THE WASHINGTON STATE
REPORT ON FOREIGN TRADE BARRIERS TO AGRICULTURAL EXPORTS

APRIL 2014

ALGERIA
Apples: Tariff
Cherries: Tariff
Pears: Tariff

ANGOLA
Frozen French Fries: Tariff

ARGENTINA
Apples: Tariff and Statistical Tax
Cherries: Tariff and Statistical Tax
Pears: Tariff and Statistical Tax
Processed Potatoes: Tariffs
Wine: Tariff
Apples: Phytosanitary Import Prohibition
Beef: BSE Import Restrictions
Cherries: Phytosanitary Import Prohibition
Pears: Phytosanitary Import Prohibition
Seed Potatoes: Phytosanitary Import
--- Prohibition
Apples: Export Rebate Subsidy
Pears: Export Rebate Subsidy

AUSTRALIA
Apples: Phytosanitary Import Prohibition
Beef: BSE Import Restrictions
Pears: Phytosanitary Import Prohibition
Plums: Phytosanitary Import Prohibition

BANGLADESH
Apples: Tariff
Cherries: Tariff
Pears: Tariff

BARBADOS
Wine: Tariff

BOLIVIA
Apples: Tariff
Cherries: Tariff
Pears: Tariff
Beef: BSE Import Restrictions

BOTSWANA
Frozen French Fries: Tariff

BRAZIL
Apples: Tariff
Cherries: Tariff
Frozen French Fries: Tariff
Grape Juice; Tariff
Pears: Tariff
Wine: Tariff
Beef: BSE Import Restrictions
Grape Juice: Container Restriction

CAMBODIA
Beef: Tariff
Cheese: Tariff
Frozen French Fries: Tariff

CANADA
Dairy Products: TRQs
Fluid Milk: Re-export Program
Fluid Milk: TRQ
Fresh Potatoes: Pesticide MRLs
Fresh Potatoes: Proposed Import
--- Standards
Hops: MRL Requirements
Wine: Provincial Taxes

CHILE
Wheat: Scaled Tariff System
Wine: Tariff
Salmon Eggs: Sanitary Import Prohibition

CHINA
Apples: Tariff and VAT
Cherries: Tariff and VAT
Fresh Potatoes: Tariff
Hay: Tariff
Pears: Tariff
Plums: Tariff
Potato Products: Tariffs
Wheat: TRQ
Wheat: TRQ Administration
Wine: Tariff

Apples: Phytosanitary Varietal Import
--- Prohibition
Apples: Post-Harvest Decay
---Organisms/Shipper Suspensions
Beef: BSE Import Restriction
Blueberries: Phytosanitary Import
---Prohibition
Frozen French Fries and Dehydrated Potato
---Products: Quality/Condition Certificate
Nectarines: Phytosanitary Import
---Prohibition
Peaches: Phytosanitary Import Prohibition
Potato Products: Pesticide MRLs
Potatoes: Phytosanitary Import
--- *Prohibition*
Wheat: TCK Standards
Wheat: Weed Seed Tolerance
Wine: Phthalates Testing
Wheat: Domestic Supports

<u>COLOMBIA</u>
Beef: Tariff
Pulses: Tariffs

<u>CONGO</u>
Frozen French Fries: Tariff

<u>COSTA RICA</u>
Potato Products: Phytosanitary Restrictions

<u>ECUADOR</u>
Apples: Tariff
Cherries: Tariff
Fresh Potatoes: Tariff
Frozen French Fries: Tariff
Pears: Tariff

<u>EGYPT</u>
Apples: Tariff
Cherries: Tariff
Frozen French Fries: Tariff
Pears: Tariff
Seed Potatoes: Phytosanitary Import
---Prohibition
Wheat: Ragweed Standards

<u>EUROPEAN UNION</u>
Apple: Tariff and TRQ
Apples: Entry Price System
Beef: TRQ
Breaded Cod: Tariff
Cherries: Tariff/TRQ
Cherries: Entry Price System
Cod: Tariff
Dairy Products: Import Licensing
Dehydrated Potato Products: Tariffs
Dried Cranberries: Tariff
Fresh Potatoes: Tariff
Frozen French Fries: Tariff
Grape Juice;
Tariff
Hops: Tariff
Pacific Whiting: Tariff
Pears: Tariff
Pears: Entry Price System
Pollock: Tariff
Wheat: TRQ for Low Quality Wheat
Wine: Tariff
Apples: Pesticide MRLs
Apples: DPA MRL
Cherries: Phytosanitary Restrictions
Hops: Pesticide MRLs
Pears: DPA MRL
Potato Products: Pesticide MRLs
Wheat: Karnal Bunt Standards

Wheat: Vomitoxin and Ochratoxin
--- Standards
Wine: Labeling Requirements
Cheese: Geographic Indicators
Dairy: Export Subsidies
Wine: Subsidies

GHANA
Frozen French Fries: Tariff

GUATEMALA
Apples: Domestic Support

HONG KONG
Processed Food Products: Pesticide MLs

INDIA
Apples: Tariff
Cherries: Tariff
Dehydrated Potato Products: Tariff
Fresh Potatoes: Tariff
Frozen French Fries: Tariff and Taxes
Pears: Tariff
Value Added Processed Foods: Tariffs
Whey: Tariff
Wine: Tariff
Pulses: Fumigation Requirement
Wheat: SPS Restrictions
Wheat: Domestic Supports
Wheat: Export Subsidies

INDONESIA
Apples: Tariff
Apples: Import Licensing
Cherries: Tariff
Fresh Potatoes: Tariff
Frozen French Fries: Tariff
Grape Juice: Import Permits
Grape Juice: Tariff
Pears: Tariff
Processed Potatoes: Import Permits
Wine: Tariff
Apples: Phytosanitary Import Restriction
--- Decree #37
Beef: Inspection Equivalence
Beef: BSE Restrictions
Cherries: Phytosanitary Import Restriction
--- Decree #37
Pears: Phytosanitary Import Restriction
--- Decree #3
Potato Products: General Standards

IRAQ
Apples: Tariff
Cherries: Tariff
Pears: Tariff

ISRAEL
Apples: Tariff Rate Quota
Apples: TRQ Administration
Cherries: Tariff
Dairy Products: TRQs
Pears: Tariff Rate Quota
Apples: Phytosanitary Import Restrictions
Beef: BSE Import Restrictions
Cherries: Phytosanitary Import Prohibition
Pears: Phytosanitary Import Restrictions

JAPAN
Apples: Tariff
Beef: Tariff and Safeguard
Cherries: Tariff
Cod: Tariff
Dairy Products: Tariffs and TRQs
Dairy Products: TRQ Administration
Dehy. Potato Flakes: Tariff
Fresh Potatoes: Tariff
Frozen French Fries: Tariff
Frozen Sweet Corn: Tariff
Grape Juice: Tariff
Nectarines: Tariff
Peaches: Tariff
Pears; Tariff
Wheat: Import System
Wine: Tariff
Apples: Fumigation Requirement
Apricots: Phytosanitary Import Prohibition
Beef: BSE Restrictions
Cherries: Pesticide MRLs
Cherries: Phytosanitary Varietal Import
--- Prohibition
Fresh Potatoes: Phytosanitary Import
--- Restriction
Hops: Pesticide MRLs

Peaches: Phytosanitary Import Prohibition
Pears: Phytosanitary Import Prohibition
Potatoes: Pesticide MRLs

KENYA
Frozen French Fries: Tariff

LEBANON
Frozen French Fries: Tariff

LIBYA:
Apples: Tariff
Cherries: Tariff
Pears: Tariff

MALAYSIA
Apples: Tariff
Cherries: Tariff
Pears: Tariff

MALAWI
Frozen French Fries: Tariff

MEXICO
Peaches and Nectarines: Phytosanitary
--- Import Restrictions
Plums: Phytosanitary
--- Import Restrictions

MOROCCO
Apples: Tariff
Beef: BSE Restrictions

MOZAMBIQUE
Frozen French Fries: Tariff

MYANMAR
Frozen French Fries: Tariff

NAMIBIA
Frozen French Fries: Tariff

NEW ZEALAND
Wine: Tariff
Dairy: Monopoly

NICARAGUA
Fresh Potatoes: Import Licensing

NIGERIA
Frozen French Fries: Tariff

NORWAY
Apples: Tariff
Cherries: Tariff
Pears: Tariff

PAKISTAN
Fruits and Vegetables: Tariffs

PANAMA
Dehydrated Potato Flakes: Tariff
Fresh Potatoes: TRQ
Frozen French Fries: TRQ

THE PHILIPPINES
Apples: Tariff
Cherries: Tariff
Fresh Potatoes: TRQ
Frozen French Fries: Tariff
Pears: Tariff

RUSSIA
Apples: Tariff
Cherries: Tariff
Fresh Potatoes: Tariff
Pears: Tariff
Beef: BSE Restrictions
Beef: Ractopamine Prohibition

SAUDI ARABIA
Beef: BSE Restrictions

SINGAPORE
Beef: BSE Restrictions

SOUTH AFRICA
Apples: Tariff
Cherries: Tariff
Pears: Tariff
Salmon: Tariff
Wine: Tariff
Apples: Phytosanitary Import Restrictions
Beef: BSE Restrictions
Cherries: Phytosanitary Import Prohibition
Pears: Phytosanitary Import Prohibition

SOUTH KOREA
Apples: Tariff
Barley: TRQ
Beef: Tariff
Canned Cherries: Tariff
Canned Corn: Tariff
Cheese: Tariff
Dairy: TRQ Administration
Dehydrated Potato Flakes: TRQ
Fresh Potatoes: TRQ
Frozen Corn: Tariff
Pears: Tariff
Pork: Tariff
Wheat: Tariff and TRQ
Whey: Tariff and TRQ
Apples: Phytosanitary Import Prohibition
Apricots: Phytosanitary Import Prohibition
Beef: BSE Import Restrictions
Blueberries: Phytosanitary Import Prohibition
Cherries: Phytosanitary Import Restrictions
Cherries: Pesticide Standards
Fresh Potatoes: Phytosanitary Import
--- *Restrictions*
Hops: Pesticide MRLs
Peaches: Phytosanitary Import Prohibition
Pears: Phytosanitary Prohibition
Plums: Phytosanitary Import Prohibition
Processed Potatoes: Pesticide Standards
Potato Products: Rules of Origin

SRI LANKA
Apples: Tariff
Cherries: Tariff
Pears: Tariff
Beef: BSE Import Restrictions
Seed Potatoes: Phytosanitary Import
---Prohibition

TAIWAN
Apples: Tariff
Cherries: Tariff
Fresh Potatoes: Tariff
Frozen French Fries and Other Potato
--- Products: Tariffs
Frozen Poultry: Tariff
Pears: Tariff
Wine: Tariff
Apples: Phytosanitary Work Plan
Apples: Pesticide MRLs
Beef: BSE Import Restrictions
Fresh Potatoes: Phytosanitary Restrictions
Potato Products: Pesticides Standards

TANZANIA
Frozen French Fries: Tariff

THAILAND
Apples: Tariff
Cherries: Tariff
Frozen French Fries: Tariff
Pears: Tariff
Wine: Tariff
Beef: BSE Import Restrictions

TRINIDAD AND TOBAGO
Apples: Tariff
Cherries: Tariff
Pears: Tariff

TUNESIA
Apple: Tariff

TURKEY
Apples: Tariff
Pears: Tariff
Wheat: Tariff
Beef: BSE Import Restrictions
Wheat: Domestic Supports

UGANDA
Frozen French Fries: Tariff

UKRAINE
Apples: Tariff
Cherries: Tariff
Pears: Tariff

UNITED ARAB EMIRATES
Wine: Tariff

URUGUAY
Beef: BSE Import Restrictions
Seed Potatoes: Phytosanitary Import
--- Prohibition

VENEZUELA
Apples: Tariff
Cherries: Tariff
Pears: Tariff
Beef: BSE Import Restrictions

VIETNAM
Apples: Tariff
Cherries: Tariff
Dehydrated Potato Products: Tariff
Fresh Potatoes: Tariff
Frozen Potato Products: Tariff
Pears: Tariff
Peas: Tariff
Potato Chips: Tariff
Poultry: Tariff
Wine: Tariff
Beef: BSE Import Restrictions
Processed Foods: Documentation
Apples: Transparency/Standards
Cherries: Transparency/Standards
Pears: Transparency/Standards

ZAMBIA
Frozen French Fries: Tariff

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 alleged 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. pear imports. 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. In addition, the Government of Argentina has not issued any import permits since 2009 due to alleged 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, but 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. In 2009, 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.

The U.S. apple industry believes that Argentina's actions are designed only to prohibit imports as there never has been a reported pest violations on any U.S. apple shipments to Argentina. Moreover, 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 U.S. 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.

Beef, Live Cattle and Beef Products: BSE Import Restriction (Standards, Testing, Labeling & Certification)
The U.S. industry cannot export beef, live cattle and beef products to Argentina based on lingering BSE concerns.

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.

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.

The U.S. pear industry believes that Argentina's actions can only be interpreted as being designed to prohibit imports as there never has been a reported pest violations on any U.S. pear shipments to Argentina. Moreover, 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)
Although the Government of Argentina currently bans the importation of American seed potatoes, the phytosanitary reason for this prohibition 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 due to the costly workplan requirements.

Pacific Northwest growers, packers and shippers have sought market access for over 15 years without success, due to a number of phytosanitary issues. The main issue is the bacterial disease fire blight, which does occur in the Pacific Northwest. 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 a 2005 WTO 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 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 PRA contains overly restrictive mitigation measures for fire blight, which would prevent the commercial export of apples if adopted.

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.

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 Food Standards Australia New Zealand, a regional food safety organization, would have to conduct a separate import risk assessment for each county prior to considering the reopening of the market. Although the United States government submitted a BSE-related questionnaire to the Australian government in June 2010, as of this time, the risk assessment has not been completed.

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.

BANGLADESH

Apples: Tariff (Import Policies)
The Government of Bangladesh applies a 25% tariff on imports of U.S. apples. After other taxes are imposed, the total tax is over 61%.

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 25% tariff on U.S. cherry imports.

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 25% tariff on U.S. pear imports.

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.

Frozen French Fries: Tariff (Import Policies)
On October 1, 2012, Brazil unilaterally increased its applied tariff on frozen French fries to 25%, which is below the country's bound rate of 35%. In the past, as a member of MERCOSUR, Brazil maintained a Common External Tariff (CET) of 14% on imports of American frozen French fries. The new rate is supposed to be valid for one year but it could be extended until the end of 2014.

Brazil was the only MERCOSUR country to increase the tariff. Frozen French fries from the other MERCOSUR countries (Argentina, Paraguay, Uruguay and Venezuela) still enter Brazil duty-free.

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 Argentina and other countries, U.S. exports would increase by several million dollars annually.

Grape Juice: Tariff (Import Policies)
Brazil applies a 14% tariff on grape juice imports, which is much higher than the country's 35% bound rate.

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, but dropped to $4.1 million in 2012. 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.

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. Progress was made during 2013 and the two countries are looking to reach a bilateral agreement that would reopen the market.

Grape Juice: Container Restriction (Standards, Testing, Labeling & Certification)

Since at least 2010, Brazil has banned the importation of U.S. grape juice in containers of 5 liters or greater. This prohibition effectively prohibits the importation of larges size or bulk grape juice concentrates, which greatly restricts market access. It has been reported that the reason for Brazil's ban is the protection of Brazilian grape growers. This prohibition is inconsistent with Brazil's WTO obligations.

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 $394 million in 2012, Canada accounted for just $7.7 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.

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 potato industry welcomes PMRA's policy of retaining the default tolerance until MRLs are established.

Estimated Potential Increase in Exports from Removal of Barrier

Canada is the largest U.S. fresh potato export market with shipments reaching $103 million during the 2012-2013 marketing year, down from the $120 million in exports the year before.

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

Canada has introduced changes to the import standards for U.S. fresh potatoes even though there are no clear phytosanitary justifications for the changes. These changes apply to bulk loads originating from “regulated” areas in both the United States and Canada and 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 and will add significant costs.

These new standards were introduced 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.

Estimated Potential Increase in Exports from Removal of Barrier

Canada is the largest U.S. fresh potato export market with shipments reaching $103 million during the 2012-2013 marketing year, down from the $120 million in exports the year before.

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

In 2012 the Government of Canada 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 our country’s hops are grown.

The Government of Canada is now 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 is likely due to the fact that the handful of hop growers in Canada are located just north of this are of 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. There is no precedent for conducting these residue trials on the smallt Canadian crop and field trials need resources, expertise, and protocols.

Prior to this change, the four hop residue trials conducted in the Pacific Northwest met Canada’s need for registering product. The new requirement will prevent the registration of hops and MRLs in Canada in the future, thereby presenting an obstacle to hop exports. Canadian breweries and U.S. shippers and growers want to use hops that meet Canadian MRL standards, but the new Region 5 requirement will serve as a deterrent to trade. The industry urges Canada to amend its policy by allowing Pacific Northwest trials to meet Canadian hop crop protection registrations requirements.

Estimated Potential Increase in Exports from Removal of Barrier
In 2012, the United States exported $9.1 million worth of hops to Canada, a drop from the $12.8 million in 2011, with the large majority of shipments coming from Washington state. Adjusting Canada's new field trial policy would allow for the establishment of new MRLs in Canada and would lead to an additional $2 million in annual hop exports.

Wine: Provincial Taxes (Other)

Although NAFTA eliminated tariffs on bilateral wine trade, Canadian provincial wine taxes are a much greater deterrent to U.S. wine exports than state taxation of Canadian wine. (Federal taxation is roughly equal.) Under current law, a Washingtonian visiting a Canadian winery is allowed to return with one liter of wine duty-free. Wine above the one liter level is subject to a $.21 per liter Washington state tax. By comparison, Canadians returning with Washington wine face higher taxes and "mark ups" from provincial liquor control boards. Mark ups and taxes vary from province-to-province but BC will be used in this example, as it is the nearest province and the most punitive in terms of tax policy. A BC resident is able to return to their province and not pay taxes on the first 1.5 liters of Washington wine. For each additional bottle, however, the Canadian must pay an 85% liquor board mark up on the retail value plus other fees, which are capped at $12.75 per bottle. As a result, the cost of importing a $15 bottle of wine can increase by over 100%. The chart on the following page below outlines the tax policy of several Canadian provinces on a $15 bottle of U.S. wine.

Province	Excise Tax	Liquor Board Mark Up	GST/HST	PST	Total Cost of $15 Wine
British Colombia	$0.47	85% of value (min $1.83, max $12.75)	12%	n/a	$30.08
Alberta	$0.47	$2.60 for 750 ml bottle	5%	n/a	$18.48
Manitoba	$0.47	$3.12 for 750 ml bottle	5%	7%	$20.29
Ontario	$0.47	39.6% of value	13%	n/a	$23.66
Quebec	$0.47	66% of value + $0.67	5%	7.5%	$29.15

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 be phased out by 2015.

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 wine to Chile.

Salmon Eggs: Sanitary Import Prohibition (Standards, Testing, Labeling & Certification)
In July 2010, the Government of Chile suspended imports of salmonid species from all countries due to the countries aquatic import regulation. These new regulations require Chile to complete a risk analysis of aquatic animal imports and conduct an on-site audit of APHIS' oversight of U.S. aquatic animal exports and salmonid egg production sites. Chile audited Maine and Washington salmonid production sites in December 2011 and U.S. officials understand that the Washington State audit was successful. Although U.S. officials expected that Washington exports would be allowed to resume at the end of the summer of 2012, the Government of Chile informed U.S. officials that it would require additional information about the national surveillance program. As of this time, Chile has not identified a specific health concern that is relevant to U.S. products.

CHINA

Apples: Tariff and VAT (Import Policies)
Under China's WTO accession agreement, the country reduced 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 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 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 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
According to the Washington State Fruit Commission, Washington exported 1,137,888 cartons of cherries, worth $40 million in 2012 to China, a huge jump over the 511,497 cartons worth $23 million the year before. In addition, Hong Kong imported 1,025,901 cartons worth $36 million in 2012. This was quite an increase over the 602,348 cartons worth $27 million in 2011. Despite the success of U.S. cherries, Chile is still the largest supplier of imported cherries.

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.

Hay: Tariff (Import Policies)
China currently imposes a 9% tariff on U.S. hay.

Estimated Potential Increase in Exports from Removal of Barrier
China is the fourth largest foreign market for U.S. hay after Japan, South Korea and the United Arab Emirates. At the present time U.S. hay dominates the Chinese import market, as the U.S. Forage Export Council reports that China only sources alfalfa from the United States. With over 8 million dairy cattle, and the expansion of dairy farming, it is anticipated that China will continue to import large quantities of alfalfa hay each year. One estimate placed the demand for imports at 300,000 tons per year. The largest purchasers of alfalfa hay will be large dairy corporations, who will purchase for the dairy farm networks, and feed brokers and distributors.

U.S. hay exports to China in 2012 reached $146 million, with California accounting for $88 million, followed by Washington with $24.3 million in exports. Washington hay exports would greatly increase if the tariff were eliminated and the market open to forage products other than alfalfa hay.

Pears: Tariff (Import Policies)
Under the WTO accession agreement, China reduced the tariff on U.S. pears to 10% in 2004. Pears and other 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.

Estimated Potential Increase in Exports from Removal of Barrier
Although the United States recently obtained market access, pear imports into China from all countries have been very low (1,600 MTs in MY 2011/12) due to the abundance of domestic supplies. Through August 2013, Washington pear exports to China had reached $428,000 for the calendar year. By contrast China is a big pear exporter with shipments forecast to reach 420,000 MTs during the 2012/13 MY, with most destined for Asian markets.

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, starting in 2010 Chilean plums entered China duty free, while New Zealand plums face a reduced tariff under bilateral trade agreements.

Potato Products: Tariffs (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 equally applied to domestic potato products and imported products, in keeping with international trade rules.

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 eliminate its tariffs on New Zealand potato products over 5 years and, as a result, New Zealand frozen French fries are now accorded duty-free treatment.

Estimated Potential Increase in Exports from Removal of Barrier
In 2012, U.S. frozen French fries exports to China reached $105.9 million with Washington state accounting for $103 million of this total. This was quite a jump from the $65.5 million in Washington exports the previous year. During the 2011-2012, U.S. exports of dehydrated potato products reached $9.8 million. Should tariffs be eliminated, the industry anticipates annual exports to China would reach $125 million.

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)
In addition, 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. The unused portion of the STE TRQ, however, is reallocated to private mills or private trading entities on a very limited basis. Under the country's WTO accession commitments, 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 believe that they would have much greater access to the market if a greater share of the TRQ was allocated to the private sector.

Washington wheat exports to China have widely varied based to a large degree on Chinese policies restricting imports.

Year	WA Exports (USD Millions)
2004	$158.7
2005	$26.3
2006	$0.0
2007	$3.7
2008	$0.1
2009	$2.1
2010	$4.2
2011	$63.2
2012	$83.2

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 1995, it is still only allowed to legally 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 as mature symptomless fruit has been shown to not transmit the bacterial plant disease. This fact has been supported by the 2005 WTO ruling against Japan's fire blight restrictions on U.S. apple imports and Australia's import restrictions in a WTO case brought by New Zealand. In addition, China allows market access for all apple varieties from other countries, including New Zealand, even though these countries have fire blight.

In October 2013, AQSIQ finally provided the United States with the results of its pest risk assessment.

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)

In August 2012, China began to refuse to issue all apple import permits, effectively closing their market to U.S. apples, due to alleged post-harvest fungal concerns, including bull's eye rot which is present in China. China made this change even though the Washington apple industry had a perfectly clean year. The last interceptions were reported on shipments in August 2011, consisting of apples from the 2010 crop year. The interceptions were not reported until March 2012. The long delay between reported interceptions and notifications precludes timely corrective action or withdrawal of the relevant lot.

The problem began in 2008, when China started to suspend Pacific Northwest apple shippers due to alleged post-harvest decay concerns even though the shipper suspensions were inconsistent with the terms of an earlier agreement with China which stipulated that only orchards, not shippers, will be suspended for quarantine issues. By applying the penalty to the packing facility, China effectively prohibits numerous orchards supplying the facility, (sometimes hundreds of growers), from exporting. In response, the Washington apple industry immediately adopted a zero tolerance decay policy implemented at the shipping point by WSDA inspection services.

Moreover, there have also been numerous questions regarding the veracity of the reported pest interceptions. Notifications of alleged interceptions are generally lacking in sufficient detail and are often issued many weeks or months after the interception, which severely limits the Washington apple industry's actions to correct a problem, should one exist. Even though China finally approved a new Memorandum of Understanding (February 2012) to eliminate the practice of suspending packing facilities and to limit the penalty to the affected orchard, it continued its past practice of suspending the entire packing house.

Shortly after the first reported interceptions in 2008, the Washington apple industry sponsored research by Dr. Xiao at WSU to develop post-harvest treatments. The study, which was completed in 2011, recommended the use of fungicides and stricter orchard management practices to address the post-harvest decay concerns. In January 2013, China countered with an unworkable proposal which includes an incubation requirement and on-site, open-ended supervision by AQSIQ.

It certainly appears that China is using the apple market access issue as a political tool to extract quarantine market access concessions from the United States, as it had done in the past. China is currently seeking access to the U.S. market for their apples. Although the Washington/U.S. apple industry initially opposed market access for Chinese apples, it now believes it is an acceptable tradeoff for access to the Chinese market for all U.S. apple varieties.

Washington Apple Shipments to China

2004/05	666,635 40 lb. cartons exported
2005/06	628,093
2006/07	975,825
2007/08	795,807
2008/09	657,923
2009/10	834,675
2010/11	784,720
2011/12	408,539
2012/13	22,111

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, live cattle and beef products. 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.

Since that time the United States has repeatedly provided China with in-depth technical information about all aspects of the U.S. BSE related surveillance and mitigation measure, which have been recognized by the World Organization for Animal Health (OIE) as being effective and appropriate for animal health and food safety.

In June 2006, China unilaterally announced a limited market opening, which restricted the entry of US deboned beef from cattle less than 30 months of age. A month later, the Government of China announced a more detailed measure that established 22 conditions for entry, many of which had nothing to do with any potential risk presented by BSE. The overall effect of these restrictions is the closure of the market to U.S. beef and beef products.

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.

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. In May 2013, the United States received the lower risk status for BSE (negligible) from the OIE.

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

At the present time, U.S .blueberry growers do not have access to the Chinese market, although Chinese importers have expressed great interest in their product as they cannot source enough domestically to meet demand. The United States has formally submitted a market access request for 10 U.S. states, including Washington, to AQSIQ, but our industry realizes that there are other commodities in front of them, including fresh potatoes and additional apple varieties. Canada and Argentina have also requested market access.

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 2012 – 2013 marketing year, U.S. frozen potato product exports to China reached $94.5 million and dehydrated potato product exports reached $10 million.

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

At the present time, the Chinese market is only open to U.S. alfalfa. The U.S. industry is working with USDA/APHIS to open the Chinese market to other grass hay and straw products, particularly Timothy hay. Any further market opening would be greatly beneficial to Washington state exporters and farmers.

Estimated Potential Increase in Exports from Removal of Barrier

China is the fourth largest market for U.S. hay exports after Japan, South Korea and the United Arab Emirates. U.S. hay currently dominates the Chinese import market, as the U.S. Forage Export Council reports that China only sources alfalfa from the United States. U.S. hay exports to China in 2012 reached $146 million, with California accounting for $88 million, followed by Washington with $24.3 million in exports.

With over 8 million dairy cattle, and the expansion of dairy farming, it is anticipated that China will continue to import large quantities of alfalfa hay each year. One estimate placed the demand for imports at 300,000 tons per year. The largest purchasers of alfalfa hay will be large dairy corporations, who will purchase for the dairy farm networks, and feed brokers and distributors.

Washington hay exports would greatly increase if the tariff were eliminated and the market open to forage products other than alfalfa hay.

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 because Beijing has not established MRLs for many products approved for use in the United States. The industry urges China to consider deferring to Codex MRL's until a national MRL has been established.

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). On the few occasions 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.

Finally, on October 25, 2013, after a thirteen year wait, China finally provided USDA with a draft (PRA). The 153-page pest risk assessment (PRA) of Pacific Northwest fresh potatoes identified 32 pest of concern.

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: 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 addition, n 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.

Wine: Phthalates Testing (Standards, Testing, Labeling & Certification)
In January 2013, AQSIQ informed wine importers that as of February 1 2013, it would require laboratory testing to detect the presence of certain phthalates in wine before the product could be released into the market. This new requirement was not notified to the WTO and as a result of the short lead time and number of wine ships were held at Chinese ports until the newly required tests were completed.

Wheat: Domestic Subsidies (Subsidies)
Upon accession to the WTO, China notified wheat domestic subsidies, binding their Aggregate Measures of Support (AMS) at zero. (AMS refers to amber box trade distorting subsidies.) China's de minimis entitlement is 8.5% of the value of production for both product specific and general expenditures. China has been late in reporting domestic support notifications, finally submitting 2005-2008 notifications in 2011, but the notifications indicate that domestic support for wheat has increased each year.

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 their product specific de minimis commitment. 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. These excessive subsidies encourage domestic wheat production, while discouraging imports.

The minimum procurement price for wheat has annually increased and the last notified minimum price support (2008) was approximately $215/MT, whereas the 2013 price was $359.5920/MT. China's external reference price for wheat was set at $265/MT upon the country's accession to the WTO.

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 U.S.-Colombia FTA, U.S. beef producers were given 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 immediately eliminated tariffs on dried peas and dried lentils and provided 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.

Although the market was re-opened in the fall of 2012, Costa Rica closed the market again in September 2013 due to the same phytosanitary issue. Costa Rican officials did not provide the details of the zebra chip identification and testing methods. The U.S. industry had questions about this find as the shipment had followed the zebra chip protocol. The returned potatoes were tested at a lab at Oregon State University, which found them to be free of zebra chip. In addition, the shipments were destined for immediate processing into potato chips and therefore present no quarantine threat to Costa Rica even if the pathogen had been present.

In addition, a week after the alleged zebra chip find, Costa Rica rejected another shipment due to a pesticide residue violation. Pesticide records, however, clearly demonstrate that the pesticide in question was never applied to the field to the field from which the shipment came from. The pesticide had not even been applied in the region or the last several years.

These problems occurred at the same time as last year’s delay in issuing import permits, which also coincides with the domestic crop.

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.

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 apples exports to Egypt declined further to $5.2 million in 2012.

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 U.S. 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. Contrary to the expectations of the U.S. industry, a market access agreement was not reached after they hosted a delegation of Egyptian officials in June 2013. The U.S. industry urges USDA to finalize a market access agreement as soon as possible.

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 Administration for Plant Quarantine (CAPQ) imposed a zero tolerance policy for the presence of ragweed (Ambrosia) in wheat imports even though one or more varieties of ragweed are present in all major wheat exporting countries. For decades the United States has exported several million tons of wheat to Egypt each year without excessive concern over ragweed.

The specification was later change to require that all wheat imports had to be “free of Ambrosia seeds.” No other country that imports U.S. wheat has imposed the same restriction. If ragweed seeds are detected in a shipment, CAPQ allows it to be discharged and cleaned. This new requirement, however, still exposes importers and exporters to greater risk.

EUROPEAN UNION

Apple: Tariff and TRQ (Import Policies)
The European Union collects a tariff on apple imports priced at or above the minimum entry price based on the following schedule:

Arrival Date	Tariff
1/1 – 2/14	4.0%
2/15 – 3/31	4.0%
4/1 – 6/30	0%
7/1 -7/15	free
7/16 – 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.

Beef: TRQ (Import Policies)
In October 2013, the United States and the EU signed an extension of the agreement which suspended litigation related to the U.S. victory in the WTO case involving the EU's beef hormone policy. Under the extension, the EU will maintain, its duty-free TRQ quota for high-quality beef, established pursuant to the Memorandum of Understanding

between the United States of America and the European Commission Regarding the Importation of Beef from Animals not Treated with Certain Growth Promoting Hormones, at the Phase 2 quantity of 45,000 MTs per year until August 2, 2015. From August 2012 through July 2013, U.S. high-quality beef shipments under the Phase 2 quota reached approximately $212 million, nearly quadruple the value of exports in the year prior to the entry into force of the MOU.

While the U.S. beef industry welcomes the increase in the TRQ, it still is a barrier to U.S. beef exports.

Breaded Cod: Tariff (Import Policies)

The EU collects a 7.5% tariff on breaded cod imports.

Cherries: Tariff/TRQ (Import Policies)

The Pacific Northwest cherry season runs from June to the end of August. 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)
5/21 – 7/15	4.0% in-quota tariff up to 800 MTs (HS code 08092095)
6/1 – 6/15	12% above quota tariff
6/15 – 7/15	6.0% above quota tariff
7/16 – 12/31	12.0%

By comparison, the United States does not apply a TRQ or tariff on imported cherries.

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.

Cranberries: Tariff (Import Policies)

U.S. cranberry growers account for over 70% of the world's total cranberry production and 30% of the crop is exported to the EU each year. U.S. cranberry product exports to the EU have increased from under $24 million in 1999 to $212 million today. The U.S. cranberry industry, however, is concerned that their competitive position is being undercut by recent trade agreements, as Chilean cranberries enter the EU duty-free through their FTA. Moreover, the industry is concerned that the tariff reductions in the EU-Canada FTA could have a significant impact on U.S. exports to the market.

Dairy Products: Import Licensing (Import Policies)

The EU's procedures for import licensing for dairy products are overly complex and burdensome, thereby discouraging U.S. companies from exporting to the EU.

Dehydrated Potato Products: Tariff (Import Policies)

The EU's tariffs of dehydrated potato products ranges from 10.2% to 12.2%, as detailed in the following chart.

EU Common External Tariffs on US Dehy Potatoes		
HS Code	**Description**	**EU Tariff on US Product (MFN)**
0712.90.05	Potatoes (dried) whether or not cut or sliced but not prepared further	10.2%
1105.10.00	Flour, meal and powder	12.2%
1105.20.00	Flakes, granules and pellets	12.20

Dried Cranberries: Tariff (Import Policies)
The EU currently applies a 17.6% tariff on dried sweetened cranberries.

Fresh Potatoes: Tariff (Import Policies)
The EU tariff on U.S. fresh potatoes ranges from 9.6% to 13.4%.

Frozen French Fries: Tariff (Import Policies)
The EU's tariff of frozen French fries is 14.4%.

Grape Juice: Tariffs (Import Policies)
The EU's has a complicated compound tariff system on grape juice concentrates and grape juice imports (HS 2009.69 and HS 2009.61), which consists of both an ad valorem and a specific duty. The ad valorem rate for grape juice concentrates and grape juice ranges between 22.4% and 40%. The specific duty applies if the entry price of the grape juice falls below a specific level and vary according to the entry price. These duties are in addition to the ad valorem rate and are designed to keep the imported price high. According to the 2013 Secretariat Report for the WTO Trade Policy Review of the EU, the tariff equivalent of the EU's specific duty on grape juice is 165%.

Estimated Potential Increase in Exports from Removal of Barrier
One U.S. company, Welch Foods, estimates that the EU's subsidy program and high tariffs result in $50 million in annual losses for the company in terms of both lost sales and lower prices in world markets.

Hops: Tariff (Import Policies)
U.S. hop exports to the EU are hindered by tariffs. Hop cones (pellet and cones), which are imported under HTS 1210.10 and HS 1210.20 face a 5.8% tariff. U.S. hop extracts (HS codes of 1302.13.00.10; 1302.13.00.80; 1302.13.00.90) face a 3.2% tariff.

In 2012, over 80% of the U.S. hop crop was exported with the EU accounting for 36% of all such exports, making it, the largest foreign market. In all, during the 2011-12 marketing year hop exports reached $90 million, consisting mainly of hop pellets and extracts used in brewing beer.

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 imposes tariffs on imported pears. 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 serves as 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 face 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. This makes it impossible to import lower-priced products.

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.

Pollock: Tariff (Import Policies)
The EU currently applies a 20% tariff on breaded pollock, hindering Washington exports of fish sticks.

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 exports 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 and can also export under the worldwide quota of 122,790 MT. The in-quota tariff is 12 Euros/ MT, while the above-quota tariff is 95 euros/MT, which is far above the U.S. tariff of $3.50/MT of imported wheat for WTO member countries. In February 2011, the EU temporarily reduced the in-quota tariff to zero for low and medium quality wheat. As of June 30, 2013 the temporary duty exemption remained in place. The U.S. wheat industry urges the permanent elimination of the duty.

The European Union also maintain a Margin of Preference (MOP) import system for durum and high quality wheat that results in variable import duties for WTO member countries. Although since around the beginning of 2008, high wheat prices have resulted in duty-free access for U.S. wheat imports that meet the EU specification for high quality and durum wheat, the wheat industry urges the permanent elimination of this duty. This issue is more pressing since the U.S. industry is concerned that the recently concluded Canadian-EU free trade agreement could provide Canadian wheat growers with duty-free access to the EU market.

Wine: Tariff (Import Policies)
The average EU tariff on wine is approximately 9%,which is significantly higher than the U.S. tariff on EU 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 $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. In August 2013, the EU published the official notification lowering the DPA MRL to 0.1 ppm, while noting that no final consumer risk assessment had been performed. Instead, the new MRL was introduced as a precaution “due to several gaps noted” but he EU Safety Authority. The new MRL is scheduled to go into effect on March 2, 2014.

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.

Apples: DPA MRL (Standards, Testing, Labeling & Certification)
Diphenylamine (DPA) is used in the United States and many other countries, including some EU member states to control scald on apples and pears. In November 2009, the EU Commission made a decision to prevent the sale of products containing DPA. On April 23, 2013 the Standing Committee on pesticide residues establish to set a temporary DPA MRL at 0.1 ppm, which is higher than the 10 ppm DPA MRL for apples and the 5 ppm DPA MRL established by the United States and the Codex Alimentarius Commission . The new EU MRL will enter into force in March 2, 2014. As a result of this change, the EU market will be effectively closed to U.S. apple and pear exports as of November 2013.

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)
The Washington hops industry, which accounts for almost 80% of the nation's crop, has experienced difficulties in obtaining import tolerance since the establishment of the EU's harmonized maximum residue level (MRL) system in September 2008. Hop growers are unable to use new plant protection products because the EU has not establish MRLs for these products or the EU MRL has been established at an unacceptably low level. As a result of this policy, hop merchants who purchase and export the crop to brewery customers, have been issuing annual advisory letters to hop farmers that list those products that cannot be used beyond a specific date or that can never be used.

The EU's system for applying for import tolerances is too costly and necessitates information that is not required as part of the process for establishing MRLs in the United States. Most hop growers cannot afford the cost of going through the EU MRL system. The hop industry appreciates the option of obtaining EU MRLs available as a result of the EU's adoption of Codex tolerance, but that system might not cover all the growers' needs. The industry urges the streamlining of the EU MRL tolerance system as part of the negotiations of the Transatlantic Trade and Investment Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
In 2012, the U.S. hop industry exported $89.4 million worth of their product to the EU, down slightly from the $91.4 million the year before. 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.

Pears: DPA MRL (Standards, Testing, Labeling & Certification)
Diphenylamine (DPA) is used in the United States and many other countries, including some EU member states to control scald on apples and pears. In November 2009, the EU Commission made a decision to prevent the sale of products containing DPA. On April 23, 2013 the Standing Committee on pesticide residues establish to set a temporary DPA MRL at 0.1 ppm, which is higher than the 10 ppm DPA MRL for apples and the 5 ppm DPA MRL for pears established by the United States and the Codex Alimentarius Commission . The new EU MRL will enter into force in March 2, 2014. As a result of this change, the EU market will be effectively closed to U.S. apple and pear exports as of November 2013.

Potato Products: Pesticide MRLs (Standards, Testing, Labeling & Certification)
Over the last decade, the EU has transitioned from individual member state pesticide maximum residue levels (MRLs) to a MRL list that covers all member countries. Although this has simplified exporting, the EU's MRL policy still presents several difficulties for U.S. potato products exporters. First, the EU is establishing MRLs at significantly lower levels than U.S. MRLs, causing potential trade disruptions. The U.S. industry would like to see MRL harmonization or the EU acceptance of U.S. MRLs whenever possible. Second, the process for establishing MRLs in the EU is burdensome as the EU data requirements do not match those of the EPA, leading to the need to produce additional lab studies which can cost several hundred thousand dollars. The U.S. industry is appreciative the in some cases the EU has adopted Codex MRLs when they have not raised an objection to those MRLs, as this has resolved several long-standing MRL issues. Third, based on a MRL violation involving a U.S. fruit, EU officials have recommended the pre-testing of all U.S. fruit products prior to export to ensure compliance with the EU's restrictive MRL standards. The U.S. potato industry does not support such pre-testing as it is unnecessary and expensive.

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.

<u>Wine: Labeling Requirements – Traditional Terms (Standards, Testing, Labeling & Certification)</u>

The EU's wine labeling requirements which aggressively 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. Wines with trademarks granted prior to 2005 can use these terms, but newer wines cannot.

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.

At the end of 2013, it had been over three years since the U.S. wine industry had submitted applications to be able to use these terms. Although the EU recently approved the U.S. wine industry's use of the terms "classic" and "cream," the delayed application approval process for different terms might be inconsistent with the WTO TBT Agreement.

The United States position is that if the name is used in a tariff schedule or by the World Customs Organization, or if a Codex standard exists, the name should be excluded from the quality schemes, whether for wine or other products.

<u>Cheese: Geographical Indicators (Lack of Intellectual Property Protection)</u>

Over the last several years, the EU has aggressively restricted the use of common cheese names by non-EU producers in the EU and third countries through bilateral intellectual property discussions and FTA negotiations. The EU's goal is to further their own commercial interests by pursuing the acceptance of the EU's sole use of many cheese names that are commonly used around the world and considered to be generic in many dairy countries, including the United States. Cheese names that they have directly targeted for EU monopolization include feta, parmesan, asiago, gorgonzola, fontina, gruyere, munster and others.

Washington cheese exports have grown dramatically in recent years, topping $79 million in 2012. By comparison, in in 2007 Washington only exported $7 million worth of cheese. If successful, the EU's efforts will severely restrict U.S. and Washington cheese exports.

Dairy: Export Subsidies (Subsidies)

Over decades and most recently in 2009, the EU has used massive export subsidies to greatly distort international dairy markets. Under its WTO commitments, the EU is allowed to spend over 1 billion Euros per year on export subsidies for dairy products, including 345 million euros on cheese.

Wines Subsidies

The EU is the largest producer of wine, which is supported by the most generous subsidy program by far at both the Commission and member state levels. In 2012, the EU wine subsidy budget was $1.4 billion, a decrease from $1.8 billion in 2010, and an additional $66 million for promotion. On top of this, Member state budgets support wine promotion (France: 250 million Euros over five years; Austria: 7 million Euros; Italy: 108 million Euros.) Spain and Germany also subsidize their wine industry. Moreover, the EU agriculture budget contains 16.2 million Euros over three years for promotion by wine organizations to use in the North American and internal EU markets. There are also other hidden subsidies for wine producers especially now that the EU Common Market Organization is integrating the wine subsidy funding in the “National Envelopes” with other subsidy programs, such as food safety and the environment.

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, which is scheduled to go into effect on August 1, 2014.

The U.S. industry has submitted comments to Hong Kong officials concerning the transition and identified 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 18 potato MRLs before the August 1, 2014 implementation date.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2012-13 marketing year, Hong Kong imported $01 million worth of U.S. frozen French fries. 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 States. 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, with the(Red Delicious variety accounting for almost all exports) India was the third largest importer of Washington apples in CY 2012 with exports topping $96 million, only trailing Canada ($159 million) and Mexico ($116 million). The previous high for Washington apple 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 2012, Washington exported only $110,000 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) and processed dehydrated products (HS 2005.20). 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% o due to the 30% tariff, a 4% an additional duty (ADC) and 3% customs Cess duty, which is an educational tax.

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 or through India's annual budgeting process.

Estimated Potential Increase in Exports from Removal of Barrier
The United States exported $4.2 million worth of frozen French fries to India during the 2012-2013 marketing year, a large increasing over the $703,000 in exports the previous 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.

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.

Value Added/Processed Food Products: Tariffs (Import Policies)
India's rapidly expanding middle is increasing the demand for imported foods, particularly from the United States. The excessively high tariffs, however, have risen further to nearly 40% for most processed food products, making it very difficult for U.S. exports to compete.

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.

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

The Government of India requires all pulse shipments to be fumigated with methyl bromide at the port of origin. This is not possible for U.S. pulse exporters because the use of methyl bromide is being phased-out in the United States.

In 2004, U.S. officials requested that India allow the exportation of U.S. pulses and pea consignments to India without fumigation at the port of origin provided that they were inspected and, if necessary, fumigated at the port of arrival. Although India has enacted the port of origin fumigation requirement, it has not implemented the requirement. The United States is seeking a final resolution of this issue.

Wheat: SPS Restrictions –Weed Seed Requirements (Standards, Testing, Labeling & Certification)

U.S. wheat 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 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 industry 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)

India is considering using export subsidies, likely due to excess domestic production which could be attributed to excess domestic subsidies. Every year since 2008, the Indian government has purchased an increase share of the domestic wheat crop to keep domestic prices stable. It is anticipated that government purchase will reach 47% of the domestic crop in 2013.

In 2011, the Government of India lifted the ban on wheat exports and started to sell wheat from government stocks. So far this year, Indian wheat exports appear to be above government support levels, but the U.S. industry is concerned that India will subsidize wheat exports even though the country agreed to bind it export subsidy commitment at zero as part of the WTO Uruguay Round of negotiations.

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)
Over the last two years the Government of Indonesia has implemented several regulations impacting horticultural imports. Ministry of Trade Regulations 16 and 47 and Ministry of Agriculture Regulation 86 are of particular concern to the Washington state apple industry.

Estimated Potential Increase in Exports from Removal of Barrier
The impact of these regulations will vary widely depending upon how they are implemented and enforced. Exports to India declined 40% last year as a result of a number of restrictions on horticultural products.

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. The establishment of phytosanitary barriers in 2012, however, has effectively closed the market.

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. Indonesian officials are also considering raising the tariff further to protect domestic growers from a surge in imports, which most likely come from China.

The U.S. fresh potato industry 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 2012/13 MY U.S. frozen potato exports to Indonesia reached $14.5 million. The industry estimates that Indonesia's binding of the tariff at 5% would and reforming the import system would provide predictability to exporters and importers and increase annual exports to Indonesia by up to $25.

Grape Juice: Import Licensing (Import Policies)

Starting in 2012, the Government of Indonesia introduced a non-automatic licensing system for most horticultural and processed horticultural products. Grape juice (HS 2009.69) imports were covered by this news system under a Ministry of Agriculture (MOA) regulation and a Ministry of Trade (MOT) regulation. MOA regulation 47/2013 requires grape juice imports to obtain an Import Recommendation of Horticulture Products (RIPH) in order to apply for an Import Permit Letter (SPI) from the MOT under regulation 16/2013. The MOA regulation provides the agency with the discretion to issue the RIPHs, which restrict the country of origin and country of origin of the imported product. Although Indonesia issued revised regulations in August 2013 (MOA 86/2013) and MOT 47/2013), it does not appear that the revisions fixed the trade restrictive nature of Indonesia's import licensing system. On August 30, 2013, the United States made its second request for consultations under the WTO dispute resolution mechanism.

Grape Juice: Tariffs (Import Policies)

The Government of Indonesia currently applies a 10% tariff on grape juice with a brix value of 30 or less (HS 2009.61) and a 5% tariff on grape juice with a brix value over 30, but periodically raises the tariff. The current applied tariff is well below the bound tariff rate of 60% for HS 2009.61 and 2009.69. The high bound rate and periodic changes to the applied rated creates uncertainty for U.S. exporters and Indonesian imports.

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 pears 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 for horticultural products and process products derived from horticultural products. The new regulations require importers to register with the Ministry of Trade and receive approval from the Ministry of Agriculture before they are able to obtain import permits. The industry supports the U.S. decision to initiate a WTO dispute case against Indonesia and seeks either the elimination of the burdensome import permit system or the introduction of reforms to make it as transparent as possible so that it cannot be used to deter imports.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2012-13 marketing U.S. frozen potato exports to Indonesia reached $14.5 million. The industry estimates that Indonesia's binding of the tariff at 5% would and reforming the import system would provide predictability to exporters and importers and increase annual exports to Indonesia by up to $25 million.

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 Indonesian 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. These regulations disregarded important technical facts and international standards by necessitating the 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 found 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. The U.S. apple industry urges that the technical dialogue continue in order for scientific information and established international standards can be incorporated into Decree 42 to lower the risk of market disruption.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>

In 2012, Indonesia was the state's fifth largest export market with apples sales reaching an estimated $64.1 million, but fell to the seventh largest market in 2013 with exports dropping to $40.4 million. 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.

<u>Beef: Inspection Equivalence (Standards, Testing, Labeling & Certification)</u>

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, including proprietary information, 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.

<u>Cherries: Phytosanitary Import Restriction - Decree # 37 (Standards, Testing, Labeling & Certification)</u>

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 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 again 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 submitted detailed technical information to support its request for revisions to the regulation, starting with comments that were filed with Indonesia through the WTO in August 2005. aAs 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.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>

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.

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

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 again 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. t 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.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>

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.

Potato Products: General Standards (Standards, Testing, Labeling & Certification)
The U.S. potato industry is concerned with Indonesia's new food safety regulations which are throwing up additional barriers to imports. These new regulations could severely impact U.S. exporters of potato products.

First, Indonesia has established a complex import licensing system, which the U.S. industry fears can be used to limit potato imports, particularly when there are abundant supplies of domestic potatoes. Under this system importers mush first obtain an import recommendation document (RIPH) from the Ministry of Agriculture before applying for an import permit from the Ministry of Trade. Second, Indonesia is now requiring that boxes and bags be labeled in the Bahasa language. The U.S. industry can comply with this requirement if labels can be applied after the product is imported. Unfortunately, Indonesia requires that the labels be affixed prior to importation, causing unacceptable costs to exporters. Lastly, Indonesia requires that Indonesian officials conduct a technical survey of each shipment, which is not feasible. With food safely equivalence, U.S. companies should be exempted from this requirement.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2012-13 marketing U.S. frozen potato exports to Indonesia reached $14.5 million. The industry estimates that the market will continue to grow if Indonesia maintains transparent and internationally consistent food safety laws.

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 ATAP, U.S. apples receive limited duty-free access under a TRQ, which was set at 4,000 MTs in 2012. 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 Israel grant apples permanent duty-free access unlimited by any TRQ.

Estimated Potential Increase in Exports from Removal of Barrier

In CY 2012 Washington apple exports to Israel reached $5.4 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 to a "first come, first serve" basis. Despite this commitment, Israel continues to issue import permits to individuals that do not import apples and who 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 2012, Washington apple exports to Israel reached $5.4 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

Given the high tariff, it is not surprising that Washington does not export cherries to Israel. 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 2012 Washington pear exports to Israel reached $1 million. Once the TRQ is eliminated, the industry would expert exports to increase by less than $5 million per year.

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

In March 2009, the Government of Israel notified U.S. officials that U.S. apples and pears would be subject to new cold treatment requirements to mitigate against the risks of apple maggot and plum curculio, even though a pest risk assessment had not been performed and these two pests had not been found on U.S. shipments. Originally Israel approved four cold treatments but lowered the number to three in October 2013 until it had a chance to review and accept research data related to the fourth cold treatment efficacy trials.

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

After the detection of a BSE-positive animal in the United States in 2003, the Government of Israel has restricted imports of beef, beef products and live cattle from the United States. Although Israel dropped these restrictions in 2011, the market is still closed because Israel and the United States have been unable to agree on a protocol that will allow for trade to resume.

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. During bilateral meetings held in December 2012, the Government of Israel indicated that it was closed to finalizing the PRA but the process has not been completed. In the meantime, the United States has finalized a number of PRAs for plant products from Israel. In January 2013, for example, the United States announced that it had concluded that Israeli dates were safe to be imported.

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)

In March 2009, the Government of Israel notified U.S. officials that U.S. apples and pears would be subject to new cold treatment requirements to mitigate against the risks of apple maggot and plum curculio, even though a pest risk assessment had not been performed and these two pests had not been found on U.S. shipments. In 2012 the Government of Israel eliminated the cold treatment requirement for U.S. pears shipped in a firm state.

JAPAN

Apples: Tariff (Import Policies)
The Japanese 17% ad valorem on apples tariff is the highest rate applied by a WTO-designated "developed" country. The Washington apple industry would like to see this tariff eliminated as part of the Trans-Pacific Partnership negotiations.

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. In 2013, U.S. beef and beef product exports to Japan reached almost $1.4 billion. As a result, Japan is now the U.S. beef industry's leading export market, accounting for almost 23% of total exports.

Cheese: Tariff (Import Policies)
Japan maintains 40% tariffs on processed cheese, 29.8% on natural cheese and 22.4% on shredded mozzarella cheese.

Cherries: Tariff (Import Policies)
Washington cherry exports to Japan face an 8.5% ad valorem duty and are being placed by the Chile-Japan bilateral trade agreement which is completely phasing-out the tariff over 6 years. The Washington cherry industry would like to see this tariff eliminated as part of the Trans-Pacific Partnership negotiations.

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 $17.8 million in CY 2012. 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. Japan's over-quota tariffs for important trade staples such as whey, butterfat and nonfat dry milk are especially high. Despite all these barriers, U.S. dairy exports to Japan reached a record $284 million in 2012, with cheese accounting for 40% of that total. The U.S. industry urges much greater market access as part of the TPP negotiations.

Dairy Products: TRQ Administration (Import Policies)
Japan's Ministry of Agriculture, Forestry and Fisheries appoints the Agriculture & Livestock Industries Corporation (ALIC), which is a state-trading enterprise, with the sole responsibility to determine and control which dairy items should be imported based on domestic market conditions. The U.S. dairy industry understands that ALIC accepts bids from private sector importers and allocates quota in a process that is greatly influenced by which bids will cause the highest mark-up, thereby discouraging imports.

Dehydrated Potato Products: Tariff (Import Policies)
Japan currently imposes an excessive 20% tariff on U.S. dehydrated potato flakes (HS 1105.20/HS 2005.2). In addition, the Government of Japan applies tariffs ranging from 9% to 13.6% on other dehydrated potato products that fall under HS 2005.20. In the ongoing round of WTO negotiations, the U.S. industry urges Japan to eliminate theses tariffs.

Estimated Potential Increase in Exports from Removal of Barrier
Japan is by far the largest export market for U.S. frozen French fries, importing $310.5 million worth of the product during the 2012-2013 marketing year. Washington state dominates U.S. frozen French fry exports, accounting for $265 million during the 2012 calendar year. The United States also exported $29.1 million worth of dehydrated potato products to Japan during the 2012/13 MY.

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. Washington state dominates U.S. frozen French fry exports, accounting for $265 million during the 2012 calendar year. As part of the WTO Doha Round of negotiations or the TPP negations, 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 $310.57 million worth of the product during the 2012-2013 marketing year. The United States also exported $29.1 million worth of dehydrated potato products to Japan during that time period. Japanese tariffs and pesticide policies, however, 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 Sweet Corn: Tariff (Import Policies)
U.S. frozen sweet corn exports to Japan face a 10.5% tariff.

Grape Juice: Tariff (Import Policies)
U.S. exports of grape juice classified under HS 2009.61 and HS 2009.69 face Japanese tariffs ranging from 19.1% to 29.8%. Since Welch Foods primarily exports grape juice concentrate to Japan that is manufactured into finished grape juice after importation, the 19.1% tariff has a direct impact on imports and the retail price of the product in the market.

Since almost all of Japan's relatively small grape industry's output is destined for table consumption, not grape juice manufacturing, the elimination of the tariff should not have an adverse impact on Japanese grape growers. The industry urges the elimination of the tariffs as part of the ongoing Trans Pacific Partnership negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
Welch Foods has exported grape juice products to Japan for many years but the high ad valorem tariff has placed them at a competitive disadvantage in competition with lower cost suppliers. The company estimates that annual exports could reach $5 million in the near term if the tariffs were eliminated.

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.

Peaches: Tariff (Import Policies)
The Japanese government collects a 6.0% ad valorem duty on imports of peaches but prohibits their importation based on phytosanitary concerns.

Pears: Tariff (Import Policies)
The Government of Japan imposes a 5% tariff on pear imports. The Washington pear industry seeks the elimination of the tariff as part of the negotiations of the Trans-Pacific Partnership Agreement. The elimination of the tariff, however, will not lead to any immediate exports because Japan 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 tariffs ranging from 15% to 57.7% on wine, depending upon the tariff classification. 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.

<u>Apples: Fumigation Requirement (Standards, Testing, Labeling & Certification</u>)
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 $443,000 in 2012.

<u>Apricots: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)</u>
Japan prohibits the importation of U.S. apricots due to phytosanitary concerns.

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

<u>Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification</u>)
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.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
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.

<u>Cherries: Pesticide MRLs (Standards, Testing, Labeling & Certification</u>)
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 as of this time Japan has not officially changed its policy. In the case of recent violations, Japan appears to have applied penalties only to affected shippers.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
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.

<u>Fresh Potatoes: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification</u>)
The Government of Japan denied access to all U.S. fresh potatoes for over 50 years until February 2006 when it finally granted market access only to chipping potatoes that would be process into potato chips immediately on arrival. As a result of Japan's resistance to opening the market, Japanese processing plants had 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.

Under the current limited market opening, chipping potatoes from sixteen states, including Washington State, are only allowed entry between February 1 and July 31. Despite restricted market access, exports of U.S. chipping potatoes have grown significantly, reaching $7.8 million in 2012. The industry seeks greater market access for chipping potatoes and the opening of the market to table stock potatoes. The three specific issues that would improve market access for chipping potatoes are as follows:

<u>Issue #1 - Overland Transportation to New Facilities</u>: In June 2011, MAFF approved a second potato facility for processing of U.S. chipping potatoes, thereby doubling the capacity of Japanese processing of imported potatoes. This second facility is located in the Kagoshima Port area in Kyushu Island. Since Kagoshima is not an international port, U.S potatoes must be shipped to an international port of entry before being transshipped to Kagoshima on a feeder vessel after clearing customs.

Both U.S. potato growers and Japanese processors are very interested in having MAFF approve the transport of chipping potatoes overland by truck from the international port of entry as it will be less costly and will set a precedent for the approval of additional non-port processing facilities. (Note that US proposal to allow the shipment of potatoes overland to processing facilities would require that the potatoes remain in the containers during the trip.) This issue is a high priority for the 2014 shipping season for U.S. potato growers. During the August 2013 bilateral plant health talks, MAFF informed USDA that it was reviewing this request, but did not guarantee that they assessment would be finalized by the start of the February 1, 2014 shipping window.

<u>Issue # 2 – Expanding the Shipping Window to January</u>: In July 2011, the Government of Japan expanded the window for the importation of shipping potatoes through July. While this liberalization is appreciated by U.S. potato growers, they would like to see the window further opened to cover the month of January. While there is no scientific reason to not extend the shipping window, MAFF has indicated that it has some political reservations.

Issue #3 - Adjusting Tag Requirement: MAFF currently requires that every tote, which is a large sack carrying over a ton of potatoes, must have a tag attached indicating that it is part of the potato export program. In addition, the containers exported to Japan are required to have a tag attached. Importers, shippers and both governments often face difficulties when tags fall off the totes. As a result, USDA is proposing that the tag only be applied to the outside of the shipping containers, not the individual totes. The U.S. industry hopes that this issue will be resolved by the 2014 season.

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 2012-2013 marketing year. 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)
The Washington hops industry was pleased by the May 2013 Japanese Ministry of Health, Labor, and Welfare (MHLW) announcement that it would begin to accept simultaneous applications for pesticide registrations and MRLs. In the past, Japan required the full registration in the country of origin prior to beginning its review of an import tolerance application. his policy delayed the establishment of an MRL by up to two years after the registration of the pesticide in another country. In the interim, registrants and growers had to determine whether likely residue levels would exceed the Japanese 0.01 ppm default tolerance.

The U.S. industry hops industry is hopeful that Japan's new decision will lead to the quicker establishment of MRLs in Japan, but urges Japan to devote additional resources to chemical regulatory reviews.

Estimated Potential Increase in Exports from Removal of Barrier
U.S. hops exports to Japan reached $7.7 million in 2012, down from the $9.6 million in exports in 2011, with most of it grown in Washington State. Resolving this issue would increase exports by over $2 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.

<u>Pears: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)</u>

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.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>

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.

<u>Potatoes: Pesticide MRLs (Standards, Testing, Labeling & Certification</u>)

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. In the past this process has taken 18 months to two years. The U.S. potato industry was pleased by the May 2013 announcement that Japan will start its domestic MRL review, while the product is being reviewed for use in the United States or another market. This change should reduce the process time by up to a year.

The U.S. industry, however, is still concerned that Japan's sanction policies could significantly disrupt trade. Even though the U.S. potato industry has not had a violation since 2008, it is aware the other industries have faced sanctions from violations. The U.S. industry acknowledges that Japan has eased it sanction policy by taking action against the individual shipper in the case of a single violation, but a second violation could lead to increased testing of the entire industry. The industry urges that sanctions be directed exclusively against the individual offender.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>

Japan is by far the largest foreign market for U.S. frozen French fries. During the 2012-13 marketing year, U.S. exports of frozen potatoes reached $326 million. In the 2012-2013 marketing year, U.S. dehydrated potato product exports to Japan totaled $50 million.

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.

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. The Washington apple industry seeks the elimination of the tariff as part of the Trans-Pacific Partnership negotiations.

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. The Washington cherry industry seeks the elimination of the tariff as part of the Trans-Pacific Partnership negotiations.

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. The Washington pear industry seeks the elimination of the tariff as part of the Trans-Pacific Partnership negotiations.

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.

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

Peaches and 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 same OFM systems approach proposed to Mexico. There has never been an OFM detection on any stone fruit shipments to British Columbia or in apricot shipments to Mexico. The Government of Mexico, however, continues to insist on the presence of on-site inspectors to monitor the export program, but the Washington stone fruit industry does not believe that this requirement is necessary given the success of the Canadian export program and the Mexico apricot export program.

Mexican officials have argued that the elimination of the on-site inspection program would require 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 as this was accomplished for apricots.

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 , beef products and live cattle 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.

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.

NICARAGUA

Fresh Potatoes: Import Permits (Import Policies)

In the fall of 2013, on several occasions the Government of Nicaragua refused to issue import permits for fresh potatoes. The U.S. potato industry understands that the permits were not issued due to the availability of domestic potatoes in the country.

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.

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%

The U.S. French fry industry seeks the acceleration of the fry TRQ in keeping with the market access provisions of the Canada-Panama FTA.

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 fries. Given market access equal to regional competitors, U.S. fry exports could dominate the market. U.S. frozen potato exports to Panama reached $7.7 million during the 2012-2013 marketing year, an increase from $6.4 million the previous 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.

Fresh Potatoes: TRQ (Import Policies)
Although the U.S. industry gained market access for table stock potatoes, exports are hindered by a 40% tariff.

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 tariff.

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%.

In 2010, the U.S. potato industry petitioned the Government of the Philippines to eliminate the tariff on frozen French fries, as part of the country's review of its tariff policies. As of this time, the Government of the Philippines has not responded.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2012-2013 marketing year U.S. frozen French fry exports to the Philippines reached $37 million dollars, making it the industry's eighth 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.

RUSSIA

Apples: Tariff (Import Policies)
Under Russia's WTO accession agreement the tariff on U.S. apples will be reduced by 70% to 85%, depending on the time of year and variety of apple. The details can be found in the following chart.

	2013	2014	2015
Apples, all varieties			
From 1 January to 31 March	0.054 €/kg	0.048 €/kg	0.042 €/kg
From 1 April to 30 June	0.054 €/kg	0.048 €/kg	0.042 €/kg
From 1 July to 31 July	0.054 €/kg	0.048 €/kg	0.042 €/kg
From 1 August to 30 November			
Golden Delicious or Granny Smith	0.17 €/kg	0.144 €/kg	0.115 €/kg
Other Varieties	0.092 €/kg	0.0.84 €/kg	0.076 €/kg
From 1 December to 31 December			
Golden Delicious or Granny Smith	0.16 €/kg	0.13 €/kg	0.09 €/kg
Other Varieties	0.092 €/kg	0.084 €/kg	0.076 €/kg

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.

Cherries: Tariff (Import Policies)
Under Russia's WTO accession agreement the 2013 tariff on U.S. cherries of 7.5% will be reduced to a 5% duty in 2014.

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.

Fresh Potatoes: Tariff (Import Policies)
Fresh potatoes are subject to a 13.3% tariff.

Pears: Tariff (Import Policies)
Under Russia's WTO accession agreement, the tariff on U.S. pear exports was 8.5% in 2013, but will fall to 6.7% in 2014 and 5% in 2015.

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.

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

Beef: Ractopamine Prohibition (Standards, Testing, Labeling & Certification)
In 2012 the Government of Russia began to enforce a zero tolerance for residues of ractopamine, which is a food additive that promotes feed efficiency in cattle, pigs and turkey. The U.S. government has approved this additive and Codex has adopted a standard for it. On February 11, 2013 Russia banned all imports of U.S. beef, pork and processed products containing beef or turkey after detecting the presence of ractopamine in several beef and port shipments.

SAUDIA ARABIA

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

After the most recent BSE finding in the United States (April 2012) 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.US. officials are urging the counterparts in Singapore to re-open the mark based on the May 2013 OIE determination that United States warranted the lower risk statues (“negligible”) for BSE.

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.

Salmon: Tariff (Import Policies)
Washington fresh salmon exports to South Africa face a 25% tariff. By comparison, Norwegian salmon only faces a 4% tariff.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington Company used to sell 240 MTs of salmon valued at $800,000 per year prior to the increase of the duty to 25% on Pacific Salmon. The company's old importer now annually imports 800 tons of farmed Norwegian salmon.

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, South Africa detained many containers of apples for reported pest finds. In general, South African alleged interception notifications lack sufficient detail and are frequently issued many weeks after the interception. These shortcomings severely limit the ability of the U.S. industry to track down 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. In May 2013, the United States received OIE's lowest risk status ("negligible") for BSE.

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 U.S-South Korean FTA, in the first year of the agreement, 9,000 MTs of unroasted malt and unmalted barley will enter South Korea duty-free. The duty-free quota will grow 2% a year for 15 years, at which time all U.S. malt and malting barley will 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 are being 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.

Canned Cherries: Tariff (Import Policies)
Prior to the implementation of the KORUS-FTA, U.S. canned cherry exports faced a 45% South Korean tariff. Under the agreement, this tariff is being phased-out over a decade.

Canned Corn (Sweet) : Tariff (Import Policies)
Under the U.S.-Korea FTA the 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)
Prior to the KORUS-FTA, South Korea imposed a 36% tariff on imported cheese. Under the agreement, Seoul is providing 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.

<u>Dehydrated Potato Products: Tariff (Import Policies)</u>
Under the KORUS-FTA the 20% tariff on processed dehydrated potato products (HS 2005.2) are being 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

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
South Korea is now the fifth largest export market for US frozen fries. U.S. frozen fry exports to South Korea amounted to $79.6 million in marketing year 2012-13, which was an increase of 32% over the previous year. U.S. dehydrated potato exports were $8.1 million over that period, up 15.7%. The U.S industry believes that U.S. processed potato exports to South Korea could reach $100 million per year once all tariffs and TRQs are eliminated.

<u>Dehydrated Potato Flakes: Tariff Rate Quota (Import Policies)</u>
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 are being governed by a less restrictive TRQ. In the first year after the agreement went 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.

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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%

U.S. potato exporters prefer the tariff line HS 1105.2 for the export of dehydrated potatoes. Prior to the KORUS-FTA, however, the 304% tariff on HS 1105.2, forced shipper to enter the product under HS 2005.2, with a 20% tariff rate, which is being phased-out under the FTA. In order to enter that product under HS 2005.2, the Korea government required that at least 10% of the product had to be a non-dehydrated product, such as additives and other blended product. This forced U.S. companies had to create less ideal formulations, which limited sales. As a result, US exporters were pleased with the duty-free quota established by the FTA for HS 1105.2.

Unfortunately, Korean officials are informing U.S. shippers are being informed that their product does not qualify for HS 1105.2 because it is not a pure dehydrated flake and has some additional ingredients, such as food additives. As a result, in 2013 the HS 1105.2 TRQ of 5,150 MTs was not being filled and U.S. exporters were forced to enter product under the 2005.2 tariff line with the current 14.3% tariff under the KORUS-FTA. In sum, Korean officials have switched from demanding non-dehy product be added to now insisting that dehydrated products cannot use the tariff line normally used in international trade because there are additional ingredients. Most countries enter dehydrated potato flakes, granules and pellets under HS 1105.2. Consequently, the U.S. potato industry believes that Korea's policy is merely designed to impede imports.

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is now the fifth largest export market for US frozen fries. U.S. frozen fry exports to South Korea reached $79.6 million in marketing year 2012-13, which was a 32% increase over the previous year. U.S. dehydrated potato exports were $9 million over that period, up 15.7%. The U.S industry believes that U.S. processed potato exports to South Korea could reach $100 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)

Under the KORUS-FTA, South Korea's 30% tariff on imports of frozen corn, which is above its bound rate of 54%, will be phased-out over five years.

Pears: Tariff (Import Policies)

Prior to the implementation of the KORUS-FTA, South Korea's tariff on U.S. pear exports stood at 45%f. Under the agreement, the tariff on non-Asian pear varieties is being phased-out over 10 years, while the tariff on Asian pear varieties is being eliminated over 20 years. South Korea, however, prohibits the importation of U.S. pears due to plant quarantine concerns.

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)

Prior to the implementation of the bilateral trade agreement, 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, are being phased-out within several year.

Wheat: Tariff and TRQ (Import Policies)

Prior to the implementation of the KORUS-FTA, U.S. wheat exports faced 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. he 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)

Prior to the KORUS-FTA, U.S. food whey exports were limited by a 54,233 MT quota. The in-quota tariff was 20% while the above-quota is 49.5%. U.S. whey feed exports entered the Korean market under tariff rates of 4% 20%, or 49.5%, depending upon the type of product and the volume that has already been imported in a particular year.

Now, under the KORUS-FTA, U.S. whey feed exports received immediate duty-free access. U.S. food whey exports received a new 3,000 ton TRQ with in-quota imports facing zero tariffs. The TRQ is growing 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 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 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 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 2013, the United States exported $609 million worth of beef, including variety of meats to South Korea.

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

Although Oregon currently has market access, at the present time, Washington state cannot export blueberries to South Korea because of a phytosanitary import prohibition. Access to the South Korean market, is the Washington state blueberry industry's highest international market access priority.

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, but South Korea rejected the proposal. Technical discussions continue.

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. Improved quality and lower cost should grow sales. During the 2013 season, Pacific Northwest cherry exports to South Korea reached approximately $24.6 million, a slight increase from the $22.7 million in shipments the year before. The industry estimates that the replacement of the methyl bromide fumigation requirement with a systems export protocol would result in an increase of approximately $5 million in sales in the short term, with further expansion of the market occurring over the longer term.

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

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

The Korean Food and Drug Administration (KFDA) holds and conducts a 51 chemical multi-residue screen in two circumstances. The first occurs when a new packinghouse/exporter/importer combination, not previously tested, tries to clear customs for the first time. 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.

On top of the multi-residue test for the 51 known chemicals, each quarter KFAD selects additional three chemicals out of a universe of 181 chemicals for single-residue testing on selected produce. The KFDA conducts these tests and does not publicly disclose the chemicals or the specific produce selected for testing. As a result, it is unknown whether or when cherries are subject to single residue testing. KFDA has also introduced a new lead residue test for each new packinghouse/exporter/importer combination but allows the fruit to be stored in 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 MRL 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. Moreover, as of this time, not residue violations have been found on Pacific Northwest cherries. The industry continues to urge USDA/FAS to press KFDA to modify this program by either exempting Pacific Northwest fruit because of its clean track record or by limiting the program to sample and release testing until violations are noted in the commodity.

<u>Estimated Potential Increase in Exports from Removal of Barrier:</u>
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 2013 season, Pacific Northwest cherry exports to South Korea reached approximately $24.6 million, a slight increase from the $22.7 million in shipments the year before.

<u>Fresh Potatoes: Phytosanitary Import Restrictions (Standards, Testing, Labeling & Certification)</u>

In August 2012, South Korea closes its market to Pacific Northwest potatoes due to the presence of zebra chip in the area. In September 2012, South Korea re-opened the market to U.S. chipping potatoes destined for processing, but the market remains closed to table stock potatoes.

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. Moreover, potatoes exported to South Korea are treated with a sprout inhibitor and are destined for consumption or processing, not for propagation. Sprout-inhibited potatoes destined for processing or consumption are not a threat.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2012-2013 market U.S. exports of potato products to South Korea reached $98 million with frozen potatoes accounting for $79.6 million of that total.

Hops: Pesticide MRLs (Standards, Testing, Labeling & Certification)
In 2012, the Government of South Korea announces its goal of establishing a national MRL system in 2016 or 2017, which will be a shift from its current policy of deferring to Codex. As a consequence of this decision, South Korea will be requesting and reviewing import tolerance applications to establish national MRLs. The hop industry encourages U.S officials to work with their South Korean counterparts to ensure a well-organized and transparent transition and adequate time to submit MRL applications to the South Korean government.

Estimated Potential Increase in Exports from Removal of Barrier
In 2012, the U.S. hop industry exported $5.9 million worth of their product to South Korea. The industry estimates that exports would increase by another $1 million if South Korea implemented a less trade restrictive testing policy.

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)

South Korea maintains a national MRL list but defers to Codex and other standards when no national MRL has been established. The country does not maintain a default MRL.

In 2012, the Government of South Korea announced that it would transition to only using a national MRL system, which it expects to fully implement by 2016. The U.S. potato urges U.S. officials to work with their South Korean counterparts to ensure that this transition is transparent and provides enough time for MRL's to be established for pesticides used in potato production.

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 $79.5 million during the 2012-2013 marketing year. In addition, during the most recent marketing year, the United State exported $9 million worth of dehydrated potato products.

Potato Products: Rules of Origin (Other Barriers)

Several U.S. processed potato exporters are facing requests from Korean officials to verify that the product is of U.S. origin in order to qualify for the reduced tariffs under the KORUS-FTA. While shippers have been willing to supply a document confirming that the products were made in the United States, they have been receiving requests from Korean officials for additional information, including records concerning the growing, harvest, storage and processing of the products. The production of these records takes time and expense and should not be required unless there is reason to believe that the rules of origin requirements are being violated.

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is now the fifth largest export market for US frozen fries. U.S. frozen fry exports to South Korea reached $79.6 million in marketing year 2012-13, which was a 32% increase over the previous year. U.S. dehydrated potato exports were $9 million over that period, up 15.7%. The U.S industry believes that U.S. processed potato exports to South Korea could reach $100 million per year once all tariffs and TRQs are eliminated.

SRI LANKA

Apples: Tariff (Import Policies)
Sri Lanka's tariff on apples is reportedly 30%. The barriers to market entry are even greater once the additional taxes collected on arrival at the port of entry are taken into account.

Even with this high barrier, Washington apple exports to Sri Lanka reached $4.9 million in 2012, a 54% increase over the previous calendar year. Apple exporters 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 amend 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 2013, the industry desired Sri Lanka to abide by the 2010 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 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.

On July 10, 2013 New Zealand and Taiwan signed a free trade agreement. As part of this agreement, Taiwan agreed to eliminate the 15% tariff on New Zealand fresh table stock potatoes over an eight year period. New Zealand has not shipped fresh table stock potatoes to Taiwan since 2010, when shipments reached only 25 MT. By comparison, in 2012, the United States exported 19,891 MT of fresh table stock potatoes worth $7.5 million in 2012. New Zealand's tariff advantage, however, might place U.S. exporters at a competitive disadvantage in the future.

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 and 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%

On July 10, 2013 New Zealand and Taiwan signed a free trade agreement. As part of this agreement, Taiwan agreed to eliminate the 12.5% tariff on New Zealand fries over an eight year period. Although Taiwan only imported $242,000 worth of New Zealand fries in 2012, these imports should grow over time at the expense of U.S. exporters due to the phase-out of the tariff.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2012-13 (July-June) marketing year, the United States exported $47.4 million in frozen French fries (up 9%) and $3.6 million in dehydrated potato products (up 71%) 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.

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.

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.

Subsequent to the establishment of the revised work plan in 2002 a significant amount of research has been undertaken which provides mounting evidence that codling moth is unlikely to reach Taiwan and in the unlikely event that it does, it is very unlikely that it can survive let alone become established in the country. Research by Dr. Lisa Neven of USDA/ARS strongly supports the argument that the work plan is not based on scientific principles and is being maintained without sufficient scientific support. The U.S. industry urges that the work plan be amended, if not completely eliminated, as the provisions are arbitrary and are now known to be more trade restrictive than required to achieve the appropriate level of phytosanitary protection.

A USDA Animal and Plant Health Protection Service (APHIS) technical document, which was finalized in October, 2006 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. As a result of this risk assessment, the apple industry has requested that the USDA and USTR seek modifications to the work plan.

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."

The apple industry, however, is grateful that Taiwan modified its penalty system in 2013, as it reduces the risk that the market will be closed as a result of a codling moth find. Although progress has been achieved, the apple industry urges U.S. officials to seek modifications to Taiwan's codling moth requirements.

<u>Estimated Potential Increase in Exports from Removal of Barrier were Removed</u>
The apple industry estimates that modifications will lead to less than $5 million in additional apple exports each year.

<u>Apples: Pesticide MRLs (Standards, Testing, Labeling & Certification)</u>
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. apple industry urges U.S. officials to work with their counterparts in Taiwan to establish a priority list for establishing MRLs.

<u>Estimated Potential Increase in Exports from Removal of Barrier were Removed</u>
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.

<u>Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)</u>
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 that effectively prohibited 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' risk status, which the OIE determined was the "negligible" in May 2013.

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 8.5 million to $10 million to $15 million in a few years.

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, but no violations have been found on potato products. In June 2010 and November, Taiwan again took action against U.S. commodities for pesticide residue violations.

As of this time, Taiwan only has a limited list of maximum residue levels (MRLs) and many more crop protection products have been registered in the United states.. While the United States currently has established over100 potato-related MRLs, Taiwan has only about one-third that total.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2012-2013 marketing year, U.S. frozen French fry exports to Taiwan reached $47.4 million, while dehydrated potato product exports totaled $5.6 million.

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.

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 6% tariff under bilateral trade agreements implemented in 2004. The rate will be further reduced to 3% in 2014. 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 2012-13, Thailand imported $12.8 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.

Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)
Following the BSE finding in the United States in late 2003, Thailand restricted imports of all U.S. beef and beef products. At the present time, the Government of Thailand allows imports of de-boned beef from cattle under 30 months of age. The United States is awaiting the results of an audit by Thai official of the U.S. beef production system as a step toward the complete reopening of the market.

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.

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. The level for developing nations, such as Turkey, is capped at 10%. While countries are required to annually notify the WTO of the country's domestic support, it has not done so 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 information contained in USDA country reports, the U.S. wheat industry believes that it has detected violations of product specific subsidy ceiling on wheat in Turkey. Analysis of Turkey's price support practices indicates a wheat-specific AMS of $5.541 billion, while the country's de minimis limit is only $0.441 billion. Similar analysis demonstrates that Turkey is surpassing domestic support commitments in other commodities, including rice, sugar, corn, soybeans and others, with an estimated total AMS of $9.201 billion. Since Turkey's AMS limit is zero, any spending over the 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.

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. In November 2013, the Government of Uruguay formally accepted the OIE's May 213 recognition of the United States as having negligible risk for BSE and agreed to not maintain BSE conditions on U.S. imports. Access for beef, beef products and cattle, however, still awaits a bilateral agreement on certification conditions.

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, after APHIS and the U.S. potato industry hosted high-level Uruguayan officials, 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.

In 2012 Uruguayan and U.S. technical agencies introduced a new optional pre-sampling protocol for U.S. seed exporters. Under this protocol, shipments are pre-screed to facilitate the agricultural inspection process at Uruguayan ports, thereby reducing the likelihood that the U.S. shipments will be delayed or rejected. Despite this progress, Uruguay's low tolerance level for the fungus that causes powdery scab is concerning to U.S. exporters.

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 after the elimination of the tariff.

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 would lead to less than $5 million in additional pear exports per year.

<u>Beef: BSE Import Restrictions (Standards, Testing, Labeling & Certification)</u>

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 negligible risk status of the United States as determined by the OIE.

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 92 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 after the elimination of the tariff.

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 over a six- year period. All the reductions have been implemented and the current tariff stands at 12%. In addition, Hanoi agreed to lower the tariff on dehydrated potatoes from 40% to 18%. The U.S. industry seeks the immediate elimination of these tariffs as part of the ongoing WTO or Trans Pacific Partnership negotiations.

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 2012-13 marketing year, U.S. frozen French fry exports to Vietnam totaled $2.1 million. With a population of 92 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 (HS 2005.20): 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 negligible 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 and health and beauty product. The certificate is very difficult to obtain because the manufacturer frequently considers the information to be proprietary and confidential as the ingredients and formulations are considered to be valuable intellectual property. Some manufacturers are unwilling to provide this information as they are not confident that they information will be kept secure.

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 Vietnam has the 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. In 2013, Washington apples exports to Vietnam reached $32.2 million, an increase from the $16.5 million the previous calendar year.

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 deter cherry 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 Vietnam has the 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 2013 Washington exported over $1 million worth of cherries to Vietnam.

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 Vietnam has the 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 2013, Washington pear exports to Vietnam almost reached $340,000.

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.