% from year 2 through year 9 with the above-quota tariff rate declining each year until year ten. Starting in year ten, all U.S. food whey imports will receive duty-free treatment.

WINE

Argentina: Tariff (Import Policies)
U.S. wine exports to Argentina face a 20% tariff.

Barbados: Tariff (Import Policies)
The Government of Barbados imposes a 20% duty on imported wine.

Brazil: Tariff (Import Policies)
The Government of Brazil currently imposes a 27% tariff on imported wine but is being pressured by the domestic industry to increase the tariff to 55%.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $5 million to $25 million.

Brazil: Certificate of Analysis (Standards, Testing, Labeling & Certification)
In December 2009, Brazil instituted rules requiring certificates of origin and product analyses for imported wines, which raise costs for U.S. wine producers seeking to export to Brazil. The United States noted in bilateral meetings with Brazil in November 2010 and March 2011 that these requirements are unnecessary and duplicative because the U.S. Alcohol and Tobacco Tax and Trade Bureau issues certificates of analysis of chemical parameters and origin for U.S. wines. The United States is continuing to work with Brazil to resolve this issue as well as to ensure that U.S. wine exports do not face any additional market access restrictions in Brazil.

Canada: Distribution System (Other)
British Colombia (BC) maintains two separate distribution systems that apply to imported wines and BC wines. BC wineries are permitted to directly deliver their products to their customers (individuals, restaurants, private wine stores, etc.) with deliveries frequently taking just a matter of hours or days. By contrast, the BC Liquor Distribution Branch (BCLDB) requires all imported wines to go through the BLDB's wholesale distribution system, including storage at their facility. As a result, it can take a long time for imported wine to arrive at retail or restaurant channels, adding additional costs to imported wine.

Canada: Mark Up and Fee Structure (Other)

All imported wine, whether sold by private retailers or through BC Liquor Distribution Branch (BCLDB) stores are required to pass through the BCLDB distribution system and therefore as subject to standard mark-ups in the range of 117%. Only BC wines that are sold through the BCLDB distribution are subject to the same mark-up, while BC wine that is directly distributed to customers outside the system (private retail stores, bars and restaurants) is not subject to the mark-up. In addition a portion of the mark-up on domestic wine sales through the BCLDB system is refunded to the winery by means of the VQA Support Program or Quality Enhancement Program.

Chile: Tariff (Import Policies)

Under the U.S.-Chile FTA, signed in 2003, U.S. wines faced a 6% ad valorem duty in 2008. Starting in 2011, the Chilean tariff on U.S. wine will be reduced to 3.3% under a tariff phase-out provision of the bilateral trade agreement. Under the tariff schedule, the tariff will be completely eliminated in 2016. Although the tariff is scheduled to be phased-out, the delay still presents an obstacle to exporting wines to Chile.

China: Tariff (Import Policies)

Under China's WTO accession agreement, the tariff on bottled wine fell from 24.2% in 2003 to 14% in 2004, while the tariff on bulk wine was lowered to 20%. Despite the reduction, the tariff still presents a significant barrier to U.S. wine exports.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were eliminated the industry estimates that annual wine exports would increase by $25 million to $50 million.

EU: Tariff (Import Policies)

The average EU tariff on wine is approximately 9%. By comparison, the U.S. tariff on EU wine is significantly lower.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were eliminated the industry estimates that annual wine exports would increase by $50 million to $100 million.

EU: Labeling Requirements (Standards, Testing, Labeling & Certification)

The EU's wine labeling requirements which seek exclusive use of so-called "traditional terms" such as ruby, reserve, chateau, classic and tawny on wine labels present difficulties for U.S. wine exporters. The three-year derogation for the use of these terms expired on March 29 and the EU has indicated that it would not extend the derogation. The new wine regulation (EC No 607/2009), which was published on July 14, 2009, leaves enforcement to EU member states, but it is unclear how Member States will carry out the regulation or how the EC plans to ensure consistency.

This regulation severely restricts the ability of non-EU wine producers to use common or descriptive and commercially valuable terms to describe their wine, on the basis that those terms are traditionally associated with European wines. Although the EU is attempting to justify the limitations on the application of traditional terms by indicating that they could be used to mislead consumers, these terms have been used on U.S. wines for years without any risk to consumers. In addition, the EU continues to try to expand the list of so-called "traditional terms" to include additional commercially valuable terms. Moreover, the EU has withdrawn permission to use certain "traditional terms" under the U.S. – EU wine agreement and has limited the use of traditional expressions in trademarks.

EU: Export Subsidies (Subsidies)

Although the EU is arguably phasing out export subsidies for wine, its producers are still receiving refunds for wine exports to developing countries such as China and Russia, thereby allowing these exporters to operate at a competitive advantage.

India: Tariff (Import Policies)

India imposes high tariffs and other duties on wine imports. As a result, the effective tax rate on imported wine ranges from about 150% to 550%. In 2011 the United States exported a total $1.345 billion worth of wine around the world but only $865,000 to India, the industry's 47th largest export market. Washington's total wine exports reached $19.4 million in 2011, with $194,000 of that total going to India, the 19th most important overseas market for the state's wine industry.

Indonesia: Tariff (Import Policies)

Indonesia imposes a 150% tariff on wine.

Estimated Potential Increase in Exports from Removal of Barrier

If the tariff were eliminated the industry estimates that annual wine exports would increase by less than $5 million.

Israel: Tariff (Import Policies)

The Government of Israel currently imposes a 40% tariff on wine.

Japan: Tariff (Import Policies)

The Government of Japan imposes a 15% ad valorem tariff on imported wine. The tariffs and taxes significantly hinder Washington wine exports to Japan. In addition, Washington wine is competing with Chilean wine which is gradually receiving reduced tariff rates under a bilateral trade agreement.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the U.S. industry estimates that annual wine exports would increase by $25 million to $50 million.

Malaysia: Tariff (Import Policies)
The Government of Malaysia imposes a 100% tariff on wine.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $5 million to $25 million.

New Zealand: Tariff (Import Policies)
The Government of New Zealand imposes a 5% tariff on imported wine. Wine sales are also subject to alcohol and excise taxes which vary according to the type of wine. New Zealand charges a NZ$ 2.332 per liter tax and an alcohol tax of NZ$ 4.98 per liter on non-fortified wine. Fortified wine is subject to an excise tax of NZ$ 42.472 per liter and an alcohol tax of NZ$ 8.09 per liter. An additional 12.5% goods and services tax is imposed on both types of wine.

Philippines: Tariff (Import Policies)
The Government of the Philippines currently imposes a 7% tariff, as well as a 12% VAT and an excise tax (P 18.87) on imported wine.

Russia: Tariff (Import Policies)
U.S. wine exports to Russia are subject to a 20% duty.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $5 million to $25 million.

Russia: Certificate of Analysis (Standards, Testing, Labeling & Certification)
The Government of Russia requires a certificate of analysis from U.S. wine exporters, as well as certificates verifying that their wines conform to the standards of Russia and the United States. In addition, Russia requires U.S. wineries to pay $5,000 for the two hygiene certificates the country requires and obtain a *Gosstandart Russia* Certificate of Conformity to wine standards.

South Africa: Tariff (Import Policies)
U.S. wine exports to South Africa are constrained by the relatively high 25% tariff, as well as having to compete with European wine which enters the country duty free.

Taiwan: Tariff (Import Policies)
Taiwan imposes a 10% tariff on U.S. grape wines and a 20% tariff on sparkling wine.

Thailand: Tariff (Import Policies
A major constraint for wines originating from the United State is the high tariff rate (54%). U.S. wines find difficult to compete with wines from Australia and New Zealand which are taxed at 12% and 9% respectively and the duty from both countries will be 0% in 2015. In addition, Chile will sign a trade agreement with Chile in mid-2012 which will increase the competitive pressure on U.S. wines.

United Arab Emirates: Tariff (Import Policies
U.S. wine exports to the United Arab Emirates face a 50% tariff.

Vietnam: Tariff (Import Policies)
Currently, U.S. wine faces a 50% Vietnamese tariff.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff were eliminated the industry estimates that annual wine exports would increase by $25 million to $50 million.