THE WASHINGTON STATE REPORT ON FOREIGN TRADE BARRIERS TO FOOD AND AGRICULTURAL EXPORTS

March 2009

Dan Newhouse
Director of Agriculture
and
Robert Hamilton
Governor's Trade Policy Advisor

Published by:

Washington State Department of Agriculture
Dan Newhouse, Director
1111 Washington St. SE
Olympia, WA 98504-2560

AGR PUB 200-256 (N/3/09)

Inquiries regarding the availability of this publication in an alternative format should be directed to the WSDA receptionist at (360) 902-1976 or Telecommunications Device for the Deaf at (360) 664-6211.

THE WASHINGTON STATE REPORT ON FOREIGN TRADE BARRIERS TO FOOD AND AGRICULTURAL EXPORTS

Dan Newhouse
Director of Agriculture

Robert Hamilton
Governor's Trade Policy Advisor

March 2009

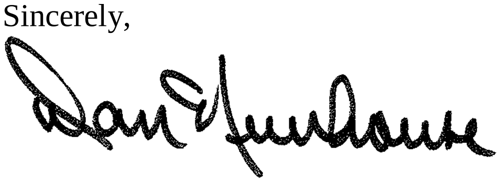
Dear Reader,

Washington's food and agriculture industry is a critical part of Washington State, contributing over 13 percent of the state's economy. About one-third of Washington's food & agricultural production is exported, so access to overseas markets is essential for the vitality of the agricultural and processed food industry.

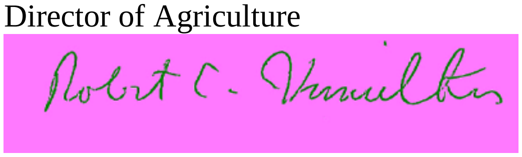
In 2008, food and agricultural exports originating from Washington State reached $7 billion. Our export potential, however, continues to be limited by the numerous trade barriers maintained by our trading partners. The health of the Washington agricultural sector would be much improved through increased exports made possible by the elimination of these barriers. The enclosed report, "The Washington State Report on Foreign Trade Barriers to Agricultural Exports," provides a summary of 280 measures maintained by 52 countries to prevent or limit the import of agricultural products.

The report has been sent to the Office of the United States Trade Representative and the United States Department of Agriculture to ensure that these issues are taken into consideration in the ongoing multilateral and bilateral negotiations covering trade in agricultural products. We hope that it will assist in removing these barriers and benefiting the long-term competitiveness of our industry.

Sincerely,



Dan Newhouse
Director of Agriculture



Robert Hamilton
Governor's Trade Policy Advisor

TABLE OF CONTENTS

PART I. ALPHABETICAL LISTING BY COUNTRY

TABLE OF CONTENTS

PART II. ALPHABETICAL LISTING BY COMMODITY

PART I

LISTING BY COUNTRY

ALGERIA

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

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

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

ARGENTINA

Apples: Tariff and Statistical Tax (Import Policies)
Argentina imposes a 10% import duty and a 0.5% statistical tax on 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.

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

Cherries: Tariff and Statistical Tax (Import Policies)
Argentina imposes a 10% import duty and a 0.5% statistical tax on cherries from the United States. 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.

Flour: Tariff (Import Policies)
The Government of Argentina imposes a12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Brazil, Paraguay and Uruguay) receive duty-free treatment.

Pears: Tariff and Statistical Tax (Import Policies)
The Government of Argentina collects a 10% tariff and a 0.5% statistical tax on pear imports from the United States. 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.

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. 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.

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. 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.

Wheat: Tariff (Import Policies)

As a member of MERCOSUR, Argentina imposes a 10% tariff on U.S. wheat. By comparison, the tariff rate for wheat trade between MERCOSUR countries is zero.

Wine: Tariff (Import Policies)

Imported wine from non-MERCOSUR countries faces a 20% tariff.

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

Argentina prohibits 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 a protocol that would cover the procedures for exporting American cherries to Argentina. In 2002 the U.S. government proposed an intensive inspection protocol to verify that cherry shipments are free of known quarantine pests but, as of this time, the Government of Argentina has not reviewed the proposed 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. This estimate is based on sales of cherries to similar markets.

Seed Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The Government of Argentina currently prohibits the importation of U.S. seed potatoes based on unjustified and unscientific reasons. The industry urges the U.S. government to make the lifting of this ban a priority.

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

Apples and Concentrated Apple Juice: Export Rebates (Export Subsidy)
The Government of Argentina subsidizes fruit exports by means of a 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. Exporters of concentrated apple juice in containers of one liter or less receive a 6% rebate, while exporters of larger containers receive a 5% rebate.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina is a significant exporter of fresh apples to the United States. Growers in Argentina do 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)
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. Argentine 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.

ARMENIA

Apples: Tariff (Import Policies)
The Government of Armenia imposes a 15% tariff on American apples.

Cherries: Tariff (Import Policies)
U.S. cherry exports currently face a 15% Armenian tariff.

Pears: Tariff (Import Policies)
U.S. pear exports currently face a 15% Armenian tariff.

AUSTRALIA

Apples: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Although Australia does not impose tariffs on apple imports, it prohibits their importation from the United States and other trading partners based on plant quarantine concerns. By contrast, Australian apples have access to the U.S. market.

The main issue is the bacterial disease fire blight, which can kill blossoms, limbs, shoots, and even entire trees. Australia fears that fire blight could be transmitted to the country's domestic crops. However, the United States 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. This position has been confirmed through the World Trade Organization Dispute Panel proceedings that the United States brought against Japan concerning Tokyo's treatment of American apples.

In response to a U.S. request that Australia begin an import risk assessment (IRA) for U.S. apples, Biosecurity Australia stated that it would first issue an IRA for New Zealand apples because that country's request preceded that of the United States. Australia, however, committed to modifying any agreement with New Zealand to encompass apple imports from the Pacific Northwest. As a result, the United States has been actively involved in the process for establishing the Australian import requirements for New Zealand apples.

In December 2005, Biosecurity Australia issued a draft import risk analysis report (IRA) for the importation of New Zealand apples. In comments submitted to Biosecurity Australia on March 30, 2006, USDA's Animal Plant Health Inspection Service (APHIS) urged Australia to revise the IRA and highlighted numerous instances where the IRA diverged from internationally affirmed science. The proposed quarantine measures would also make it economically unfeasible to export U.S. apples to Australia.

In November 2006, Australia issued its final risk assessment, which ignored most of the concerns of New Zealand and the United States while allowing the importation of New Zealand under the following conditions.

- mandatory pre-clearance and auditing arrangements in New Zealand involving Australian Quarantine and Inspection Service (AQIS) officers;
- freedom from fire blight symptoms - inspection of orchards for any visible fire blight symptoms;
- use of disinfection treatment (e.g. chlorine) in packing houses to prevent contamination of apples with fire blight bacteria;
- freedom from European canker disease - inspection of orchards during autumn or winter after leaf fall;

- freedom from apple leaf curling midge - inspection in New Zealand of a random sample of 3,000 fruit in each export lot; and
- inspection for all other quarantine pests, with remedial action.

As a result of these excessive requirements, in August 2007, New Zealand initiated a WTO case against Australia. As of this time, the WTO dispute panel has not issued an interim ruling.

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.

Cherries: Regional Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Due to concerns about brown rot and other issues, the Government of Australia prohibits the importation of Pacific Northwest cherries into Western Australia, while allowing importation into the rest of the country.

Fresh Onions: SPS Restriction: (Standards, Testing, Labeling & Certification)
Although Australian importers have shown interest in importing onions, Washington state producers must demonstrate that the product is free of onion smut as a condition for importation.

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 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.

BAHRAIN

Wine: Tariff (Import Policies)
U.S. wine exports to Bahrain currently face a 125% tariff. Despite this tariff U.S. wine exports grew from $37,000 in 2005 to $159,000 in 2006.

BANGLADESH

Apples: Tariff (Import Policies)
The Government of Bangladesh applies a 37.5% tariff on imports of U.S. apples. After other taxes are imposed, the actual tax is over 57%.

Cherries: Tariff (Import Policies)
The Government of Bangladesh imposes a 37.5% tariff on U.S. cherry imports.

Pears: Tariff (Import Policies)
Bangladesh collects a 37.5% tariff on U.S. pear imports.

BARBADOS

Wine: Tariff (Import Policies)

The Government of Barbados applies a $1.33 per liter customs duty on U.S. table wine and a $1.43 per liter tariff on sparkling wine. In addition, the Government of Barbados imposes a 20% surcharge on all wine products and a 10% stamp duty on table wines and sparkling wines on top of a $1.43 per liter consumption tax on all wines.

BOLIVIA

Apples: Tariff (Import Policies)
The Government of Bolivia imposes 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 with Bolivia. As a result of these duty-free arrangements, U.S. apples are in effect excluded from the Bolivian market for most of the year.

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 collects a 15% tariff on cherry imports from the United States. 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), as well as Chile under a bilateral trade agreement, enter Bolivia duty-free.

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 Bolivia eliminated the tariff.

BRAZIL

Apples: Tariff (Import Policies)
Brazil imposes a 10% duty (CIF) on imports of apples from the United States. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on their apples were eliminated on January 1, 1995. Furthermore, apple imports from the countries of the Latin American Integration Association (ALADI), Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela receive preferential tariff rates.

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% duty (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. Furthermore, fruit imports from the countries of the Latin American Integration Association (ALADI), Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela receive preferential tariff rates.

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.

Dairy Products: Tariff (Import Policies)
Brazil maintains high tariffs (14% to 30%) on dairy products. It appears that the high tariffs are due to political pressure from Brazilian dairy producers who believe that domestic processors import whey to blend with Ultra High Temperature milk.

Flour: Tariff (Import Policies)
The Government of Brazil imposes a 12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Argentina, Paraguay and Uruguay) receive duty-free treatment.

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

Pears: Tariff (Import Policies)
Brazil imposes a 10% duty (CIF) on imports of pears from the United States. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on pears were eliminated on January 1, 1995. Furthermore, pear imports from the countries of the Latin American Integration Association (ALADI), Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela receive preferential tariff rates.

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

Wheat: Tariff (Import Policies)
As a member of MERCOSUR, Brazil imposes a 10% tariff on U.S. wheat. The tariff level for trade between MERCOSUR countries is zero.

Wine: Tariff (Import Policies)
The Government of Brazil imposes a 27% ad valorem tariff on imported wine. Wine imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) enter Brazil duty-free.

Dehydrated Potatoes: Sulfite Tolerances (Standards, Testing, Labeling & Certification)
Brazil has not established a sulfite food additive tolerance for dehydrated potatoes. As a result, the American dehydrated potato products industry cannot use sulfites in products exported to Brazil. The industry is hoping that Brazil will establish a sulfite tolerance at international levels of approximately 500 ppm.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry exported $1.9 million in dehydrated potato products to Brazil during the 2007-8 marketing year. If Brazil increases its sulfite tolerance, the industry estimates that annual sales would increase to approximately $5 million per year.

Wheat: SPS Restrictions (Standards, Testing, Labeling & Certification)
At the present time, Brazil only allows the importation of certain classes of wheat and excludes shipments from West Coast ports mainly due to concern over flag smut (urocystis agropyri) and cephalosporium stripe. Brazil maintains this import ban even though it allows the importation of wheat from Argentina where flag smut is present. In addition, Cephalosporium strip requires the repeated freezing and thawing of the ground in the spring to cause root damage, which is unlikely to occur and is very unlikely to be conveyed in grain shipments.

These restrictions are counter to the non-discriminatory and scientific principles of the WTO SPS Agreement. When APHIS has tried to negotiate the removal of these phytosanitary restrictions, Brazil's response has been to raise a whole host of new potential phytosanitary requirements which have no history of being a problem in the United States. This impasse has lasted for over ten years with little sign of progress.

Wine: Certification (Standards, Testing, Labeling and Certification)

The Government of Brazil imposes onerous and costly certification requirements for wine. In addition, in 2007, the Government of Brazil notified the WTO of its intent to require certificates of analysis with wine imports. These certificates are to include analyses of ten different compounds. The U.S. wine industry believes this requirement is superfluous and not in keeping with international standards.

CANADA

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

The Government of Canada is preparing to eliminate its 0.1 ppm general (default) pesticide tolerance and replace it with a new pesticide maximum residue level (MRL). 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 Health Canada's Pest Management Regulatory Agency (PMRA) to implement the policy in manner that avoids trade disruptions. This approach could involve the adoption of U.S. MRLs at or under 0.1 ppm or establishing a multi-year transition period to allow for establishment of new MRLs.

Organic Products: Phytosanitary Restrictions (Standards, Testing, Labeling and Certification)

At the present time, Canada is in the process of establishing new requirements for organic products which could limit Washington exports. These new organic standards, the Canadian Organic Regime (COR), are currently on track to be implemented on June 30, 2009 and will mean that Washington products certified under the USDA's National Organic Program (NOP) will no longer be accepted as such by the Canadian authorities. U.S. and Canadian officials are currently negotiating to establish an equivalency agreement between the organic standards of the two countries but the effort is complicated by the fact the COR was written to more closely reflect the European standards than those of the United States. If an equivalency agreement cannot be reached between Canada and the United States then all products will have to be certified under COR after June 30, 2009.

The Washington State Department of Agreement (WSDA) has asked the International Organize Accreditation Services (IOAS), which has been accepted by the Canadian Food Inspection Agency, to evaluate the state's organic program for compliance with the COR. After a review by the IOAS, WSDA revised its International Organic Certificate program to meet the COR requirements. Currently, WSDA's International Organic Program incorporates the Canadian, European and Japanese organic standards and maintains compliance with the International Federation of Organic Agriculture Movements and ISO Guide 65 accreditation standards

As a result, while some Washington organic companies that use the WSDA International Organic Certification program can export to Canada, other companies certified by other programs may not be able to do so. The acceptance of the USDA NOP by Canada would resolve this issue.

Wine: Domestic Supports (Subsidies)

In 2007 the Liquor Control Board of Ontario started a 3-year, $10 million support program that subsidizes 30% of the cost of wine made from Ontario-grown grapes.

Fresh Potatoes: Restrictions on Bulk Shipments (Other)

Canada heavily regulates the importation and inter-provincial shipment of agricultural products. Specifically, Canada's Standard Container Law, which is part of the Fresh Fruits and Vegetable Regulations of the Canadian Agricultural Products Act, prohibits the importation of U.S. fresh potatoes into Canada for processing or consumption in bulk quantities (over 50 kilograms) unless a special "Ministerial Exemption" is granted by the Canadian Food Inspection Agency (CFIA).

Ministerial Exemptions are granted on a shipment-by-shipment basis and only if equivalent product is not available in Canada. In practice, Ministerial Exemptions have been used to discriminate against U.S. suppliers by allowing domestic suppliers to block the exemption request if they can demonstrate that local supplies in the receiving province or "neighboring provinces" are adequate to meet the demand. The CFIA interprets the term "neighboring province" to be regional in scope. For example, although they do not border one another, Manitoba is considered a neighboring province of Alberta. In several instances potato growers in Manitoba used this provision to block shipments of U.S. potatoes to two processors in Alberta even though Alberta potato growers supported the request for a Ministerial Exemption.

U.S. exporters also face different rules than Canadian potato producers with respect to Ministerial Exemptions. The bulk shipment prohibition does not apply to Canadian potatoes shipped within a province. Moreover, only the receiving province has to approve a shipment of potatoes from another province in order for the shipping province to receive a Ministerial Exemption. By contrast, all provinces have to approve a Ministerial Exemption for an import of U.S. potatoes to be approved, allowing one province to veto any import of U.S. bulk potatoes. The restrictions would appear to be inconsistent with the WTO "national treatment" provisions (GATT Article III) and NAFTA Article 301 because they treat U.S. potatoes less favorably than they do Canadian potatoes.

At the end of October 2007, the United States and Canada announced an agreement that will provide U.S. potato growers with predictable access to Canadian Ministerial exemptions to allow the importation of potatoes. Under this agreement, in year three, 60-day forward contracts between Canadian processors and US growers will be allowed as a demonstration of sufficient evidence of a shortage of Canadian potatoes. If properly and fully implemented, the agreement will open trade for U.S. potato exports in a fairer and less-trade restrictive manner.

Estimated Potential Increase in Exports from Removal of Barrier

The bulk exemption requirement restricts U.S. growers' access to the large potato processing market in Canada. In contrast, low-priced potatoes from Canada enter the U.S. market with no similar restriction.

The U.S. potato industry estimates that the prohibition on bulk shipments and the onerous exemption requirements for a Ministerial Exemptions cost U.S. potato growers $25 to $30 million a year in lost sales.

Wheat: Canadian Wheat Board: (Other)

The Canadian Wheat Board (CWB), a government backed state trading enterprise (STE), has exclusive control over the purchase of wheat in western Canada for domestic consumption and export and is also the sole exporter of grain. The pricing policies of the CWB are not transparent. In addition, the CWB sets transportation and marketing costs, which are frequently supported by the Government of Canada. The activities of the CWB distort wheat markets and injure U.S. wheat producers by reducing the price and increasing the volume of Canadian wheat exports to third countries.

The Government of Canada has been reluctant to end the monopoly power of its wheat board but appeared to be moving in that direction. Recently, however, the Canadian Minister of Agriculture, Gerry Ritz, confirmed that it will put aside its efforts to dismantle the Canadian Wheat Board's (CWB) single desk status, which allows it to act as a monopoly and distort trade. Prior to this announcement, U.S. Wheat Associates warned that with the price of wheat recently declining steeply, the CWB had already used administrative pricing practices to undercut U.S. wheat prices by up to $50 per metric ton in some export markets. The delay in reform of the CWB might lead to further trade distorting practices.

Wine: Cost of Service Mark-up (Other)

Provincial Liquor Control Boards (LCBs) are responsible for the administration of alcohol sales in Canada and impose a "cost of service" mark-up. They often waive the retail sales mark up for local producers.

CHILE

Wheat: Tariff (Import Policies)
Under the U.S.-Chile Free Trade Agreement, U.S. wheat exports still face a 6% tariff. The tariff is scheduled to be eliminated by 2012.

Wine: Tariff (Import Policies)
Under the U.S.-Chile FTA, signed in 2003, U.S. wines faced a 6% duty in 2008. Starting in 2011, the Chilean tariff on U.S. wine will be phased out each year until it is eliminated in 2016. Although the tariff is scheduled to be phased out, the delay in the phase out still presents an obstacle to exporting wines to Chile.

Chickpeas, Lentils and Peas: Phytosanitary Import Restriction (Standards, Testing, Labeling & Certification)
Chile requires that U.S. chickpeas, lentils and peas be fumigated as a condition for importation. The main concern for Chile is pests of the Bruchidae family, which are commonly known as storage seed weevils. U.S. scientists have found that the United States does not have enough insect numbers to require fumigation. Moreover, such products from Canada enter Chile without the fumigation requirement.

CHINA

Alfalfa: Tariff (Import Policies)
China currently imposes a 9% tariff on imports of U.S. alfalfa bales and cubes on top of a 13% value-added-tax. Dairy farmers in southern China, in particular, have displayed increasing interest in purchasing U.S. alfalfa but the tariff is a deterrent.

Apples: Tariff and VAT (Import Policies)
Under the WTO accession agreement, China agreed to reduce the tariff on U.S. apple imports from 30% to 10% in 2004. 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 believes is likely not collected on Chinese apples. Discriminatory treatment with respect to the collection of the VAT on imported and domestic apples places U.S. apples at a distinct pricing disadvantage. Failure to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions, the industry estimates that apple exports would increase by $5 million to $25 million a year if the tariff and phytosanitary restriction on certain apple varieties were eliminated.

Beef: Tariff (Import Policies)
Prior to China's accession to the WTO, the country imposed a 45% duty on beef imports. Under the accession agreement the tariff was reduced to 12% in 2004. This tariff is still a significant barrier to the industry, but the import ban following the BSE finding in the United States makes the tariff issue moot. The USITC estimates that the tariff on beef led to a loss of $19 million in US exports during the 2004-2007 time period.

Cherries: Tariff and VAT (Import Policies)
As part of its WTO accession commitments, China agreed to reduce the tariff on U.S. cherry imports from 30% to 10% in 2004, which is still high enough to restrict U.S. exports. In addition, China collects a 13% value added tax (VAT) on imported cherries, which is probably not collected on Chinese cherries. Failure, to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

Estimated Potential Increase in Exports from Removal of Barrier
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.

Chickpeas (Garbonzas): Tariff and VAT (Import Policies)
China maintains a 7% tariff on imported chickpeas (HTS 0713.2090), compounded by a 13% VAT.

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 of the market to fresh potatoes would lead to less than $5 million in exports in the short-term.

Lentils: Tariff and VAT (Import Policies)
China maintains a 7% tariff on imported lentils (HTS 0713.4090), compounded by a 13% VAT.

Malt Barley: Tariff (Import Policies)
U.S. malt barley exports to China currently face a 10% tariff.

Nursery Products: Import Permits (Import Policies)
Exporting nursery products to China can be problematic due to difficulties in acquiring import permits. The ability to receive an import permit also varies based on the location of the Chinese buyer. The institution of a new requirement from China of an invasive plant assessment prior to issuance of an import permit has been a new challenge because there is no central library in China that determines if a plant is new to China or not. It's very subjective.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington company estimates that the elimination of the barrier would lead to an increase of less than $5 million in exports per year.

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

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

Peas: Tariff and VAT (Import Policies)
China maintains a 5% tariff on imported peas (HTS 0713.1090), compounded by a 13% VAT.

Potato Products: Tariff (Import Policies)
The People's Republic of China is one of the fastest growing major markets for the U.S. processed potato industry. In the 2006/2007 marketing year, U.S. frozen potato exports to China reached $31 million. Despite the tariff concessions contained in China's WTO accession agreement, significant tariff obstacles to exporting potato products remain. Most significantly, the current tariff on U.S. frozen French fries is 13% while the tariff on dehydrated potato products is 15%. The Chinese tariffs on these and other potato products are reflected in the following table.

Product	Pre-accession Duty	Current 2004
Dehydrated potato flakes and granules (HS 1105.20)	30%	15%
Potato flour, meal and powder (HS 1105.10)	27%	15%
Fresh or chilled potatoes (HS 0701.90)	13%	13%
Frozen potatoes (HS 0710.10)	13%	13%
Non-Frozen, prepared/preserved potatoes including chips (HS 2005.20)	25%	15%
Frozen Fries (HS 2004.10)	25%	13%
Potato Starch (HS 1108.13)		15%

.

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

U.S. potato product exports have been placed at a competitive disadvantage due to the terms of a free trade agreement signed between New Zealand and China on April 7, 2008. Under this agreement, Beijing agreed to reduce its tariff on New Zealand potato products according to the following schedule.

Year	**China tariff on NZ Fries (HS 2004.1)**
Base Rate (MFN Rate applied to US)	13%
2008	10.4%
2009	7.8%
2010	5.2%
2011	2.6%
2012	0%

Year	**China tariff on NZ potato flakes, granules, and pellets (HS 1105.2)**
Base Rate (MFN Rate applied to US)	15%
2008	12%
2009	9%
2010	6%
2011	3%
2012	0%

Year	**China Tariff on NZ potatoes, preserved o/t by vinegar or acetic acid, not frozen (HS 20005.2)**
Base Rate (MFN Rate applied to US)	15%
2008	12%
2009	9%
2010	6%
2011	3%
2012	0%

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
During the 2007 – 2008 marketing year, U.S. frozen potato product exports to China reached $38 million, an increase of 21% from the previous year, while U.S. dehydrated potato product exports reached one million. As a result, China is now the industry's fourth largest and one of the fastest growing overseas markets. If China eliminated tariffs on U.S. frozen potato products and maintained WTO-consistent import standards, the industry estimates that annual exports could reach $75 million within five years.

<u>Wheat: TRQ (Import Policies)</u>
U.S. wheat exports are currently restricted by a 9.6 million metric ton tariff rate quota. The above-quota tariff is 65%, which prohibits any exports above the tariff level. In addition, the process of determining which applicants receive part of the TRQ, whether

state trading enterprises (STEs) or non-STEs, remains non-transparent. The U.S. wheat industry has been disappointed by the fill rate of the TRQ.

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. (The tariff on bulk wine is 20%.) The tariff still presents a barrier to U.S. wine exports. In addition, imported wines face an additional 17% VAT and 10% consumption tax, as well as additional taxes levied by individual customs officials.

Wine exports to China are also hindered by the lack of transparency in government policies and procedures. Frequently, the rate actually assessed varies from the official rate published by Chinese Customs. Taxes are imposed extremely arbitrarily, depending on the industry involved and the port of entry.

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

Although Washington state first began exporting apples to China in 1994, it is still only allowed to ship Red and Golden Delicious apples. The United States has been seeking market access for all apple varieties since the early 1990s but the negotiations have stalled due to China's concerns about fire blight. With the 2005 World Trade Organization ruling against Japan's fire blight restrictions on U.S. apple imports, China should permit the entry of all apple varieties. Further delay is unjustified.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions, the industry estimates that apple exports would increase by $5 million to $25 million a year if other varieties of apples were allowed into the market, and currency manipulation and tariff are eliminated.

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

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

In August 2007, Beijing proposed lifting the ban on U.S. bone-in beef and deboned beef from cattle less than 30 months of age. The offer also included offals (heart, liver, lung, kidney and sinew.) Although China became a member of World Organization for Animal Health (OIE) in May 2007, it has not followed OIE guidelines regarding beef trade and BSE. For this reason, 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.

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

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

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

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

At the present time, China prohibits the importation of pears due to alleged concerns that it could lead to the transmission of the bacterial disease fire blight to the country's domestic crop. Research published by Oregon State University in 2007 demonstrates that mature, symptomless fruit do not transmit the disease.

The U.S. pear industry has been seeking market access to China since 1991. In 1995 the United States requested a pest risk assessment (PRA) from China. China indicated that it started work on the PRA in March 1997 and requested additional data on U.S. pear production areas. During the bilateral negotiations in Fairbanks, Alaska in July 2000, China stated that it had never received a PRA request from the United States. Following the meeting, the United States supplied China with a copy of the 1995 PRA request. As of this time, more than a dozen years after the original PRA request, China has not complied with the request.

In the meantime, much to the frustration of the U.S. pear industry, China has obtained access to the U.S. market for the country's Ya and Fragrant pears. Moreover, the United States Department of Agriculture is currently reviewing Chinese request for market access to the United States for Chinese Sand pears.

Since the opening of the U.S. market, Chinese pear exports to the United States have expanded rapidly as shown in the following table.

	Cartons in Thousands (44 lb. Equivalents)	Value in Millions USD
1998	16.4	$0.328
1999	104.9	$2.01
2000	263.2	$3.75
2001	328.6	$3.56
2002	289.3	$3.29
2003	356.4	$4.39
2004	5.4	$0.069
2005	1.5	$0.090
2006	391.1	$8.25
2007	752.8	$18.2

Estimated Potential Increase in Exports from Removal of Barrier
Based on the current market conditions in China, the U.S. industry anticipates under $5 million in annual pear exports if the tariff and phytosanitary prohibition were to be eliminated.

Potato Products: Import Regulations (Standards, Testing, Labeling & Certification)
In recent years China has detained and destroyed loads of processed potatoes for highly questionable reasons, misapplying a Chinese snack regulation to US processed potatoes and claiming that the product did not meet these standards. These claims were highly questionable. The Government of China has rushed to destroy the shipments before the situations could be reviewed and resolved.

The U.S. processed potato industry is concerned that Chinese food import regulations might jeopardize this rapidly growing market. The Chinese market should continue to grow if China complies with the country's WTO commitments. Because of the importance of this rapidly expanding market, the U.S. potato products industry urges the U.S. government to work with their counterparts in China to ensure that the development of food import regulations is based on international standards.

The Government of China also requires a USDA Agricultural Marketing Service (AMS) document called a certificate of quality and condition for exports of frozen French fries to China. This document is expensive and serves no purpose. China required this document after initially seeking a phytosanitary certificate for French fries, a highly processed product that poses no plant health risk. The U.S. potato industry seeks to eliminate unnecessary documentation requirements. The U.S. government should work with China to ensure that import regulations are transparent, based on sound science, consistent and the least trade restrictive as possible.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007 – 2008 marketing year, U.S. frozen potato product exports to China reached $38 million, an increase of 21% from the previous year, while U.S. dehydrated potato products exports reached one million. As a result, China is now the industry's fourth largest and one of the fastest growing overseas markets. If China eliminated tariffs on U.S. frozen potato products and maintained WTO-consistent import standards, the industry estimates that annual exports could reach $75 million within five years.

Potatoes: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
China currently prohibits the importation of U.S. fresh 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).

In November 2000, Governors Locke and Kitzhaber sent a letter to Ambassador Li Zhaoxing, urging China to send scientists to the PNW to jumpstart the PRA. In July 2001, an official delegation of Chinese scientists visited Idaho, Washington and Oregon to observe potato growing, harvesting, storage, shipping, and export certification techniques. (The trip was paid for by the U.S. potato industry.) Although the Chinese scientists finished their trip report that fall, China did not complete the PRA.

In early May 2002, Governors Kempthorne, Kitzhaber and Locke wrote the new Chinese Ambassador, Yang Jiechi, urging the resolution of the issue. At the mid-May 2002 bilateral meetings, however, Chinese officials stated that they were understaffed and had not begun the PRA.

During the October 2003 trade mission to China, Governor Locke raised the issue with Li Chang Jiang, Minister of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). Mr. Li promised Governor Locke that he would "speed up" the PRA. In the summer of 2004, Governor Locke again stressed the importance of this trade issue in meetings with AQSIQ officials during another trade mission. Governor Locke's successor, Governor Gregoire also made this issue the focus of her meeting with Minister Li during a 2005 trade mission.

The Chinese government has been more receptive towards opening the market for seed potatoes. In December 2003, the United States and China signed an agreement which opened the Chinese market to imports of Alaskan seed potatoes. In return the United States agreed to open its market to Chinese longans. The U.S. potato industry was hopeful that this limited market opening would lay the groundwork for full market access. Unfortunately, the issue has been politicized with China linking market access for U.S. fresh potatoes to progress on their market access issues.

At the bilateral talks in September 2006, China provided a potato pest list for USDA to review and provide information to the PRC authorities. The United States provided the requested information in December 2006. Additionally, in May 2008, APHIS sent a response to China containing information on potato pests present in the United States. The letter included information that many of the pests of concern cited by China appear to be present in China. Since that time, China has not responded to the information.

The U.S. potato industry is frustrated because USDA conducts PRAs on Chinese agricultural products in a transparent manner and based on sound science. China's opaque policy and lack of progress are inconsistent with WTO rules. Moreover, China politicizes scientific reviews by directly linking progress on U.S. market access requests to progress on Chinese requests. China merely delays completion of the PRA in an attempt to seek additional market access for its products.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that annual fresh potato exports would reach $5 million a year in the near-term and $10 to $20 million within five years if China lifted the import prohibition.

Nursery Products: Poor Intellectual Property Rights Protection (Lack of Intellectual Property Protection)

China's failure to protect the intellectual property rights for nursery products is an ongoing problem. Chinese buyers have been forthcoming in stating they want to purchase proprietary nursery products so they can produce the finished products themselves in China under more favorable economic standards. Canada continues to be the biggest conduit into China for proprietary plants originating from the United States.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington company estimates that the resolution of this issue would lead to an increase of $5 million to $25 million in exports of nursery products to China per year.

All Products: Lack of Regulatory Transparency (Other)

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

COLOMBIA

Apples: Tariff (Import Policies)
The Government of Colombia currently imposes a 15% ad valorem tariff on U.S. apple imports. Under the proposed bilateral trade agreement with Colombia, the duty on U.S. apples would be immediately eliminated.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Colombia, the industry anticipates that apple exports would increase by $5 million per year after the elimination of the tariff.

Cherries: Tariff (Import Policies)
U.S. cherry exports to Colombia currently face a 15% ad valorem tariff. Under the proposed bilateral trade agreement with Colombia, the duty on U.S. cherries would be immediately eliminated.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. cherry industry estimates that the elimination of the 15% duty would lead to less than a $5 million increase in annual sales based on current market conditions in Colombia.

Dehydrated Potato Flakes/Granules: Tariff (Import Policies)
The Government of Colombia imposes a 20% duty on imports of U.S. dehydrated potato flakes/granules (HS 1105.2) and dehydrated granules and potato chips (2005.2). By comparison, under the Treaty on Free Trade between Colombia, Mexico and Venezuela, which went into effect on January 1, 1995, Colombia agreed to eliminate the tariff on processed potato products in stages from these countries until they reached zero in 2004.

Under the negotiated trade agreement between the United States and Colombia the tariff would be eliminated immediately. The agreement awaits consideration by Congress.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007-2008 marketing year U.S. processed potato exports to Colombia reached $1.8 million. The U.S. industry estimates that the elimination of the duty would lead to approximately $5 million in additional exports of processed potato products per year.

Fresh Potatoes: Tariff (Import Policies)
The Government of Colombia imposes a 15% tariff on fresh potatoes from the United States. U.S. exporters are also at a competitive disadvantage compared to regional exporters who benefit from preferential access under other trade agreements. Under the recently negotiated trade agreement with Colombia the tariff would be eliminated immediately, but the agreement is awaiting Congressional consideration.

Frozen French Fries: Tariff (Import Policies)
At the present time, Colombia imposes a 20% tariff on imported frozen French fries from the United States, which is well below the country's 70% bound commitment under the Uruguay Round. By comparison, under the Treaty on Free Trade between Colombia, Mexico and Venezuela, which went into effect in 1995, Colombia agreed to reduce it's tariffs on processed potato products from these countries in stages until they reached zero in 2004.

Under the negotiated trade agreement between the United States and Colombia, the tariff would be eliminated immediately. As of this time, however, Congress has not voted on the agreement.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that the elimination of the duty would lead to approximately $5 million in additional exports of processed potato products per year. This would be a significant increase over the current $1.8 million in exports to Colombia during the 2007-2008 marketing year.

Pears: Tariff (Import Policies)
U.S. pear exports to Colombia currently face a 15% ad valorem tariff. Under the proposed bilateral trade agreement with Colombia, the duty on U.S. pears would be immediately eliminated. The bilateral trade agreement, however, still awaits Congressional consideration.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that exports would increase by $5 million to $25 million per year after the tariff is eliminated. This estimate is based on current market conditions in Colombia.

Wine: Tariff (Import Policies)
Colombia imposes a 20% tariff on U.S. wine exports. Imports of wine from other Andean Pact countries (Bolivia, Ecuador, Peru and Venezuela) enter duty-free.

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

The Government of Colombia prohibits imports of U.S. seed potatoes based on unjustified phytosanitary concerns. The industry urges that the lifting of this ban be made a priority and should be attained prior to the finalization of the free trade agreement.

Estimated Potential Increase in Exports from Removal of Barrier

If Colombia removed the ban, the U.S. industry estimates that it would achieve $2 million a year in seed potato exports to meet the need of Colombia's growing processing industry.

DOMINICAN REPUBLIC

Seed Potatoes: Import Permits (Import Policies)
The Dominican Republic allows the importation of U.S. seed potatoes based on obtaining an import permit. Exporting seed potatoes to the Dominican Republic is difficult because the requirements for receiving a permit constantly change.

In late 2006, USDA provided the Government of the Dominican Republic with a draft agreement for review. In response to this proposal, at the request of Dominican Republic officials, the U.S. potato industry paid for the officials to visit the U.S. seed producing areas in June 2007. Subsequently, in September 2007, the Dominican Republic provided a revised seed potato agreement that limited access to one state. The U.S. industry is completely opposed to this limitation.

Estimated Potential Increase in Exports from Removal of Barrier
Once stable market access has been achieved, the U.S. industry estimates that annual seed exports to the Dominican Republic could reach $2 million per year.

ECUADOR

Apples: Tariff (Import Policies)
Ecuador imposes a 15% ad valorem tariff on U.S. apple imports. U.S. apples exporters are at a competitive disadvantage due to the tariff concessions 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 forecasts that annual apple exports would increase by less than $5 million if the country eliminated the tariff.

Cherries: Tariff (Import Policies)
Ecuador imposes a 15% 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 forecasts that annual exports would increase by less than $5 million if Ecuador eliminated the tariff.

Fresh Potatoes: Tariff (Import Policies)
The Government of Ecuador imposes a 15% tariff on imports of fresh potatoes and a 5% tariff on seed potatoes from the United States.

Frozen French Fries: Tariff (Import Policies)
U.S. frozen French fry exports to Ecuador face a 20% tariff. U.S. exporters are placed at a competitive disadvantage by tariff preferences granted to their competitors 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 15% ad valorem tariff on pear imports from the United States. Pear imports from the other Andean Pact countries (Bolivia, Colombia, and Peru) enter Ecuador duty-free. Chilean pears also receive duty-free treatment under a bilateral free trade agreement with Ecuador.

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

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

Wheat: Tariff (Import Policies)
U.S. wheat exports to Ecuador currently face a 10% tariff. By comparison, imported wheat from other countries, including Argentina and Brazil, are assessed a lower tariff. Additionally, all tariffs applied to wheat imports from MERCOSUR countries are scheduled to be phased out by 2012.

EGYPT

Apples: Tariff (Import Policies)
The Government of Egypt imposes a 20% tariff on the CIF value of apple imports. Egypt also assesses another 3% administration fee and a 1% tax. Shipments over 500 tons are granted a 7% reduction in the customs tariff.

Estimated Potential Increase in Exports from Removal of Barrier
If Egypt eliminated the tariff, the industry estimates that apple exports would increase by less than $5 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.

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.

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.

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.

EUROPEAN UNION

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

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

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

Apples: Entry Price System (Import Policies)
U.S. apple exports to the EU are negatively impacted by the custom union's entry price system, which exposes importers to financial uncertainty and acts as a disincentive to the importation of fresh fruit.

Under the EU entry price system, apple imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU under the entry price system 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.

Apples: Import Licensing System (Import Policies)
The EU introduced an import licensing system for apples in 2006. The U.S. apple industry does not believe there is any commercial justification for such a system.

Beef: Tariff and TRQ (Import Policies)
The EU limits the importation of U.S. beef by means of high tariffs and small TRQs. U.S. beef has a small country-specific quota with an in-quota tariff of 20%.

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

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

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

Cherries: Entry Price System (Import Policies)
U.S. cherry exports to the EU are negatively impacted by the custom union's entry price system, which exposes importers to financial uncertainty and acts as a disincentive to the importation of fresh fruit. Under the EU entry price system, cherry imports that are valued over the entry price are only charged the fixed tariff. However, fruit imports that enter the EU under the entry price system 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.

Frozen French Fries HS 2004.1: Tariff (Import Policies)
The EU imposes a 14.4% tariff on imports of frozen French fries.

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

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

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

Pears: Entry Price System (Import Policies)
U.S. pear exports to the EU are limited by the custom union's entry price system, which acts 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 under the entry price system are charged a tariff equivalent on top of the fixed tariff. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The fixed tariff and the full tariff equivalent are levied on imports valued at less than 92% of the entry price, making imports of lower-priced product unfeasible.

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

Wine: Tariff (Import Policies)
U.S. wines face high tariffs in the European market, ranging from 0.13 Euros to .32 Euros per liter, which is equivalent to about a 6.1% to 15% ad valorem equivalent. The U.S. tariff on EU wine is significantly lower. This tariff differential is a factor in the bilateral wine trade imbalance.

Beef: SPS Import Restriction (Standards, Testing, Labeling & Certification)
The European Union continues to prohibit the importation of beef unless it is certified as hormone free, despite the ruling by the WTO that the ban was inconsistent with international trade rules. (The WTO ruled that the EU had failed to produce any scientific evidence that the hormones presented a health risk.) As a result of this ruling, the United States has imposed retaliatory tariffs on some EU products.

Although many cattle in the United States are grown without the use of growth hormones, the cost and burden involved in certifying cattle and beef produced from such cattle as hormone-free limits U.S. beef exports to the EU market. In order to enter the EU, all U.S. bovine meat must originate from animals that have never been treated with hormonal growth promoters and each phase of the production process, from birth through slaughter, must receive third party verification. Moreover, a copy of a signed producer affidavit certifying that the animals have never been treated with hormonal growth promoters must accompany each lot of cattle presented to the slaughter establishment.

All cattle must be slaughtered and processed in a federally inspected establishment approved for production of products destined for the EU. There are currently only three U.S. plants approved for export to the EU because of the costs of receiving certification.

Cherries: SPS Restrictions (Standards, Testing, Labeling & Certification)
As a condition for entry into the market, the EU requires cherries to be free from *Monilinia fructicola* (brown rot) and requires documentation that controls have been applied in the field. Brown rot, however, exists in Europe and the U.S. cherry industry is unaware of any internal EU controls on the disease or on the movement of fruit within the EU from those countries where positive detections have been made. These import requirements limit the supply of U.S. cherries that can qualify for importation into the EU.

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.

Wheat: Export Subsidies (Subsidies)
The EU uses exports subsidies to gain market share for its wheat growers, sometimes switching subsidies between wheat and flour in a manner that disrupts trade in both commodities.

Wine: Domestic Support (Subsidies)
U.S. wine exporters face heavily subsidized competition from the EU, which encourages overproduction. Although the EU has classified these subsidies as non-trade distorting ("green box") subsidies under the WTO Agricultural Agreement, they provide direct support to European producers. In addition, EU member countries, particularly France, Italy and Spain, often provide their wine industry with additional domestic supports.

GENERAL

Wheat: State Trading Enterprises: (Other)
The most important objective for the U.S. wheat industry in the ongoing round of WTO negotiations is likely the elimination of State Trading Enterprises (STEs).

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

Food Products: Nutrition Labeling (Standards, Testing, Labeling & Certification)
Hong Kong is in the process of passing a national labeling law that is unique to Hong Kong and is not consistent with any international standard, including CODEX. Among other things, the new standards vary tremendously from those found in the United States. For example, the U.S. labeling standard for transfats is 0.5 grams. Any amount of transfats below that level does not need to appear on a label in the United States. By comparison, Hong Kong's new labeling law would set the standard at 0.3 grams.

Hong Kong's new law also does not allow for any claims of nutritional value. For example, if a product claims to be healthy for the heart or states that blueberries contain antioxidants, the manufacture is required to scientifically prove these claims. As a consequence, the new labeling law would prohibit products for diabetics and healthy, organic products. In addition, under the new law, Hong Kong would require that all serving sizes be listed in millimeters, which is inconsistent with U.S. practice.

Estimated Potential Increase in Exports from Removal of Barrier
Hong Kong's new requirement will cause significant problems for small- and medium-sized manufacturers. As a result, a Washington consolidator and wholesaler predicts that it will lose 50% of its market in Hong Kong in two years when the laws go into effect. This is a significant loss to the company as Hong Kong is their third largest market.

INDIA

Apples: Tariff (Import Policies)
The Government of India imposes a 50% duty on the CIF value of imported apples from the United States.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that annual exports would increase to $50 to $100 million if India lowered the tariff.

Cherries: Tariff (Import Policies)
The Government of India currently imposes an aggregate applied duty rate of 30.6% on cherry imports.

Estimated Potential Increase in Exports from Removal of Barrier
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.

Coffee: Tariff (Import Policies)
The Government of India's bound tariff level on roasted coffee is 150%.

Dehydrated Potato Products: Tariff (Import Policies)
India currently imposes a 30% tariff on imported dehydrated potato products (HS 1105.2/HS 2005.2) This applied rate is lower than India's bound rate but this reduction has been nullified to some degree by the addition and occasional repeal of various taxes on top of the ad valorem tariff. In 2007, India again changed its tax policy to apply a 12.36% service tax. The ultimate impact is to increase the effective duties paid on imported frozen French fries and dehydrated potato products. The U.S. industry believes that only the ad valorem tariff should be applied to imports and urges India to bind its tariff on these products to no more than 10% during the current WTO negotiations.

Frozen French Fries: Tariff and Taxes (Import Policies)

India currently imposes a 30% tariff on imported frozen French fries. 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. In 2007, India again changed its tax policy to apply a 12.36% service tax, increasing the effective duty paid on frozen French fry imports to approximately 50% (30% tariff, 6-10% countervailing duty, 3% education tax and 12.36% service tax.) It is unclear if the taxes are applied equally to domestic product in keeping with WTO rules.

The industry believes that only the ad valorem tariff should be applied to imports and urges India to bind its tariff on these products to no more than 10% during the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier

U.S. frozen fry exports to India reached $1.7 million in marketing year 2007-2008, virtually unchanged from the previous year. The amount of sales, however, is tiny relative to the potential size of the Indian market, which many U.S.-based restaurant companies are interested in developing more aggressively.

The industry estimates that clarifying and lowering the tariff on fries to less than 10% would accelerate the development of the market. Should these barriers be removed, the industry estimates that annual exports could reach $5 million in the near-term and by much more in the long-term.

Pears: Tariff (Import Policies)

India's current aggregate applied duty rate is 30.6% on the CIF value on pear imports.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. 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.

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%. The United States, the EU and Australia have filed WTO cases to protest India's tariff practices.

Wheat: Export Support (Subsidies)

When domestic wheat stocks become excessive the Government of India uses export subsidies which allow the Food Corporation of India to sell government-owned wheat to exporters for less than 50% of the acquisition costs.

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.

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.

Fresh Potatoes: Tariff (Import Policies)
In 2005, the Government of Indonesia increased its applied tariff on fresh table stock potatoes from 5% to 25% in an effort to protect domestic growers. The U.S. potato industry believes that Indonesia's current bound tariff level of 50% and its applied tariff rate of 25% are excessive and should be reduced as part of the ongoing WTO 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 past year, U.S. frozen potato exports to Indonesia more than doubled to $8.4 million. The industry estimates that Indonesia's binding of the tariff at 5% would lead to an increase of approximately $7 million in annual frozen potato exports.

Pears: Tariff (Import Policies)
The Government of Indonesia currently assesses a 5% tariff on imports of pears from the United States. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on pears and other agricultural products.

Wine: Tariff (Import Policies)
Indonesia's tariff on wine ranges from 90% to 150%. In addition, wine is subject to a 10% VAT, a 40% sales tax and an excise duty of IFR 20,000 per liter.

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

On March 27, 2006, Indonesia implemented Minister of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported apples 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. apples.

The regulation disregards important technical facts and international standards by requiring treatment of apples even though some of the pests do not attack apples or the apples come from production areas that are free from the pests of concern. It also requires treatment of apples even though Indonesia does not have host material for some of the fruit flies and lacks a climate suitable for establishment and spread of fruit flies occurring in the Pacific Northwest.

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

Estimated Potential Increase in Exports from Removal of Barrier

Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. apple industry would expect an increase of less than $5 million in exports per year.

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

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

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 therefore the various cherry fruit flies that are in the Pacific Northwest will not survive in Indonesia.

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

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

Pears: Phytosanitary Import Restriction (Standards, Testing, Labeling & Certification)
On March 27, 2006, Indonesia implemented Minister of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported pears 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.

The regulation disregards important technical facts and international standards by requiring treatment of pears for pests that do not attack this fruit. It also requires treatment even though Indonesia does not have host material for some of these fruit flies and lacks 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 World Trade Organization in August of 2005. The U.S. pear industry argues that pears should be removed from Decree 37 as a commodity of concern to Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier
Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. pear industry anticipates that exports will increase by less than $5 million per year.

Processed Food: Documentation Requirements (Standards, Testing, Labeling & Certification)

Indonesia recently implemented far-reaching document requirements for imports documentation on all consumable products, including food and non-food requirements. Under these new requirements, Indonesia will require a Certificate of Free Sale, Certificate of Origin, Good Manufacturing Process Certificate, as well as technical data, such as quantitative and qualitative formula data, manufacturing process, product specification, packaging specification, final product inspection procedures and laboratory test data. Both the Certificate of Free Sale and the Certificate of Origin are only valid for 6 months from the date of issue. Since it typically takes four to eight weeks to obtain the originals of these documents and up to two more months for the legalization of the documents by the Indonesian embassy, the practical lifespan of these documents is quite short. As a result the exporter will have to require new documentation almost every two weeks. This is an unnecessary barrier to trade.

In addition, the technical information required by the Indonesian government is particularly troubling as it is calls for companies to disclose their intellectual property.

Estimated Potential Increase in Exports from Removal of Barrier

One Washington food products consolidator and wholesaler predicts that it will lose $2 million in sales in 2009 based on the complete loss of its current exporting business to Indonesia combined with an earlier forecast of $500,000 to $750,000 in new sales for 2009, as a result of the company’s participation in the Food & Hotel Indonesia trade show in April 2009.

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. The two countries renegotiated a new ATAP after it expired in 2001. The new agreement is scheduled to expire at the end of 2008.

The vast majority of Israel's agricultural products have duty-free access to the U.S. market. U.S. exports to Israel, by comparison, are constrained by a TRQ. Under the current Israeli TRQ, however, in-quota apple imports can enter Israel duty-free. The apple quota is set at, 3,039 MTs in 2008. Israel imposes a specific over-quota duty of 1.65 New Shekel (NS).

During 2008, the United States and Israel started to renegotiate the ATAP but Israel still refuses to eliminate their quota on U.S. apples. By comparison, there have been significant apple tariff reductions in every other FTA and WTO accession agreement the United States has negotiated.

Estimated Potential Increase in Exports from Removal of Barrier
Once duty-free access is acquired the industry would expect exports to increase by less than $5 million per year.

Cherries: Tariff (Import Policies)
Israel's bound tariff rate for sweet cherries is roughly 83% ad valorem. The industry requests that the tariff be eliminated under the revised ATAP.

Estimated Potential Increase in Exports from Removal of Barrier
Once the tariff is eliminated, the industry would expect exports to increase by less than $5 million per year.

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. The new agreement was scheduled to expire at the end of 2008.

The vast majority of Israel's agricultural products have duty-free access to the U.S. market. Under the recently expired Israeli TRQ, however, in-quota pear imports can enter Israel duty-free only from November until May 31. The pear quota was set at 1,364 MTs in 2008. Israel imposes a specific over-quota duty of 1.85 New Shekel (NS). The U.S. pear industry would like unrestricted access under any new agreement.

Estimated Potential Increase in Exports from Removal of Barrier
Once the TRQ is eliminated, the industry would expect exports to increase by less than $5 million per year.

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 on Pacific Northwest cherries, but the risk assessment has not been completed. In view of the lack of transparency, it is not clear how long it will take before the industry obtains market access.

JAPAN

Apples: Tariff (Import Policies)
Japan imposes a 17% ad valorem tariff on apples.

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.

Beef: Tariff (Import Policies)
The Government of Japan imposes a 38.5% tariff on imported beef. In addition, the Japanese tariff on U.S beef exports can increase to 50% under a snapback tariff mechanism. Initially, Japan planned to impose the "snapback" tariff if cumulative beef imports on a quarterly basis exceeded the imports of the prior corresponding period by 17%. Since the shutting of the market due to the BSE findings significantly limited beef imports, it was easy to trigger the snapback tariff. After heavy lobby by the U.S. government, the snapback tariff is now being based on the level of imports in the Japanese 2002 and 2003 fiscal years, which took place before the BSE finding. In December 2008, the Government of Japan confirmed that it would use this same method for the following fiscal year (April 01 – March 31).

Cherries: Tariff (Import Policies)
Washington cherry exports to Japan face an 8.5% ad valorem duty.

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 fresh Washington cherries.

The industry estimates that annual cherry exports to Japan would increase by $5 million to $25 million if the country eliminated the tariff and restructured the phytosanitary export protocol. This calculation is based on current market conditions in Japan.

Cod: Tariff (Import Policies)
Japan imposes a 6 percent tariff on the CIF value of Pacific cod.

Dehydrated Potato Flakes: Tariff (Import Policies)
Japan currently imposes an excessive 20% tariff on U.S. exports of dehydrated potato flakes. In the ongoing round of WTO negotiations, the U.S. industry urges Japan to eliminate this tariff.

Estimated Potential Increase in Exports from Removal of Barrier
Japan is by far the largest export market for U.S. frozen French fries, importing $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. The United States also exported $23 million worth of dehydrated potato products to Japan during this past marketing year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

Frozen French Fries: Tariff (Import Policies)
The Government of Japan currently imposes an 8.5% tariff on U.S. frozen French fries. Japanese importers pay a large amount of duties each year due to the high volume of U.S. fry exports to Japan. As part of the Doha Round of WTO negotiations, the American Potato Trade Alliance 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 $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

Nectarines: Tariff (Import Policies)
The Japanese government collects a 6.0% ad valorem duty on imports of nectarines.

Wheat: Tariff (Import Policies)
U.S. wheat exports are limited by a TRQ. While the in-quota rate is zero, the above quota tariff rate is 55 yen/kg.

Whey: TRQs (Import Policies)
Japan limits whey imports through a series of small tariff rate quotas with high in-quota tariffs. Details are provided below.

HS Code	Product	Quota	In-Quota Tariff
0404.10.1110	Whey added sugar (6.48)	137,202 MT	35%
0404.10.1191	Whey without added sugar (6.48)	Part of above TRQ	25%
0404.10.121	Whey, mineral concentrated with added sugar	14,000 MT	35%
0404.10.122	Whey, mineral concentrated without added sugar	14,000 MT	25%
0404.10.131	Mineral concentrated whey outside quota		29.8%+ 425 Y/kg
0404.10.131 0404.10.141	Whey for animal feed	45,000 MT	0

Wine: Tariff (Import Policies)
The Government of Japan imposes a 15% ad valorem tariff or a 125-yen per liter tariff, whichever is less, on imported wine.

Apples: Phytosanitary Varietal Import Prohibition (Standards, Testing, Labeling & Certification)
At the present time, Japan only allows the importation of certain varieties of U.S. apples: Red Delicious, Golden Delicious, Gala, Jonagold, Fuji, Granny Smith and Braeburn.

Apples: Phytosanitary Import Restriction (Standards, Testing, Labeling & Certification)
Japan requires apple exports to be fumigated as a condition of import. This requirement increases the cost and reduces the quality of apples shipped to Japan. During the 2007-08 marketing year, no Pacific Northwest apples were shipped to Japan.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff and fumigation requirement were eliminated, the U.S. apple industry estimates that exports could reach $10 million in the near term and grow much larger in the future.

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

In December 2003, after the finding of an imported cow with BSE in the United States, the Government of Japan banned the import of most American products derived from cattle, sheep and goats.

In October 2004, Japan and the United States agreed on a framework that specified the conditions under which beef trade would resume. The framework included the establishment of a special marketing program, the Beef Export Verification Program (BEV), for sales of beef and products from animal 20 months old or younger. In addition, all specified risk materials (brain and spinal cord tissues) from all ages must be removed. As a requirement for the implementation of the BEV, the United States had to conduct and present a study examining the correlation between physiological characteristics and chronological age. The results of the study were used to define USDA's grading criteria in determining the age of animals eligible for export.

In February 2005, a panel of Japanese experts accepted the U.S. study demonstrating that the A40 Maturity grading will effectively eliminate meat from animal 21 months of age and older from being exported to Japan. As a result, in March 2005, Japan approved regulations allowing an exemption for cattle 20 months of age or younger from 100% testing at slaughter.

In December 2005 the Japanese Food Safety Commission issued a final report, formalizing its finding that U.S. measures under the proposed export program were effectively equivalent to those measures in place in Japan. As a result of this determination, Japan lifted the ban on U.S. beef on December 12, 2005. Although the market was temporarily closed after a finding of vertebral columns in a veal shipment in January 2006, the market is currently open for U.S. beef from animals aged 20 months or younger. This limitation is not consistent with sound science or international standards because in May 2007, the OIE (the World Organization for Animal Health) classified the United States as "controlled risk" for BSE. Under the OIE classification, U.S. beef can be safely traded without age restrictions. Despite this OIE determination, Japan still maintains the 20 month age limit on imported beef.

Cherries: Phytosanitary Requirements (Standards, Testing, Labeling & Certification)

The Government of Japan requires that cherry exports be fumigated with methyl bromide due to codling moth concerns. Based on new USDA research that demonstrates that cherries are not a suitable host for codling moth, the U.S. government has submitted a proposed systems approach to the Japanese government for their consideration to take the place of the fumigation requirement. The industry is concerned with the expense of the fumigation, the impact on the quality of the fruit and the potential harm to the environment.

The proposed systems approach combines good orchard pest management practices with post harvest commodity inspections. The industry has supplied documentation that the systems approach provides quarantine security which is equivalent or better than that provided by methyl bromide fumigation. The U.S. cherry industry conducted pilot programs in the Pacific Northwest and California at the request of MAFF to demonstrate the efficacy of a systems approach.

The U.S. cherry industry urges the U.S. federal government to work with Japan to remove this fumigation requirement, which is not based on science and is more trade restrictive than necessary.

Estimated Potential Increase in Exports from Removal of Barrier
Since Japan opened its market in 1978, the Pacific Northwest, led by Washington State, has exported over 9 million cartons of fresh cherries to Japan. Japan and Taiwan alternate as the largest foreign market for fresh Washington cherries.

The industry estimates that annual cherry exports to Japan would increase by $5 million to $25 million per year if the country eliminated the tariff and restructured the phytosanitary export protocol. This calculation is based on current market conditions in Japan.

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

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

Processed Potatoes: Pesticides Sanction Policy (Standards, Testing, Labeling & Certification)
In May 2006, the U.S. potato industry successfully navigated Japan's transition to a positive pesticide tolerance list by ensuring the establishment of scores of new potato maximum residue levels (MRLs) that either corresponded with U.S. tolerance or were not expected to hinder trade.

On April 1, 2008, however, a shipment of U.S. fresh potatoes was found to have exceeded a Japanese MRL. In response, the Government of Japan immediately announced that 1/3 of all future shipments of fresh potatoes and simple processed potato products would be tested for this pesticide. A second finding could result in all shipments being held at Japanese ports for residue testing results.

The U.S industry believed that the Japanese policy punished innocent shippers and was not the least trade restrictive. The industry urged Japan to only apply sanctions to the individual shipper with the MRL violation and allow the shipper to revert to standard sampling after a limited number of clean shipments.

Partially as a result of these efforts, on January 8, 2009, the Japanese Ministry of Health, Labor and Welfare (MHLW) notified FAS/Tokyo that it would end enhanced monitoring inspection (30%) for metam, dazomet and methyl-isothiocyanate residues on potato and simply-processed potato products. This announcement came after stakeholders involved in shipments of U.S. potatoes to Japan made additional efforts to investigate the cause of the finding, conducted a residue analysis and put countermeasures in place to prevent a reoccurrence.

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. The United States also exported $23 million worth of dehydrated potato products to Japan during this past marketing year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

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

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

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

The U.S. potato industry, the Japanese Chip Manufacturers Association, USTR and USDA coordinated efforts over several years to ensure that this issue received attention by the Japanese government. In November 2004, the Japanese Ministry of Agriculture, Forestry and Fisheries agreed that the safeguarding protocol would be the basis for a market access agreement and agreed to work with interested parties in finalizing such a protocol.

In February 2006, Japan opened up its market to U.S. potatoes, which had to be processed immediately after arrival in Japan. The protocol only covered 14 states (Arizona, California, Colorado, Florida, Idaho, Maine, Michigan, Minnesota, New Mexico, North Dakota, Oregon, Texas, Washington and Wisconsin) and required the chipping potatoes to arrive in Japan between February 1 and June 30th. In addition, the product had to go to approved processing plants in Japan which had to have an extensive waste management system. As of this time, only one Japanese plant has been approved to handle U.S. chipping potatoes.

Following the potato cyst nematode find in Idaho in April 2006, Japan was the only foreign market to completely close its market to U.S. fresh potato exports after the find. In February, 2007, Japan re-opened its market to U.S. chipping potatoes, except for those grown in Idaho, which must perform a comprehensive survey for potato cyst nematode.

At the present time, the United States is still able to ship chipping potatoes to only one plant in Japan but the industry is hopeful that the Government of Japan will approve another processing facility in 2009.

Estimated Potential Increase in Exports from the Removal of Barrier

The potato industry estimates that the further opening of the market could lead to $10 million in exports in the first year and $50 million in three years.

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

On occasion, Japan has rejected shipments of French fries due to the presence of coliforms. Japan maintains a zero tolerance policy on coliforms on fries because it is classified as a finished product. Any coliforms that have been detected are minimal and within industry specified limits. In addition, any coliforms would be eliminated when they are processed by cooking oil.

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. The United States also exported $23 million worth of dehydrated potato products to Japan during this past marketing year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

Wheat: Pesticide Residues (Standards, Testing, Labeling & Certification

The Government of Japan recently required that any wheat found with pesticide residues or other contamination exceeding Japanese standards be shipped back to the point of origin or disposed of at the importer's cost. Past detections, which are not know to have occurred with U.S. wheat, were dealt with by selling the grain in Japan for industrial use. Since importers cannot adequately estimate the potential cost/risk of the new requirements, they have not received any offers from U.S. sellers. Apparently, this new requirement was added by the Government of Japan after the discovery that contaminated industrial rice had been illegally sold as food.

In addition, Japan's new system of regulating pesticide residues is discouraging the use of new and improved pesticides in the United States. In general, the provisional minimum residue levels (MRLs) established by the Government of Japan are consistent with U.S. pesticide tolerances. The Japanese system, however, does not provide for the timely approval or temporary accommodation of new pesticide uses approved by the EPA. At the present time, there are at least two potentially very useful chemicals approved by the EPA for use on wheat that are awaiting Japanese regulatory review and approval. These two chemicals are spinosad (a stored grain protectant) and paraquat, which is used to help prepare wheat for harvest. Spinosad, in particular, is considered to be safer than existing stored grain protectants but the U.S. wheat industry is deferring the use of these products pending regulatory action in Japan.

JORDAN

Apples: Tariff (Import Policies)
Under the U.S.-Jordan Free Trade Agreement (FTA), U.S. apple exports to Jordan faced an 11.2% ad valorem tariff in 2008. In addition, U.S. apple exports between June 1 and October 31, 2008 were charged a specific duty of 8 Jordanian dollars per metric ton. Under the FTA, the tariff will be reduced in stages each year until it is eliminated in 2010. The schedule is as follows.

	2008	2009	2010
Apples June 1-October 31*	11.2 + 98 JD/MT	5.6% + 49 JD/MT	0
November 1-May 31	11.2%	5.6%	0

Cherries: Tariff (Import Policies)
Under the U.S.-Jordan Free Trade Agreement (FTA), U.S. cherry exports to Jordan faced a 6% ad valorem tariff in 2008. Under the FTA, the tariff will be reduced in stages of 3% each year until it is eliminated in 2010.

Pears: Tariff (Import Policies)
Under the U.S.-Jordan Free Trade Agreement (FTA), U.S. pear exports to Jordan faced a 6% ad valorem tariff in 2008. Under the FTA, the tariff will be reduced in stages of 3% each year until it is eliminated in 2010.

KENYA

Wheat: Tariff (Import Policies)
U.S. wheat exports to Kenya are limited by a 10% ad valorem duty or a $50/MT tariff, whichever is higher.

Wheat: Phytosanitary Restriction (Standards, Testing, Labeling & Certification
In 2006, the Government of Kenya imposed restrictions on U.S. wheat exports due to concerns over flag smut. APHIS was able to partially open the market by certifying that shipments from ports other than those located on the West Coast were free of flag smut. It is not clear whether flag smut should be an issue of quarantine concern and should be explored at a technical level to see if wheat exports from the West Coast could be resumed.

LIBYA

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

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

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

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.

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.

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.

Wine: Tariff (Import Policies)
U.S. wine exports to Malaysia face a variety of high tariffs and other taxes. Because some of these taxes, such as the excise tax, are frequently changed every year, it makes it difficult for the industry to develop long-term marketing plans for Malaysia.

MEXICO

Apples: Antidumping Duties (Import Policies)
On March 20, 1998 Northwest Fruit Exporters (NFE), representing apple exporters of the Northwest states, and Mexico's Secretario de Comercio y Fomento Industrial (SECOFI), signed an agreement suspending Mexico's antidumping investigation of imports of U.S. fresh Red and Golden Delicious apples. The agreement allowed U.S. Red and Gold Delicious apples to be imported into Mexico so long as they were sold above a floor price.

On August 9, 2002, Mexico's Ministry of Economy, the successor agency to SECOFI, terminated the suspension. Three days later, the Government of Mexico published its final determination in the dumping case and imposed a 46.58 percent antidumping duty on imports of U.S. Red and Golden Delicious apples. No other apple varieties were affected by this action.

On February 22, 2004, Mexico's Sixteenth District Court blocked implementation of a new price agreement, scheduled to go into effect February 28, 2005. As a result, the 46.58 % tariff continued in place. On May 26, 2005 Mexico's Ministry of Economy announced that the anti-dumping investigation would be re-initiated in keeping with the court ruling. During the investigation the 46.58% duty was suspended.

On November 3, 2006, Mexico established final antidumping duties. The rates can be found below.

COMPANY	DUTY %
Borton & Sons, Inc.	46.58
Broetje Orchards	8.04
C.M. Holtzinger Fruit Co., Inc.	0
Northern Fruit Company, Inc.	47.05
Dovex Fruit Co.	31.19
Evans Fruit Co., Inc.	46.58
Price Cold Storage and Packing Co., Inc.	6.40
Stadelman Fruit LLC	30.79
Washington Export, LLC.	0
Washington Fruit & Produce Co.	0
All other exporting companies affiliated with the Northwest Fruit Exporters	47.05

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that apple exports to Mexico would increase by $360 million per year if all restrictions were removed.

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

The Government of Mexico recently proposed additional mitigation measures for western cherry fruit fly. In response, USDA/APHIS provided information to the Government of Mexico that a 1995 NAFTA Technical Working Group noted that western cherry fruit fly was not of economic importance to Mexico because the limited scope of cherry production in the country. The industry fears that if this issue is not resolved, cherry exports to Mexico will end.

Estimated Potential Increase in Exports from Removal of Barrier
Once the dispute is resolved, the cherry industry estimates that exports would increase by under $5 million per year.

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

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

Exports of U.S. fresh potatoes to Mexico began in May 2003. Unfortunately, shortly thereafter, Mexican inspection officials reported finding quarantine pests – mostly Columbia Rootknot nematode – in several shipments. To address these concerns in October 2003, APHIS published a revised shipping protocol. The new requirements called for peeling 400 tubers per shipment at the shipping point and having an APHIS-accredited officer visually examine the potatoes for signs of Rootknot nematode and cut the potatoes to look for bacterial ring rot. Any shipment exhibiting Rootknot nematode or bacterial ring rot symptoms would not be approved for shipment to Mexico unless the shipper has the product tested in an accredited lab and it is determined that the potential quarantine pest is not present. In addition, the entire lot that the suspended shipment came from will also not be approved for export. Since implementation of the revised export protocol, few shipments have been rejected.

Under the original agreement, discussions to further open the seven northern Mexican states were to occur but the nematode finds and subsequent revised export protocol have pushed back the timetable. Little progress has been made toward opening the Mexican market to the seven northern states. There is no scientific reason for the market to remain limited to the 26km border region. Expanding access to the Mexican fresh potato market is one of the U.S. potato industry's highest priorities.

Estimated Potential Increase in Exports from Removal of Barrier
Exports to the border region reached $22.5 million in 2007. The industry estimates that annual exports to Mexico could reach $50 million with the removal of all phytosanitary restrictions.

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. The same Pacific Northwest growers currently export apricots to Mexico and peaches and nectarines to British Columbia and Canada under the OFM systems approach proposed to Mexico. OFM has never been detected in stone fruit shipments to British Columbia or in apricot shipments to Mexico.

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.

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 was reduced from 52% to 46.8% on January 1, 2006 and to 41.6% in 2007. The 2008 tariff is 36.4%. It is scheduled to fall to 31.2% in 2009, and 26% in 2010, eventually falling to 0% in 2014.

Cherries: Tariff (Import Policies)
Under the U.S.-Moroccan Free Trade Agreement (FTA), the Moroccan tariff on U.S. cherry imports fell to 40% in 2006, 30% in 2007 and 20% in 2008. The tariff will fall to 10% in 2009, before being eliminated the following year. Prior to the signing of the agreement the tariff rate was 50%.

Pears: Tariff (Import Policies)
Prior to the U.S.-Moroccan Free Trade Agreement (FTA), the Moroccan tariff on U.S. pears imports was 52%. In 2006 the rate fell to 41.6% and to 31.2% in the following year. In 2008, the tariff was set at 20.8%. It will fall to 10.4% in 2009 and 0% in 2010.

NEW ZEALAND

Wine: Tariff (Import Policies)
The Government of New Zealand imposes a 7% tariff on imported wine which is scheduled to be reduced to 5% on July 1, 2008.

NORWAY

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

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

Pears: Tariff (Import Policies)
The Government of Norway imposes 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

Flour: Tariff (Import Policies)
U.S. flour exports currently face a 10% tariff.

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

Wheat: Tariff (Import Policies)
U.S. wheat exports to the private sector currently face a 35% tariff.

Wheat: Phytosanitary Restrictions (Standards, Testing, Labeling and Certification)
In 2008, U.S. wheat growers did not export much wheat to Pakistan due to ambiguous tender terms, uncertain import permit requirements and phytosanitary requirements. For example, the Government of Pakistan required lab testing as a basis for certifying freedom from a disease of rye, Tilletia Walkeri, which is not recognized as a quarantine pest for either wheat or rye and for which there is no reliable lab test. Since it is uncertain whether the Tilletia Walkeri issue has been resolved it is unlikely that wheat importers will have a lot of confidence in their ability to successfully import U.S. wheat.

PANAMA

Apples: Tariff (Import Policies)
The Government of Panama imposes only a 2% tariff on imported U.S. apples. Under the U.S.-Panama Free Trade Agreement the tariff will be eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Cherries: Tariff (Import Policies)
The Government of Panama imposes only a 1% tariff on imported U.S. cherries. Under the U.S.-Panama Free Trade Agreement the tariff will be eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Dehydrated Potato Flakes: Tariff (Import Policies)
Under the U.S.-Panamanian FTA, the 15% tariff on dehydrated potato flakes, pellets and granules (HS 1105.2) will be phased out in equal installments over 5 years.

Fresh Potatoes: TRQ (Import Policies)
At the present time, U.S. fresh potato exports to Panama are subject to a restrictive 453-ton TRQ. The in-quota tariff is 15%, while the above-quota is a prohibitive 83%.

Under the U.S.-Panama FTA, American fresh potato exports will 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: Tariff (Import Policies)
In the summer of 2003, the Government of Panama raised the tariff on frozen French fries from the United States from 15% to 20%. According to the U.S. embassy in Panama City, the tariff was increased due to pressure from domestic potato farmers who argued that imported frozen French fries were hurting their industry.

Although USTR and USDA urged the immediate elimination of the tariff on frozen French fries under the U.S.-Panama FTA, the Government of Panama argued that U.S. processed potatoes compete directly with Panamanian fresh potatoes and placed potato products in the sensitive category during the negotiations.

In the end, under the U.S.-Panama FTA, American French fry exports will be governed by a 3,500 MT quota in the first year after that 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.

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

Estimated Potential Increase in Exports from Removal of Barrier
With its close historical and military ties to the United States, Panama has a large number of quick service restaurants, which generate demand for frozen French fries. Given market access equal to regional competitors, U.S. frozen French fry exports could dominate the market. U.S. fry exports to Panama reached $3.2 million during 2007-2008. The U.S. industry estimates that exports to Panama would double in the near term if the tariff were eliminated.

Pears: Tariff (Import Policies)
The Government of Panama imposes only a 5% tariff on imported U.S. pears. Under the U.S.-Panama Free Trade Agreement the tariff will be eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Potato Chips: Tariff (Import Policies)
The Government of Panama imposes only a 15% tariff on imported U.S. potato chips. Under the U.S.-Panama Free Trade Agreement the tariff will be immediately eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

PARAGUAY

Flour: Tariff (Import Policies)
The Government of Paraguay imposes a12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Argentina, Brazil and Uruguay) receive duty-free treatment.

Wheat: Tariff (Import Policies)
As a member of MERCOSUR, Paraguay imposes a 10% tariff on U.S. wheat. The tariff level for trade between MERCOSUR countries is zero.

PERU

Apples: Tariff (Import Policies)
The Government of Peru currently collects a 25% ad valorem tariff plus a 5% surcharge on exports of U.S. apples, which are at an additional competitive disadvantage because of some of the trade preferences granted by Peru toward other countries in the region. Imports of apples from the other Andean Community countries of Bolivia, Colombia, Ecuador and Venezuela do not pay any duties. In addition, Chilean apples face only a 5% tariff and apples from Argentina face a 7.5% duty. These tariff preferences serve to exclude U.S. apples from the Peruvian market for seven months of the year.

Under the bilateral trade agreement negotiated with Peru, U.S. apple imports will enter Peru duty-free immediately after the agreement is implemented. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that the elimination of the tariff on apples would lead to less than $5 million in additional exports per year.

Cherries: Tariff (Import Policies)
At the present time, Peru imposes a 25% ad valorem tariff on imports of U.S. cherries. U.S. cherry exports are at an additional competitive disadvantage because of some of the trade preferences granted by Peru toward other countries in the region. Cherry imports from the other Andean Community countries of Bolivia, Colombia, Ecuador and Venezuela do not face any duties. Moreover, Chilean cherries enter Peru duty-free, while Argentina's cherries face a 10% tariff.

Under the bilateral trade agreement negotiated with Peru, U.S. cherry imports will enter Peru duty-free immediately after the agreement is implemented. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
According to the estimate of the industry, exports would increase by under $5 million a year if Peru eliminated the tariff. This estimate is based on current market conditions.

Dehydrated Potato Flakes/Granules: Tariff (Import Policies)
Peru maintains a 12% tariff on imports of U.S. dehydrated potato flakes and granules (HTS 1105.2). By comparison, imports of such products from Chile face a 5.6% tariff.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to immediately eliminate all tariffs on frozen French fries and dehydrated flakes upon implementation of the agreement. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007-2008 marketing year, U.S. processed potato exports to Peru reached $1.6 million, a 23% increase over the preceding year. The industry estimates that removal of all duties would lead to $5 million in annual potato product exports to Peru.

Fresh Potatoes: Tariff (Import Policies)
The Government of Peru currently assesses a 20% tariff on imports of U.S. fresh potatoes. U.S. exporters are at an additional disadvantage because they have to compete against regional producers who receive preferential tariff benefits under various trade agreements.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to immediately eliminate all tariffs on U.S. potato products. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Frozen French Fries: Tariff (Import Policies)
Peru currently imposes a 20% tariff on imports of U.S. frozen French fries. By comparison, Chilean frozen French fries enter Peru duty-free.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to immediately eliminate all tariffs on U.S. potato products. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007-2008 marketing year, U.S. processed potato exports to Peru reached $1.6 million, a 23% increase over the preceding year. The industry estimates that removal of all duties would lead to $5 million in annual potato product exports to Peru.

Pears: Tariff (Import Policies)
U.S. exports of pears to Peru face a 25% ad valorem tariff and are at an additional competitive disadvantage because of some of the trade preferences granted by Peru to

other countries in the region. Exports of pears from the other Andean Community countries of Bolivia, Colombia, Ecuador and Venezuela do not face any duties. Chilean pears enter Peru duty-free, while those from Argentina face a duty of 8.7%.

Under the bilateral trade agreement negotiated with Peru, U.S. pear imports will enter Peru duty-free immediately after the agreement is implemented. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in the country, the industry estimates that pear exports to Peru would rise by under $5 million a year if the country removed the tariff.

Processed Dehydrated Potato Products/Potato Chips: Tariff (Import Policies)
American exports of potato chips and granules (HS 2005.2) face a 20% tariff. By comparison, imports of such products from Chile enter Peru duty-free.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to phase out the 20% tariff over a 5-year period. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007-2008 marketing year, U.S. processed potato exports to Peru reached $1.6 million, a 23% increase over the preceding year. The industry estimates that removal of all duties would lead to $5 million in annual potato products exports to Peru.

PHILIPPINES

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

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

Fresh Potatoes: TRQ (Import Policies)
The Philippines opened up its market to imports of fresh potatoes from the United States in 2000 after the completion of a phytosanitary work plan. Despite the lifting of the ban, market access is limited by a TRQ under the Uruguay Round Agreement on Agriculture. The TRQ is roughly 1,500 MTs with a high in-quota tariff of 40% and an over-quota duty of 50%. The industry urges U.S. trade officials to seek the elimination or substantial liberalization of the TRQ as part of the WTO Doha negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The industry believes that the elimination of the TRQ would create a market for chipping and table stock potatoes valued at $5 million or higher.

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, significantly below the WTO bound rate of 35%.

Estimated Potential Increase in Exports from Removal of Barrier
The Philippines is the United States fifth largest market for frozen French fries with exports reaching $27 million in 2007. The industry believes that the elimination of the tariff would lead to $20 million in additional exports in the short-term.

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

Wine: Tariff (Import Policies)
The Government of the Philippines currently imposes a 7% tariff, as well as a VAT and an excise tax on imported wine.

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

Exports of fresh potatoes to the Philippines are subject to the vagaries of the country's import permit system. Additional transparency and predictable import regulations would lead to greater U.S. fresh potato exports.

RUSSIA

Apples: Tariff (Import Policies)
Russia imposes a 0.2 Euro per kilogram tariff on apple imports from August 1 through December 1. The rate falls to 0.1 Euro per kilogram during the rest of the year. In addition, Russia collects a customs clearance procedure tax, which is the combination of 0.1% of the invoice value in rubles and 0.05% of the invoice value, paid in U.S. dollars. The importer must also pay a 20% VAT based on the customs value of the product, which is the CIF invoice value plus the customs duty and customs clearance procedure tax.

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 apples would lead to under $5 million a year in additional exports.

Beef: Tariff (Import Policies)
The Russia tariff on U.S. beef products is typically about 15%.

Cherries: Tariff (Import Policies)
U.S. cherry exports to Russia are subject to a 5% duty. In addition, Russia collects a customs clearance procedure tax, which is the combination of 0.1% of the invoice value in rubles and 0.05% of the invoice value, paid in U.S. dollars. The importer must also pay a 20% VAT based on the customs value of the product, which is the CIF invoice value plus the customs duty and customs clearance procedure tax.

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.

Fruit Exports: Customs Barriers (Import Policies)
The enforcement of customs procedures varies by region and port of entry in Russia. Frequent changes in the country's regulations add costs and delays at the border.

Pears: Tariff (Import Policies)
U.S. pear exports to Russia are subject to a 5% duty. In addition, Russia collects a customs clearance procedure tax, which is the combination of 0.1% of the invoice value in rubles and 0.05% of the invoice value, paid in U.S. dollars. The importer must also pay a 20% VAT based on the customs value of the product, which is the CIF invoice value plus the customs duty and customs clearance procedure tax.

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

Wine: Tariff (Import Policies)
The Government of Russia imposes a 20% tariff on U.S. wine.

SAUDI ARABIA

Frozen French Fries: Tariff (Import Policies)
The Government of Saudi Arabia currently imposes a 5% tariff on imported frozen French fries.

Processed Potato Products: Tariff (Import Policies)
In March 2008, the Government of Saudi Arabia lowered the tariff on processed potato products (HS 2005.2) from 12% to 5%.

Seed Potatoes: Tariff (Import Policies)
In March 2008, the Government of Saudi Arabia lowered the tariff on seed potatoes (HS 07101.1) from 12% to 5%.

SOUTH AFRICA

Apples: Tariff (Import Policies)
The Government of South Africa assesses a 5% ad valorem duty on U.S. exports of fresh apples. A phytosanitary prohibition on U.S. apple imports currently makes the tariff issue moot.

Cherries: Tariff (Import Policies)
U.S. cherry exports to South Africa face a 5% ad valorem tariff. Note that 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.

Apples: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Due to a number of phytosanitary issues (fire blight and brown rot), South Africa prohibits the importation of apples from the United States. Although South Africa has indicated that brown rot is an issue of quarantine concern, it is primarily a pest of stone fruit, not apples. The United States is working through South Africa's risk assessment process and has provided some alternatives for meeting their mitigation requirements.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that resolving the phytosanitary issue would lead to less than $5 million in annual apple exports.

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 South African and U.S. 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 grows 3% a year after that 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 would lead to less than $5 million in apple exports each year.

Asparagus: Tariff (Import Policies)
Seoul currently imposes a 30% tariff on U.S. asparagus exports.

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

Beef: Tariff (Import Policies)
In 2006 U.S. beef exports to South Korea faced a 40% tariff or higher.

Cherries: Tariff (Import Policies)
U.S. cherry exports to South Korea face a 24% tariff. Under the U.S.-South Korean FTA, the tariff on cherries will be eliminated.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the elimination of the tariff and resolving the methyl bromide fumigation issue would lead to $5 million to $25 million in exports each year. The estimate is based on current market conditions in South Korea and sales to similar markets.

Coffee: Tariff (Import Policies)

South Korea's tariff on roasted coffee is "bound" at 29.5%. As a result, South Korea can charge a tariff up to 29.5% even though it currently applies a tariff of 8%.

Dehydrated Potato Flakes: Tariff Rate Quota (Import Policies)

While frozen French fries and processed dehydrated potato products face high tariffs, other potato products face very restrictive TRQs. For example, exports of dehydrated potato flakes (HS 1105.2) face a 60 MT TRQ, which can be filled in one shipment. The over-quota tariff was 304%. This extremely high over-quota tariff has 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 U.S.- South Korean FTA, U.S. dehydrated potato flakes exports will be governed by a TRQ. In the first year after the agreement goes into effect, U.S. exports under 5,000 MTS will enter duty-free, with above-quota exports facing a 294.3% duty. The TRQ schedule is provided below.

.

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

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is currently the fifth largest export market for U.S. frozen French fries, with exports reaching $29 million in marketing year 2007-08, an increase of 30% over the previous year. (Dehydrated potato exports reached $772,000 during the most recent marketing year.) The American Potato Trade Alliance estimates that the annual export of U.S. potato products could reach $50 million if all potato tariffs were eliminated.

Fresh Potatoes: TRQ (Import Policies)
Under the Uruguay Round Agricultural Agreement, fresh potato imports (H.S. 0701.90) are governed by a restrictive TRQ, which increased over the years to 18,800 MTs in 2007. This quota is shared among several countries. The in-quota tariff is a high 30% while the over-quota tariff is 304%, down from 338% over ten years ago.

The TRQ is revised annually based on the domestic market situation. The Ministry of Finance and Economy sets the quota, while the Korea Agro-Fishery Trade Corporation, a quasi-governmental organization administers the import allocations. When issuing allocations the organization gives priority to chipping potato imports and allocates the TRQ on a first-come first-serve basis.

Under the U.S.-South Korean FTA, tariffs on chipping potatoes will be immediately eliminated during the December 1 to April 30 time period. 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

Estimated Potential Increase from Removal of Barrier

The industry estimates that the resolution of SPS issues and the removal of the TRQ would lead to exports reaching over $15 million per year.

Frozen French Fries & Dehydrated Potato Products: Tariff (Import Policies)

South Korea currently imposes an 18% tariff on U.S. frozen French fries (HS 2004.1) and a 20% tariff on processed dehydrated potato products (HS 2005.2). Under the US-South Korean FTA, the tariff on frozen French fries is scheduled to be immediately eliminated once the agreement goes into effect.

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

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

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is currently the fifth largest export market for U.S. frozen French fries, with exports reaching $29 million in marketing year 2007-08, an increase of 30% over the previous year. (Dehydrated potato exports reached $772,000 during the most recent marketing year.) The American Potato Trade Alliance estimates that the annual export of U.S. potato products could reach $50 million if all potato tariffs were eliminated.

Onions: Tariff Rate Quota (Import Policies)

The Government of South Korea limits the importation of onions through a restrictive TRQ that has been very slowly liberalized over the last few years. The TRQ is as follows:

Year	Quota	In-Quota Tariff	Over-Quota Tariff
2002	18,805.9 MT	50%	The higher of 138.0% or 184 won per kilogram
2003	19,725.5 MT	50%	The higher of 136.5% or 182 won per kilogram
2007	20,645 MT	50%	The higher of 135.0% or 180 won per kilogram

Pears: Tariff (Import Policies)

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

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the removal of the phytosanitary restriction and tariff would lead to less than $5 million in pear exports each year.

Whey: Tariff Rate Quota (Import Policies)

U.S. whey exports are limited by a 54,233 MT quota. The in-quota tariff is 20% while the above-quota is 49.5%.

Wine: Tariff (Import Policies)

U.S. wine exports to South Korea face a 15% tariff. In addition, wine imports are assessed a 30% liquor tax, a 10% education tax, and a 7% to 8% tax from various handling and transport fees. Under the pending U.S.-South Korean Free Trade Agreement, the tariff on wine would be immediately eliminated.

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

The U.S. apple industry has been trying to open the South Korean market for over a decade but Seoul continues to ban the importation of fresh apples for 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.

Estimated Potential Increase in Exports from Removal of Barrier

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

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. One of the reasons that fumigation is required is for possible codling moth infestation. Research indicates that codling moth is an unlikely pest of fresh cherries. Therefore fumigation is not needed to control for this pest for cherry exports.

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 replacing it with an inspection- only requirement for other species of quarantine concern.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the elimination of the tariff and resolving the methyl bromide fumigation issue would lead to $5 million to $25 million in exports each year. The estimate is based on current market conditions in South Korea and sales to similar markets.

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.

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 in pear exports each year.

Wheat: MRL for Malathion (Standards, Testing, Labeling & Certification)
The U.S. wheat industry anticipates that the difference between EPA and Codex tolerances for malathion is about to become a problem as Korea's Food and Drug Administration (KFDA) has formally proposed adopting the Codex mrl of 0.5 ppm.

Coffee: Rules of Origin (Other)
South Korea's tariff on roasted coffee is "bound" at 29.5%. This means South Korea can charge a tariff up to 29.5% even though it currently applies a tariff of 8%. Starbucks seeks the elimination of this bound tariff under the U.S.-South Korean Free Trade Agreement (FTA). The tariff elimination, however, is meaningless unless the FTA contains a favorable "rule of origin" relating to coffee which would treat coffee roasted in the United States from green coffee sourced from other countries as a U.S.-origin product.

In order for Starbucks to benefit from any tariff reduction under the FTA negotiations, Seoul must agree that the roasting process changes the country of origin of the final coffee product to the United States (from the country where the green coffee is from). Otherwise, even if the FTA eliminates the 29.5% bound tariff, Starbucks coffee exports to South Korea will continue to face up to a 29.5% tariff based on the country of origin of the green bean.

SRI LANKA

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 importing a significant amount of the product from Europe. Sri Lanka, however, has expressed concerns about U.S. pests that are not in the export pathway. In July 2008, the U.S. industry hosted a delegation of Sri Lankan officials to discuss market access and to explain the nature and life cycle of the Colorado Potato Beetle. The United States has been able to export some potatoes through an import permit system, but is unclear whether a significant amount of potatoes will be allowed entry into Sri Lanka in 2009.

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.

SWITZERLAND

Wine: Tariff Rate Quota (Import Policies)

At the present time, U.S. wine exports to Switzerland are limited by a tariff-rate quota of 1,700,000 hectoliters per year for red and white wine. The in-quota tariff for both red and white wine is 50 Swiss francs per 100 kilograms. The above-quota tariff is 3 Swiss francs per liter for white wine in glass bottles of less than 2 liters while it is 2.45 francs per liter for red wine.

TAIWAN

Apples: Tariff (Import Policies)
As of January 1, 2002, the Taiwanese tariff on U.S. apple exports was reduced to 20%. Although the tariff on U.S. apple exports to Taiwan has declined as a result of accession to the WTO, the downside is that the United States has lost preferential access to the Taiwanese market.

The accession of Taiwan to the WTO in January 2002 led to the liberalization of import quotas on apples from Argentina, Australia, Chile, Japan, New Zealand, South Africa and South Korea, all of which are major fresh apple producers. Countries in the Northern Hemisphere, including China, directly compete with apples from the Pacific Northwest in the autumn and winter months, the peak season for apples in Taiwan. Prior to Taiwan's accession to the WTO, exports from foreign competitors were subject to restrictive quotas.

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 less than $5 million in increased exports per year.

Cherries: Tariff (Import Policies)
As of January 1, 2002, the Taiwanese tariff on U.S. sweet cherry exports fell to 7.5% under the country's WTO accession agreement.

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)
U.S. fresh potato exports to Taiwan currently face a 20% tariff. The industry urges that Taiwan bind its tariff on fresh potato imports to under 10% as part of the ongoing round of WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry believes that fresh potato exports to Taiwan could increase from the current level, $4 million for the 2006-2007 marketing year, to $10 to $15 million per year in a few years if Taiwan improved market access.

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%. In the Doha Round of negotiations, the U.S. potato industry asks that all Taiwanese tariffs on potato products be eliminated or, at a minimum reduced to 10% or less. 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)	20%
0710.10.00	Frozen potatoes	15%
1105.20.00	Potato flakes	10%
2004.10.10(a)	Potato sticks, frozen (frozen fries) >1.5kg.	12.5%
2004.10.10(b)	Potato sticks, frozen (frozen fries) < 1.5kg.	18%
2004.10.90	Other potatoes, prepared or preserved, frozen	18%
2005.20.10(a)	Potato chips and sticks >1.5kg.	12.5%
2005.20.10(b)	Potato chips and sticks < 1.5 kg.	15%
2005.20.90	Other potatoes, preserved	18%

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007-08 marketing year, the United States exported $25 million in frozen French fries and $1.2 million in dehydrated potato products to Taiwan. The industry urges that Taiwan bind its tariffs on potato products to 10% or less as part of the ongoing WTO negotiations. The industry estimates that such a commitment would lead to $10 million per year in additional exports in the near term with a larger increase over the longer term.

Pears: Tariff (Import Policies)
Effective January 1, 2002, the Taiwanese tariff on U.S. pear exports declined to 10% under the country's WTO accession agreement.

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. wines.

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. After 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.

Under the terms of the systems work plan, Taiwan is permitted to suspend the importation of all U.S. apples following three separate detections of codling moth larvae. The U.S. apple industry believes that the penalty system is not based on scientific principles and is being maintained without sufficient scientific evidence. The industry argues that the "three strikes" system is an arbitrarily chosen threshold that is more trade-restrictive than required to achieve the appropriate level of phytosanitary protection, which is contrary to the terms of the WTO SPS Agreement. As a result, the industry believes the three-strike penalty system should be eliminated.

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

Historically, Taiwan has been the apple industry's second or third most important foreign market, with exports averaging approximately 200 million apples per year. After 25 years of apple shipments, totaling about 7 billion apples, Taiwan does not have 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.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of the three-strike penalty could save the industry $30 million or more if the market is again closed.

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

Taiwan requires the inspection and certification that potato fields that are a source of product for Taiwan are free of late blight. Taiwan maintains this requirement even though academic articles state that the pest already exist in Taiwan. As a result, this requirement is not based on sound science and is inconsistent with WTO rules, while adding to the cost of exporting fresh potatoes to Taiwan.

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

The U.S. industry believes that fresh potato exports to Taiwan could increase from the current level, $4 million for the 2006-2007 marketing year, to $10 to $15 million per year in a few years if Taiwan improved market access.

<u>Organic Products: New Standards (Standards, Testing, Labeling & Certification)</u>

Currently, Taiwan is in the process of drafting new regulations concerning standards for organic products. The target date for implementation is January 29, 2009, but they have not finalized the regulations to implement the law. U.S. officials in Taiwan have been encouraging Taiwan to recognize USDA's National Organics Program (NOP) as equivalent to their own. Taiwan has extended equivalency to ten countries and U.S. officials are optimistic that the United States NOP will be recognized in the near future. If the NOP is not accepted by officials in Taiwan, then the export of U.S. organic products could be seriously disrupted.

<u>Potato Products: Pesticide Standards (Standards, Testing, Labeling & Certification)</u>

In the spring of 2007 Taiwan began to test and reject U.S. agricultural shipments for pesticide violations. Taiwan's actions are problematic for several reasons. First, Taiwan only has a limited list of maximum residue levels (MRLs). Many more crop protection products are registered in the United States than in Taiwan. (The United States currently has 104 potato MRLs while Taiwan has 28.) Secondly, in recognition of this situation, in 2000, U.S. commodity and chemical companies submitted hundreds of data packages to Taiwan in order to assist Taiwan establish its MRLs. Taiwan, however, has not established these tolerances and the U.S. industry urges Taiwan not to reject imports until it has reviewed the submitted information and established tolerances. Thirdly, in 2008, Taiwan sought to establish a list of 200 priorities for future MRL reviews, containing 11 potato priorities. While the U.S. potato industry appreciates having these reviews, there remain scores of U.S. MRLs that will not be covered under this review, leaving U.S. shipments vulnerable to delay or rejection. Fourth, Taiwan has refused to defer to any international MRL standard, whether Codex or an exporting country's standard. Moreover, they refuse to create a professional MRL list similar to that under the transition that Japan undertook and Hong Kong is currently undertaking. The unwillingness to adopt some sort of safety net is a great cause of concern among commodity groups, especially as products have been detained this year.

As of this time, Taiwan has not held any potato shipments for pesticide residue violations. However, the U.S. industry urges U.S. officials to raise the MRL issue with Taiwan and seek publication of the provisional MRL list. Until permanent pesticide tolerances are established, the U.S. industry urges Taiwan from detaining any shipments.

Estimated Potential Increase in Exports from Removal of Barrier
During the 2007-08 marketing year, the United States exported $25 million in frozen French fries and $1.2 million in dehydrated potato products to Taiwan. The industry urges that Taiwan bind its tariffs on potato products to 10% or less as part of the ongoing WTO negotiations. The industry estimates that such a commitment would lead to $10 million per year in additional exports in the near term with a larger increase over the longer term. The MRL issue, however, puts U.S. potato exports at risk.

Wheat: MRL for Malathion (Standards, Testing, Labeling & Certification)
U.S. wheat exports to Taiwan were disrupted in 2007 after Taiwan established a new pesticide monitoring system without first establishing tolerances for common post-harvest pesticides including malathion and chlorpyriphos-methyl. A new mrl was established for chlorpyriphos-methyl after a few containers were held up that spring but the malathion situation is complicated by the difference between the US EPA tolerance of 8 ppm and the Codex tolerance of 0.5. ppm. While malathion residues on U.S. wheat exports are constantly well below the EPA tolerance of 8 ppm, some do exceed the 0.5 ppm level. Although shipments were not disrupted in 2008, the malathion mrl and the lack of mrls for other common pesticides means that Taiwan could restrict imports at any time.

THAILAND

Apples: Tariff (Import Policies)
Thailand imposes a 10% ad valorem tariff on imported U.S. apples. The tariff is particularly problematic for 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. At least partially as a result, New Zealand apple exports to Thailand doubled in 2005 to $2.07 million.

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.

Beef: Tariff (Import Policies)
Thailand currently imposes a 50% tariff on U.S. beef. Australian and New Zealand beef face lower tariff rates under trade agreements with Thailand.

Cherries: Tariff (Import Policies)
The Government of Thailand imposes a 40% ad valorem tariff on imported cherries from the United States. Under the Thailand-New Zealand Closer Economic Partnership, which entered into force on July 1, 2005, Thai duties on New Zealand cherries were eliminated.

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.

Coffee: Tariff (Import Policies)
The Government of Thailand imposes a 90% tariff on imported roasted coffee from the United States.

Dairy Products: Tariff Rate Quotas (Import Policies)
U.S. exports of dairy products are limited by restrictive tariff rate quotas (TRQs). The U.S. dairy industry is hopeful that these TRQs will be eliminated as part of the U.S.-Thailand Free Trade Agreement or the WTO Doha Round of negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington dairy company estimates that their annual exports to Thailand would increase by $10 million to $20 million if the TRQ are eliminated.

Fresh and Seed Potatoes: TRQ (Import Policies)
Fresh and seed potato imports into Thailand are limited by a TRQ as established during the Uruguay Round. Although the motive for the TRQ appears to be the encouragement of domestic production of potatoes, it is unable to meet the needs of retailers or the hotel and restaurant industry. Similarly, domestic production is only sufficient to keep processing facilities in operation from January to August. As a result, these processing operations only run at very low capacities throughout the rest of the year.

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

Thailand also does not produce a domestic supply of quality seed potatoes that can be used to produce the type of potato used for chipping or other snack foods. As a result, Thai manufacturers import and distribute seed potatoes from foreign suppliers, mainly from Canada and the United Kingdom.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the U.S. chipping potato exports would reach $3 million initially and grow to $10 million per year if the TRQ was eliminated.

Frozen French Fries: Tariff (Import Policies)

The biggest obstacle to exporting frozen French fries to Thailand is the high tariff. At 30% or 25 baht/kg, Thailand's tariff on frozen French fries is among the highest in the world. The U.S. industry has urged Thailand to eliminate the tariff as part of the ongoing negotiations of a U.S.-Thailand Free Trade Agreement (FTA). The elimination or reduction of the tariff is one of the U.S. frozen French fry industry's highest priorities.

The suspensions of negotiations of the FTA in March 2006 and the military coup, which resulted in the ouster of Prime Minister Thaskin Shinawata on September 19, 2006 have greatly reduced the chance that negations will resume in the near future.

The issue has increased in importance in recent years because Thailand has signed trade agreements with Australia, New Zealand and China. With reduced tariffs on Australian, New Zealand and Chinese fries, the United States industry fears that it will lose the entire Thai market to those countries within a couple of years.

Frozen French fries must be imported into Thailand since they cannot be sourced domestically. The high tariff increases the cost of the product to quick service restaurants, hurting their expansion and employment. U.S. restaurant chains and their suppliers currently employ over 10,000 people in the country and purchase a large portion of their supplies within Thailand. A report by the American Potato Trade Alliance, which was released in 2001, demonstrated that U.S. quick service restaurants purchase more than $30 million worth of Thai agricultural products each year and exported an additional $30 million. This study was provided to the Government of Thailand.

Estimated Potential Increase in Exports from Removal of Barrier

In marketing year, 2007-08, Thailand imported $8.8 million worth of U.S. fries. 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 eliminated the tariff.

Nectarines: Tariff (Import Policies)

U.S. nectarine exports currently face a 40% tariff, while the Thai duty on New Zealand and Australian nectarines was eliminated under trade agreements with those countries.

Peaches: Tariff (Import Policies)

U.S. peach exports currently face a 40% tariff, while the Thai duty on New Zealand and Australian peaches was eliminated under trade agreements with those countries.

Pears: Tariff (Import Policies)
The Government of Thailand imposes a 30% tariff on U.S. pears.

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.

Wheat: Tariff (Import Policies)
U.S. wheat exports currently face a $2.85/ton tariff, while wheat imports from Australia and New Zealand enter Thailand duty-free.

Wine: Tariff (Import Policies)
The Government of Thailand imposes a 54% ad valorem tariff on imports of wine. Moreover, wine imports face a 60% excise tax, a 7% VAT, 2% health tax, and a 10% municipal tax. The government's intent is to raise revenue and discourage the import of luxury goods. By comparison, under the Thailand-Australian free trade agreement, Australian wine faces a 12% to 18% tariff, which will be phased out over the next several years.

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%.

UKRAINE

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

URUGUAY

Flour: Tariff (Import Policies)
The Government of Uruguay imposes a12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Argentina, Brazil, and Paraguay) receive duty-free treatment.

Wheat: Tariff (Import Policies)
As a member of MERCOSUR, Uruguay imposes a 10% tariff on U.S. wheat. The tariff level for trade between MERCOSUR countries is zero.

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.

Estimated Potential Increase in Exports from Removal of Barrier
Based on market conditions in Venezuela, the industry estimates that the removal of the tariff and the reform of the import permit system would lead to an additional $5 million to $25 million of apple exports per year.

Cherries: Tariff (Import Policies)
Venezuela assesses a 15% tariff on the ad valorem value of U.S. sweet cherry imports. U.S. cherry 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.

Fresh Potatoes: Tariff (Import Policies)
U.S fresh potato exports to Venezuela face a 15% tariff.

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.

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.

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

The U.S. industry is seeking a market access agreement for seed potatoes. The Venezuelan government has frequently delayed the completion of the agreement despite significant financial and resource support provided by the U.S. industry.

VIETNAM

Apples: Tariff (Import Policies)

Vietnam currently imposes a 21.2% tariff on U.S. apple imports. This high tariff and excessive government red tape significantly increase the cost of exporting apples to Vietnam. Under Vietnam's WTO accession agreement, the tariff will drop to 10% in stages as outlined in the following chart:

01/01/08	01/01/09	01/01/10	01/01/11	01/01/12
21.2%	18.4%	15.6%	12.8%	10%

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that annual apple exports to Vietnam would increase by $10 million in the short-term after the tariff has been eliminated. Over the long-term, Washington apples exports should increase beyond that figure.

Cherries: Tariff (Import Policies)

Vietnam currently imposes a 22% tariff on U.S. cherry imports. This high tariff and excessive government red tape significantly increase the cost of exporting cherries to Vietnam. Under Vietnam's WTO accession agreement, the tariff will drop to 10% in stages as shown in the following table.

01/01/08	01/01/09	01/01/10	01/01/11	01/01/12
22%	19%	16%	13%	10%

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.

Fresh Potatoes: Tariff (Import Policies)

The Government of Vietnam imposes a 20% duty on U.S. fresh potatoes.

Frozen Potato Products: Tariff (Import Policies)

Under Vietnam's WTO accession agreement, signed on May 31, 2006, Vietnam agreed to gradually lower the current 40% tariff on frozen French fries to 13% over a six- year period. In addition, Hanoi agreed to lower the tariff on dehydrated potatoes from its current 40% rate to 18% over a five-year period.

Estimated Potential Increase in Exports from Removal of Barrier

At the present time, Vietnam is a small market for U.S. frozen French fries. In the 2007-2008 marketing year, U.S. frozen French fry exports to Vietnam totaled $855,000, a 75% increase from the previous year. With a population of 84 million, 60% of which are under the age of 25, Vietnam is seen by the U.S. industry as having tremendous potential as a market for frozen French fries, especially in Ho Chi Minh City and Hanoi. The complete implementation of the tariff reductions contained in Vietnam's WTO accession agreement should lead to sales of $10 million in the near-term and significantly greater in the long-term.

Pears: Tariff (Import Policies)

The Government of Vietnam currently imposes a 30% tariff on U.S. pear imports. The high tariff and excessive government red tape significantly increase the cost of exporting pears to Vietnam. Under Vietnam's WTO accession agreement, the tariff will drop to 10% in stages as displayed below.

01/01/08	01/01/09	01/01/10	01/01/11	01/01/12
30%	25%	20%	15%	10%

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.

Potato Chips: Tariff (Import Policies)

Pursuant to the bilateral WTO accession agreement with the United States, Vietnam agreed to reduce the tariff on potato chips from 50% to 40% immediately upon accession to the WTO. The tariff will be reduced to 18% over the subsequent five years.

Wine: Tariff (Import Policies)

Currently, U.S. wine faces a 65% Vietnamese tariff. Under Vietnam's WTO accession agreement, this tariff is scheduled to be phased-down to 50% by 2012.

PART II

LISTING BY COMMODITY

ALFALFA

China: Tariff (Import Policies)
China currently imposes a 9% tariff on imports of U.S. alfalfa bales and cubes on top of a 13% value-added-tax. Dairy farmers in southern China, in particular, have displayed increasing interest in purchasing U.S. alfalfa but the tariff is a deterrent.

APPLES AND APPLE JUICE

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

Argentina: Tariff and Statistical Tax (Import Policies)
Argentina imposes a 10% import duty and a 0.5% statistical tax on 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.

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

Argentina: Export Rebates for Apples and Concentrated Apple Juice (Export Subsidy)
The Government of Argentina subsidizes fruit exports by means of a 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. Exporters of concentrated apple juice in containers of one liter or less receive a 6% rebate, while exporters of larger containers receive a 5% rebate.

Estimated Potential Increase in Exports from Removal of Barrier
Argentina is a significant exporter of fresh apples to the United States. Growers in Argentina do 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.

Armenia: Tariff (Import Policies)
The Government of Armenia imposes a 15% tariff on American apples.

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

Although Australia does not impose tariffs on apple imports, it prohibits their importation from the United States and other trading partners based on plant quarantine concerns. By contrast, Australian apples have access to the U.S. market.

The main issue is the bacterial disease fire blight, which can kill blossoms, limbs, shoots, and even entire trees. Australia fears that fire blight could be transmitted to the country's domestic crops. However, the United States 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. This position has been confirmed through the World Trade Organization Dispute Panel proceedings that the United States brought against Japan concerning Tokyo's treatment of American apples.

In response to a U.S. request that Australia begin an import risk assessment (IRA) for U.S. apples, Biosecurity Australia stated that it would first issue an IRA for New Zealand apples because that country's request preceded that of the United States. Australia, however, committed to modifying any agreement with New Zealand to encompass apple imports from the Pacific Northwest. As a result, the United States has been actively involved in the process for establishing the Australian import requirements for New Zealand apples.

In December 2005, Biosecurity Australia issued a draft import risk analysis report (IRA) for the importation of New Zealand apples. In comments submitted to Biosecurity Australia on March 30, 2006, USDA's Animal Plant Health Inspection Service (APHIS) urged Australia to revise the IRA and highlighted numerous instances where the IRA diverged from internationally affirmed science. The proposed quarantine measures would also make it economically unfeasible to export U.S. apples to Australia.

In November 2006, Australia issued its final risk assessment, which ignored most of the concerns of New Zealand and the United States while allowing the importation of New Zealand under the following conditions.

- mandatory pre-clearance and auditing arrangements in New Zealand involving Australian Quarantine and Inspection Service (AQIS) officers;
- freedom from fire blight symptoms - inspection of orchards for any visible fire blight symptoms;
- use of disinfection treatment (e.g. chlorine) in packing houses to prevent contamination of apples with fire blight bacteria;
- freedom from European canker disease - inspection of orchards during autumn or winter after leaf fall;
- freedom from apple leaf curling midge - inspection in New Zealand of a random sample of 3,000 fruit in each export lot; and
- inspection for all other quarantine pests, with remedial action.

As a result of these excessive requirements, in August 2007, New Zealand initiated a WTO case against Australia. As of this time, the WTO dispute panel has not issued an interim ruling.

Estimated Potential Increase in Exports from Removal of Barrier
If Australia lifted the import prohibition, the industry estimates that exports would reach $5 to $25 million per year.

Bangladesh: Tariff (Import Policies)
The Government of Bangladesh applies a 37.5% tariff on imports of U.S. apples. After other taxes are imposed, the actual tax is over 57%.

Bolivia: Tariff (Import Policies)
The Government of Bolivia imposes 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 with Bolivia. As a result of these duty-free arrangements, U.S. apples are in effect excluded from the Bolivian market for most of the year.

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

Brazil: Tariff (Import Policies)
Brazil imposes a 10% duty (CIF) on imports of apples from the United States. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on their apples were eliminated on January 1, 1995. Furthermore, apple imports from the countries of the Latin American Integration Association (ALADI), Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela receive preferential tariff rates.

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

China: Tariff and VAT (Import Policies)
Under the WTO accession agreement, China agreed to reduce the tariff on U.S. apple imports from 30% to 10% in 2004. 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 believes is likely not collected on Chinese apples. Discriminatory treatment with respect to the collection of the VAT on imported and domestic apples places U.S. apples at a distinct pricing disadvantage. Failure to ensure equal tax treatment would be a violation of the WTO's national treatment provision.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions, the industry estimates that apple exports would increase by $5 million to $25 million a year if the tariff and phytosanitary restriction on certain apple varieties were eliminated.

China: Phytosanitary Varietal Import Prohibition (Standards, Testing, Labeling & Certification)
Although Washington state first began exporting apples to China in 1994, it is still only allowed to ship Red and Golden Delicious apples. The United States has been seeking market access for all apple varieties since the early 1990s but the negotiations have stalled due to China's concerns about fire blight. With the 2005 World Trade Organization ruling against Japan's fire blight restrictions on U.S. apple imports, China should permit the entry of all apple varieties. Further delay is unjustified.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions, the industry estimates that apple exports would increase by $5 million to $25 million a year if other varieties of apples were allowed into the market, and currency manipulation and tariff are eliminated.

Colombia: Tariff (Import Policies)
The Government of Colombia currently imposes a 15% ad valorem tariff on U.S. apple imports. Under the proposed bilateral trade agreement with Colombia, the duty on U.S. apples would be immediately eliminated.

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in Colombia, the industry anticipates that apple exports would increase by $5 million per year after the elimination of the tariff.

Ecuador: Tariff (Import Policies)

Ecuador imposes a 15% ad valorem tariff on U.S. apple imports. U.S. apples exporters are at a competitive disadvantage due to the tariff concessions 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 forecasts that annual apple exports would increase by less than $5 million if the country eliminated the tariff.

Egypt: Tariff (Import Policies)

The Government of Egypt imposes a 20% tariff on the CIF value of apple imports. Egypt also assesses another 3% administration fee and a 1% tax. Shipments over 500 tons are granted a 7% reduction in the customs tariff.

Estimated Potential Increase in Exports from Removal of Barrier

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

EU: Tariff and TRQ (Import Policies)

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

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

Estimated Potential Increase in Exports from Removal of Barrier

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

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

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

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

EU: Import Licensing System (Import Policies)
The EU introduced an import licensing system for apples in 2006. The U.S. apple industry does not believe there is any commercial justification for such a system.

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

India: Tariff (Import Policies)
The Government of India imposes a 50% duty on the CIF value of imported apples from the United States.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that annual exports would increase to $50 to $100 million if India lowered the tariff.

Indonesia: Tariff (Import Policies)
The Indonesian tariff on U.S. apple imports currently stands at 5%. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on apples and other agricultural products.

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

On March 27, 2006, Indonesia implemented Minister of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported apples 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. apples.

The regulation disregards important technical facts and international standards by requiring treatment of apples even though some of the pests do not attack apples or the apples come from production areas that are free from the pests of concern. It also requires treatment of apples even though Indonesia does not have host material for some of the fruit flies and lacks a climate suitable for establishment and spread of fruit flies occurring in the Pacific Northwest.

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

Estimated Potential Increase in Exports from Removal of Barrier

Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. apple industry would expect an increase of less than $5 million in exports per year.

Israel: Tariff Rate Quota (Import Policies)

The United States and Israel signed a free trade agreement in 1985 but Israel argued that the agreement did not cover agricultural products. As a result, in 1996 the United States and Israel signed the Agreement on Trade in Agricultural Products (ATAP), which does not consist of any text, but rather a schedule of tariff rates, reference prices and quotas that were negotiated by the two countries. The two countries renegotiated a new ATAP after it expired in 2001. The new agreement is scheduled to expire at the end of 2008.

The vast majority of Israel's agricultural products have duty-free access to the U.S. market. U.S. exports to Israel, by comparison, are constrained by a TRQ. Under the current Israeli TRQ, however, in-quota apple imports can enter Israel duty-free. The apple quota is set at, 3,039 MTs in 2008. Israel imposes a specific over-quota duty of 1.65 New Shekel (NS).

During 2008, the United States and Israel started to renegotiate the ATAP but Israel still refuses to eliminate their quota on U.S. apples. By comparison, there have been significant apple tariff reductions in every other FTA and WTO accession agreement the United States has negotiated.

Estimated Potential Increase in Exports from Removal of Barrier
Once duty-free access is acquired the industry would expect exports to increase by less than $5 million per year.

Japan: Tariff (Import Policies)
Japan imposes a 17% ad valorem tariff on apples.

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.

Japan: Phytosanitary Varietal Import Prohibition (Standards, Testing, Labeling & Certification)
At the present time, Japan only allows the importation of certain varieties of U.S. apples: Red Delicious, Golden Delicious, Gala, Jonagold, Fuji, Granny Smith and Braeburn.

Japan: Phytosanitary Import Restriction (Standards, Testing, Labeling & Certification)
Japan requires apple exports to be fumigated as a condition of import. This requirement increases the cost and reduces the quality of apples shipped to Japan. During the 2007-08 marketing year, no Pacific Northwest apples were shipped to Japan.

Estimated Potential Increase in Exports from Removal of Barrier
If the tariff and fumigation requirement were eliminated, the U.S. apple industry estimates that exports could reach $10 million in the near term and grow much larger in the future.

Jordan: Tariff (Import Policies)
Under the U.S.-Jordan Free Trade Agreement (FTA), U.S. apple exports to Jordan faced an 11.2% ad valorem tariff in 2008. In addition, U.S. apple exports between June 1 and October 31, 2008 were charged a specific duty of 8 Jordanian dollars per metric ton. Under the FTA, the tariff will be reduced in stages each year until it is eliminated in 2010. The schedule is as follows.

	2008	2009	2010
Apples June 1-October 31*	11.2 + 98 JD/MT	5.6% + 49 JD/MT	0
November 1-May 31	11.2%	5.6%	0

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

Malaysia: Tariff (Import Policies)
Effective October 29, 1999, the Government of Malaysia reduced the tariff on apple imports to 5% ad valorem. However, the government collects an additional 5% sales tax on fresh fruit imports.

Mexico: Antidumping Duties (Import Policies)
On March 20, 1998 Northwest Fruit Exporters (NFE), representing apple exporters of the Northwest states, and Mexico's Secretario de Comercio y Fomento Industrial (SECOFI), signed an agreement suspending Mexico's antidumping investigation of imports of U.S. fresh Red and Golden Delicious apples. The agreement allowed U.S. Red and Gold Delicious apples to be imported into Mexico so long as they were sold above a floor price.

On August 9, 2002, Mexico's Ministry of Economy, the successor agency to SECOFI, terminated the suspension. Three days later, the Government of Mexico published its final determination in the dumping case and imposed a 46.58 percent antidumping duty on imports of U.S. Red and Golden Delicious apples. No other apple varieties were affected by this action.

On February 22, 2004, Mexico's Sixteenth District Court blocked implementation of a new price agreement, scheduled to go into effect February 28, 2005. As a result, the 46.58 % tariff continued in place. On May 26, 2005 Mexico's Ministry of Economy announced that the anti-dumping investigation would be re-initiated in keeping with the court ruling. During the investigation the 46.58% duty was suspended.

On November 3, 2006, Mexico established final antidumping duties. The rates can be found below.

COMPANY	DUTY %
Borton & Sons, Inc.	46.58
Broetje Orchards	8.04
C.M. Holtzinger Fruit Co., Inc.	0
Northern Fruit Company, Inc.	47.05
Dovex Fruit Co.	31.19
Evans Fruit Co., Inc.	46.58
Price Cold Storage and Packing Co., Inc.	6.40
Stadelman Fruit LLC	30.79
Washington Export, LLC.	0
Washington Fruit & Produce Co.	0
All other exporting companies affiliated with the Northwest Fruit Exporters	47.05

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that apple exports to Mexico would increase by $360 million per year if all restrictions were removed.

Morocco: Tariff (Import Policies)

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

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

.

During the rest of the year, U.S. apple imports are governed by a tariff, which was reduced from 52% to 46.8% on January 1, 2006 and to 41.6% in 2007. The 2008 tariff is 36.4%. It is scheduled to fall to 31.2% in 2009, and 26% in 2010, eventually falling to 0% in 2014.

Norway: Tariff (Import Policies)

The Government of Norway imposes a 4.83 Norwegian kroner (NOK) per kilo tariff on imported apples between May 1 and November 30. Imported apples face a 0.03 NOK per kilo duty during the rest of the year.

Panama: Tariff (Import Policies)

The Government of Panama imposes only a 2% tariff on imported U.S. apples. Under the U.S.-Panama Free Trade Agreement the tariff will be eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Peru: Tariff (Import Policies)

The Government of Peru currently collects a 25% ad valorem tariff plus a 5% surcharge on exports of U.S. apples, which are at an additional competitive disadvantage because of some of the trade preferences granted by Peru toward other countries in the region. Imports of apples from the other Andean Community countries of Bolivia, Colombia, Ecuador and Venezuela do not pay any duties. In addition, Chilean apples face only a 5% tariff and apples from Argentina face a 7.5% duty. These tariff preferences serve to exclude U.S. apples from the Peruvian market for seven months of the year.

Under the bilateral trade agreement negotiated with Peru, U.S. apple imports will enter Peru duty-free immediately after the agreement is implemented. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that the elimination of the tariff on apples would lead to less than $5 million in additional exports per year.

Philippines: Tariff (Import Policies)

The Government of the Philippines imposes a 5% tariff on U.S. apple imports.

Russia: Tariff (Import Policies)
Russia imposes a 0.2 Euro per kilogram tariff on apple imports from August 1 through December 1. The rate falls to 0.1 Euro per kilogram during the rest of the year. In addition, Russia collects a customs clearance procedure tax, which is the combination of 0.1% of the invoice value in rubles and 0.05% of the invoice value, paid in U.S. dollars. The importer must also pay a 20% VAT based on the customs value of the product, which is the CIF invoice value plus the customs duty and customs clearance procedure tax.

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 apples would lead to under $5 million a year in additional exports.

South Africa: Tariff (Import Policies)
The Government of South Africa assesses a 5% ad valorem duty on U.S. exports of fresh apples. A phytosanitary prohibition on U.S. apple imports currently makes the tariff issue moot.

South Africa: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Due to a number of phytosanitary issues (fire blight and brown rot), South Africa prohibits the importation of apples from the United States. Although South Africa has indicated that brown rot is an issue of quarantine concern, it is primarily a pest of stone fruit, not apples. The United States is working through South Africa's risk assessment process and has provided some alternatives for meeting their mitigation requirements.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. apple industry estimates that resolving the phytosanitary issue would lead to less than $5 million in annual apple exports.

South Korea: Tariff (Import Policies)
South Korea currently imposes a 45% tariff on apples. Under the U.S.-South Korean FTA, tariffs on all U.S. apples other than Fujis will be phased out over a 10 year period, while the tariff on Fujis will meet the same fate over a 20 year period. The agreement also contains a safeguard mechanism. The initial quantity is 9,000 tons which increases in year 5 to 12,000 tons and grows 3% a year after that 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 would lead to less than $5 million in apple exports each year.

South Korea: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The U.S. apple industry has been trying to open the South Korean market for over a decade but Seoul continues to ban the importation of fresh apples for 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.

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

Taiwan: Tariff (Import Policies)
As of January 1, 2002, the Taiwanese tariff on U.S. apple exports was reduced to 20%. Although the tariff on U.S. apple exports to Taiwan has declined as a result of accession to the WTO, the downside is that the United States has lost preferential access to the Taiwanese market.

The accession of Taiwan to the WTO in January 2002 led to the liberalization of import quotas on apples from Argentina, Australia, Chile, Japan, New Zealand, South Africa and South Korea, all of which are major fresh apple producers. Countries in the Northern Hemisphere, including China, directly compete with apples from the Pacific Northwest in the autumn and winter months, the peak season for apples in Taiwan. Prior to Taiwan's accession to the WTO, exports from foreign competitors were subject to restrictive quotas.

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 less than $5 million in increased exports per year.

Taiwan: Phytosanitary Work Plan (Standards, Testing, Labeling & Certification)
The Government of Taiwan is concerned about the possible presence of codling moth on U.S. apples. After 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.

Under the terms of the systems work plan, Taiwan is permitted to suspend the importation of all U.S. apples following three separate detections of codling moth larvae. The U.S. apple industry believes that the penalty system is not based on scientific principles and is being maintained without sufficient scientific evidence. The industry argues that the "three strikes" system is an arbitrarily chosen threshold that is more trade-restrictive than required to achieve the appropriate level of phytosanitary protection, which is contrary to the terms of the WTO SPS Agreement. As a result, the industry believes the three-strike penalty system should be eliminated.

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

Historically, Taiwan has been the apple industry's second or third most important foreign market, with exports averaging approximately 200 million apples per year. After 25 years of apple shipments, totaling about 7 billion apples, Taiwan does not have 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.

Estimated Potential Increase in Exports from Removal of Barrier
The elimination of the three-strike penalty could save the industry $30 million or more if the market is again closed.

Thailand: Tariff (Import Policies)
Thailand imposes a 10% ad valorem tariff on imported U.S. apples. The tariff is particularly problematic for 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. At least partially as a result, New Zealand apple exports to Thailand doubled in 2005 to $2.07 million.

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.

Tunisia: Tariff (Import Policies)
At the present time, Tunisia imposes a 150% tariff on imported apples.

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

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

Venezuela: Tariff (Import Policies)
Currently, the Government of Venezuela collects a 15% ad valorem tariff on imports of U.S. apples. U.S. exporters are placed at a competitive disadvantage by the duty-free treatment provided to imported apples from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Apples from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter the country duty-free.

Estimated Potential Increase in Exports from Removal of Barrier
Based on market conditions in Venezuela, the industry estimates that the removal of the tariff and the reform of the import permit system would lead to an additional $5 million to $25 million of apple exports per year.

Vietnam: Tariff (Import Policies)
Vietnam currently imposes a 21.2% tariff on U.S. apple imports. This high tariff and excessive government red tape significantly increase the cost of exporting apples to Vietnam. Under Vietnam's WTO accession agreement, the tariff will drop to 10% in stages as outlined in the following chart:

01/01/08	01/01/09	01/01/10	01/01/11	01/01/12
21.2%	18.4%	15.6%	12.8%	10%

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates that annual apple exports to Vietnam would increase by $10 million in the short-term after the tariff has been eliminated. Over the long-term, Washington apples exports should increase beyond that figure.

ASPARAGUS

South Korea: Tariff (Import Policies)
Seoul currently imposes a 30% tariff on U.S. asparagus exports.

BARLEY

China: Tariff on Malt Barley (Import Policies)
U.S. malt barley exports to China currently face a 10% tariff.

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

BEEF

China: Tariff (Import Policies)
Prior to China's accession to the WTO, the country imposed a 45% duty on beef imports. Under the accession agreement the tariff was reduced to 12% in 2004. This tariff is still a significant barrier to the industry, but the import ban following the BSE finding in the United States makes the tariff issue moot. The USITC estimates that the tariff on beef led to a loss of $19 million in U.S. exports during the 2004-2007 time period.

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

In August 2007, Beijing proposed lifting the ban on U.S. bone-in beef and deboned beef from cattle less than 30 months of age. The offer also included offals (heart, liver, lung, kidney and sinew.) Although China became a member of World Organization for Animal Health (OIE) in May 2007, it has not followed OIE guidelines regarding beef trade and BSE. For this reason, 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.

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

EU: Tariff and TRQ (Import Policies)
The EU limits the importation of U.S. beef by means of high tariffs and small TRQs. U.S. beef has a small country-specific quota with an in-quota tariff of 20%.

EU: SPS Import Restriction (Standards, Testing, Labeling & Certification)
The European Union continues to prohibit the importation of beef unless it is certified as hormone free, despite the ruling by the WTO that the ban was inconsistent with international trade rules. (The WTO ruled that the EU had failed to produce any scientific evidence that the hormones presented a health risk.) As a result of this ruling, the United States has imposed retaliatory tariffs on some EU products.

Although many cattle in the United States are grown without the use of growth hormones, the cost and burden involved in certifying cattle and beef produced from such cattle as hormone-free limits U.S. beef exports to the EU market. In order to enter the EU, all U.S. bovine meat must originate from animals that have never been treated with hormonal growth promoters and each phase of the production process, from birth through slaughter, must receive third party verification. Moreover, a copy of a signed producer affidavit certifying that the animals have never been treated with hormonal growth promoters must accompany each lot of cattle presented to the slaughter establishment.

All cattle must be slaughtered and processed in a federally inspected establishment approved for production of products destined for the EU. There are currently only three U.S. plants approved for export to the EU because of the costs of receiving certification.

Japan: Tariff (Import Policies)
The Government of Japan imposes a 38.5% tariff on imported beef. In addition, the Japanese tariff on U.S beef exports can increase to 50% under a snapback tariff mechanism. Initially, Japan planned to impose the "snapback" tariff if cumulative beef imports on a quarterly basis exceeded the imports of the prior corresponding period by 17%. Since the shutting of the market due to the BSE findings significantly limited beef imports, it was easy to trigger the snapback tariff. After heavy lobby by the U.S. government, the snapback tariff is now being based on the level of imports in the Japanese 2002 and 2003 fiscal years, which took place before the BSE finding. In December 2008, the Government of Japan confirmed that it would use this same method for the following fiscal year (April 01 – March 31).

Japan: Sanitary Import Restriction (Standards, Testing, Labeling & Certification)
In December 2003, after the finding of imported cow with BSE in the United States, the Government of Japan banned the import of most American products derived from cattle, sheep and goats.

In October 2004, Japan and the United States agreed on a framework that specified the conditions under which beef trade would resume. The framework included the establishment of a special marketing program, the Beef Export Verification Program (BEV), for sales of beef and products from animals 20 months old or younger. In addition, all specified risk materials (brain and spinal cord tissues) from all ages must be removed. As a requirement for the implementation of the BEV, the United States had to conduct and present a study examining the correlation between physiological characteristics and chronological age. The results of the study were used to define USDA's grading criteria in determining the age of animals eligible for export.

In February 2005, a panel of Japanese experts accepted the U.S. study demonstrating that the A40 Maturity grading will effectively eliminate meat from animals 21 months of age and older from being exported to Japan. As a result, in March 2005, Japan approved regulations allowing an exemption for cattle 20 months of age or younger from 100% testing at slaughter.

In December 2005 the Japanese Food Safety Commission issued a final report, formalizing its finding that the U.S. measures under the proposed export program were effectively equivalent to those measures in place in Japan. As a result of this determination, Japan lifted the ban on U.S. beef on December 12, 2005. Although the market was temporarily closed after a finding of vertebral columns in a veal shipment in January 2006, the market is currently open for U.S. beef from animals aged 20 months or younger. This limitation is not consistent with sound science or international standards because in May 2007, the OIE (the World Organization for Animal Health) classified the United States as "controlled risk" for BSE. Under the OIE classification, U.S. beef can be safely traded without age restrictions. Despite this OIE determination, Japan still maintains the 20 month age limit on imported beef.

Russia: Tariff (Import Policies)
The Russia tariff on U.S. beef products is typically about 15%.

South Korea: Tariff (Import Policies)
In 2006 U.S. beef exports to South Korea faced a 40% tariff or higher.

Thailand: Tariff (Import Policies)

Thailand currently imposes a 50% tariff on U.S. beef. Australian and New Zealand beef face lower tariff rates under trade agreements with Thailand.

CHERRIES

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

Argentina: Tariff and Statistical Tax (Import Policies)
Argentina imposes a 10% import duty and a 0.5% statistical tax on cherries from the United States. 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.

Argentina: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Argentina prohibits 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 a protocol that would cover the procedures for exporting American cherries to Argentina. In 2002 the U.S. government proposed an intensive inspection protocol to verify that cherry shipments are free of known quarantine pests but, as of this time, the Government of Argentina has not reviewed the proposed 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. This estimate is based on sales of cherries to similar markets.

Armenia: Tariff (Import Policies)
U.S. cherry exports currently face a 15% Armenian tariff.

Australia: Regional Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
Due to concerns about brown rot and other issues, the Government of Australia prohibits the importation of Pacific Northwest cherries into Western Australia, while allowing importation into the rest of the country.

Bangladesh: Tariff (Import Policies)
The Government of Bangladesh imposes a 37.5% tariff on U.S. cherry imports.

Bolivia: Tariff (Import Policies)

The Government of Bolivia collects a 15% tariff on cherry imports from the United States. Imports of fruit from the other members of the Andean Community (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay and Venezuela), as well as fruit from Chile, enter Bolivia duty-free.

Estimated Potential Increase in Exports from Removal of Barrier

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

Brazil: Tariff (Import Policies)

The Government of Brazil assesses a 10% duty (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. Furthermore, fruit imports from the countries of the Latin American Integration Association (ALADI), Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela receive preferential tariff rates.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Brazil, the industry estimates that U.S. cherry exports would increase by under $5 million a year if the country eliminated the tariff.

China: Tariff and VAT (Import Policies)

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

Estimated Potential Increase in Exports from Removal of Barrier

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.

Colombia: Tariff (Import Policies)

U.S. cherry exports to Colombia currently face a 15% ad valorem tariff. Under the proposed bilateral trade agreement with Colombia, the duty on U.S. cherries would be immediately eliminated.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. cherry industry estimates that the elimination of the 15% duty would lead to less than a $5 million increase in annual sales based on current market conditions in Colombia.

Ecuador: Tariff (Import Policies)
Ecuador imposes a 15% 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 forecasts that annual exports would increase by less than $5 million if Ecuador eliminated the tariff.

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

Estimated Potential Increase in Exports from Removal of Barrier
In the event that Egypt eliminated the tariff, the industry estimates that cherry exports would increase by under $5 million per year based on current market conditions.

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

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

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

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

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

EU: SPS Restrictions (Standards, Testing, Labeling & Certification)
As a condition for entry into the market, the EU requires cherries to be free from *Monilinia fructicola* (brown rot) and requires documentation that controls have been applied in the field. Brown rot, however, exists in Europe and the U.S. cherry industry is unaware of any internal EU controls on the disease or on the movement of fruit within the EU from those countries where positive detections have been made. These import requirements limit the supply of U.S. cherries that can qualify for importation into the EU.

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.

India: Tariff (Import Policies)
The Government of India currently imposes an aggregate applied duty rate of 30.6% on cherry imports.

Estimated Potential Increase in Exports from Removal of Barrier
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.

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

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

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 therefore the various cherry fruit flies that are in the Pacific Northwest will not survive in Indonesia.

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

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

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

Estimated Potential Increase in Exports from Removal of Barrier
Once the tariff is eliminated, the industry would expect exports to increase by less than $5 million per year.

Israel: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
At the present time, the Government of Israel prohibits imports of U.S. cherries due to alleged concerns about plant pests and diseases. In June 2002, APHIS requested Israel to undertake a pest risk assessment on Pacific Northwest cherries, but the risk assessment has not been completed. In view of the lack of transparency, it is not clear how long it will take before the industry obtains market access.

Japan: Tariff (Import Policies)
Washington cherry exports to Japan face an 8.5% ad valorem duty.

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 fresh Washington cherries.

The industry estimates that annual cherry exports to Japan would increase by $5 million to $25 million if the country eliminated the tariff and restructured the phytosanitary export protocol. This calculation is based on current market conditions in Japan.

Japan: Phytosanitary Requirements (Standards, Testing, Labeling & Certification)
The Government of Japan requires that cherry exports be fumigated with methyl bromide due to codling moth concerns. Based on new USDA research that demonstrates that cherries are not a suitable host for codling moth, the U.S. government has submitted a proposed systems approach to the Japanese government for their consideration to take the place of the fumigation requirement. The industry is concerned with the expense of the fumigation, the impact on the quality of the fruit and the potential harm to the environment.

The proposed systems approach combines good orchard pest management practices with post harvest commodity inspections. The industry has supplied documentation that the systems approach provides quarantine security which is equivalent or better than that provided by methyl bromide fumigation. The U.S. cherry industry conducted pilot programs in the Pacific Northwest and California at the request of MAFF to demonstrate the efficacy of a systems approach.

The U.S. cherry industry urges the U.S. federal government to work with Japan to remove this fumigation requirement, which is not based on science and is more trade restrictive than necessary.

Estimated Potential Increase in Exports from Removal of Barrier

Since Japan opened its market in 1978, the Pacific Northwest, led by Washington State, has exported over 9 million cartons of fresh cherries to Japan. Japan and Taiwan alternate as the largest foreign market for fresh Washington cherries.

The industry estimates that annual cherry exports to Japan would increase by $5 million to $25 million per year if the country eliminated the tariff and restructured the phytosanitary export protocol. This calculation is based on current market conditions in Japan.

Jordan: Tariff (Import Policies)

Under the U.S.-Jordan Free Trade Agreement (FTA), U.S. cherry exports to Jordan faced a 6% ad valorem tariff in 2008. Under the FTA, the tariff will be reduced in stages of 3% each year until it is eliminated in 2010.

Libya: Tariff (Import Policies)

The Government of Libya currently imposes a 30% tariff on U.S. cherry imports.

Malaysia: Tariff (Import Policies)

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

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

The Government of Mexico recently proposed additional mitigation measures for western cherry fruit fly. In response, USDA/APHIS provided information to the Government of Mexico that a 1995 NAFTA Technical Working Group noted that western cherry fruit fly was not of economic importance to Mexico because the limited scope of cherry production in the country. The industry fears that if this issue is not resolved, cherry exports to Mexico will end.

Estimated Potential Increase in Exports from Removal of Barrier

Once the dispute is resolved, the cherry industry estimates that exports would increase by under $5 million per year.

Morocco: Tariff (Import Policies)

Under the U.S.-Moroccan Free Trade Agreement (FTA), the Moroccan tariff on U.S. cherry imports fell to 40% in 2006, 30% in 2007 and 20% in 2008. The tariff will fall to 10% in 2009, before being eliminated the following year. Prior to the signing of the agreement the tariff rate was 50%.

Norway: Tariff (Import Policies)

The Government of Norway imposes a 5.57 Norwegian kroner (NOK) per kilo tariff on imported cherries all year round.

Panama: Tariff (Import Policies)

The Government of Panama imposes only a 1% tariff on imported U.S. cherries. Under the U.S.-Panama Free Trade Agreement the tariff will be eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Peru: Tariff (Import Policies)

At the present time, Peru imposes a 25% ad valorem tariff on imports of U.S. cherries. U.S. cherry exports are at an additional competitive disadvantage because of some of the trade preferences granted by Peru toward other countries in the region. Cherry imports from the other Andean Community countries of Bolivia, Colombia, Ecuador and Venezuela do not face any duties. Moreover, Chilean cherries enter Peru duty-free, while Argentina's cherries face a 10% tariff.

Under the bilateral trade agreement negotiated with Peru, U.S. cherry imports will enter Peru duty-free immediately after the agreement is implemented. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier

According to the estimate of the industry, exports would increase by under $5 million a year if Peru eliminated the tariff. This estimate is based on current market conditions.

Philippines: Tariff (Import Policies)

The Government of the Philippines currently imposes a 5% import duty on cherry imports.

Russia: Tariff (Import Policies)

U.S. cherry exports to Russia are subject to a 5% duty. In addition, Russia collects a customs clearance procedure tax, which is the combination of 0.1% of the invoice value in rubles and 0.05% of the invoice value, paid in U.S. dollars. The importer must also pay a 20% VAT based on the customs value of the product, which is the CIF invoice value plus the customs duty and customs clearance procedure tax.

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.

South Africa: Tariff (Import Policies)

U.S. cherry exports to South Africa face a 5% ad valorem tariff. Note that the Government of South Africa currently prohibits the importation of U.S. cherries for phytosanitary reasons.

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

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

Estimated Potential Increase in Exports from Removal of Barrier

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

South Korea: Tariff (Import Policies)

U.S. cherry exports to South Korea face a 24% tariff. Under the U.S.-South Korean FTA, the tariff on cherries will be eliminated.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the elimination of the tariff and resolving the methyl bromide fumigation issue would lead to $5 million to $25 million in exports each year. The estimate is based on current market conditions in South Korea and sales to similar markets.

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

South Korea currently allows the importation of all sweet cherry varieties from specific counties in California, Idaho, Oregon and Washington on condition that they are fumigated with methyl bromide. One of the reasons that fumigation is required is for possible codling moth infestation. Research indicates that codling moth is an unlikely pest of fresh cherries. Therefore fumigation is not needed to control for this pest for cherry exports.

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 replacing it with an inspection- only requirement for other species of quarantine concern.

Estimated Potential Increase in Exports from Removal of Barrier
The industry estimates the elimination of the tariff and resolving the methyl bromide fumigation issue would lead to $5 million to $25 million in exports each year. The estimate is based on current market conditions in South Korea and sales to similar markets.

Taiwan: Tariff (Import Policies)
As of January 1, 2002, the Taiwanese tariff on U.S. sweet cherry exports fell to 7.5% under the country's WTO accession agreement.

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.

Thailand: Tariff (Import Policies)
The Government of Thailand imposes a 40% ad valorem tariff on imported cherries from the United States. Under the Thailand-New Zealand Closer Economic Partnership, which entered into force on July 1, 2005, Thai duties on New Zealand cherries were eliminated.

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.

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

Venezuela: Tariff (Import Policies)
Venezuela assesses a 15% tariff on the ad valorem value of U.S. sweet cherry imports. U.S. cherry exporters are placed at a competitive disadvantage by the duty-free treatment provided to cherry imports from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Cherry imports from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) also enter Venezuela duty-free.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Venezuela, the industry estimates that the elimination of the 15% tariff would lead to less than $5 million in additional cherry exports per year.

Vietnam: Tariff (Import Policies)

Vietnam currently imposes a 22% tariff on U.S. cherry imports. This high tariff and excessive government red tape significantly increase the cost of exporting cherries to Vietnam. Under Vietnam's WTO accession agreement, the tariff will drop to 10% in stages as shown in the following table.

01/01/08	01/01/09	01/01/10	01/01/11	01/01/12
22%	19%	16%	13%	10%

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.

CHICKPEAS

China: Tariff and VAT (Import Policies)

China maintains a 7% tariff on imported chickpeas (HTS 0713.2090), compounded by a 13% VAT.

COFFEE

India: Tariff (Import Policies)
The Government of India's bound tariff level on roasted coffee is 150%.

South Korea: Tariff (Import Policies)
South Korea's tariff on roasted coffee is "bound" at 29.5%. As a result, South Korea can charge a tariff up to 29.5% even though it currently applies a tariff of 8%.

South Korea: Rules of Origin (Other)
South Korea's tariff on roasted coffee is "bound" at 29.5%. This means South Korea can charge a tariff up to 29.5% even though it currently applies a tariff of 8%. Starbucks seeks the elimination of this bound tariff under the U.S.-South Korean Free Trade Agreement (FTA). The tariff elimination, however, is meaningless unless the FTA contains a favorable "rule of origin" relating to coffee which would treat coffee roasted in the United States from green coffee sourced from other countries as a U.S.-origin product.

In order for Starbucks to benefit from any tariff reduction under the FTA negotiations, Seoul must agree that the roasting process changes the country of origin of the final coffee product to the United States (from the country where the green coffee is from). Otherwise, even if the FTA eliminates the 29.5% bound tariff, Starbucks coffee exports to South Korea will continue to face up to a 29.5% tariff based on the country of origin of the green bean.

Thailand: Tariff (Import Policies)
The Government of Thailand imposes a 90% tariff on imported roasted coffee from the United States.

DAIRY PRODUCTS

Brazil: Tariff (Import Policies)
Brazil maintains high tariffs (14% to 30%) on dairy products. It appears that the high tariffs are due to political pressure from Brazilian dairy producers who believe that domestic processors import whey to blend with Ultra High Temperature milk.

Thailand: Tariff Rate Quotas (Import Policies)
U.S. exports of dairy products are limited by restrictive tariff rate quotas (TRQs). The U.S. dairy industry is hopeful that these TRQs will be eliminated as part of the U.S.-Thailand Free Trade Agreement or the WTO Doha Round of negotiations.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington dairy company estimates that their annual exports to Thailand would increase by $10 million to $20 million if the TRQ are eliminated.

FISH PRODUCTS

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

Japan: Tariff on Cod (Import Policies)
Japan imposes a 6 percent tariff on the CIF value of Pacific cod.

FLOUR

Argentina: Tariff (Import Policies)
The Government of Argentina imposes a12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Brazil, Paraguay and Uruguay) receive duty-free treatment.

Brazil: Tariff (Import Policies)
The Government of Brazil imposes a 12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Argentina, Paraguay and Uruguay) receive duty-free treatment.

Pakistan: Tariff (Import Policies)
U.S. flour exports currently face a 10% tariff.

Paraguay: Tariff (Import Policies)
The Government of Paraguay imposes a12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Argentina, Brazil and Uruguay) receive duty-free treatment.

Uruguay: Tariff (Import Policies)
The Government of Uruguay imposes a12% tariff on imported flour. By comparison, flour imports from the other MERCOSUR countries (Argentina, Brazil, and Paraguay) receive duty-free treatment.

GENERAL

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

Hong Kong: Nutrition Labeling (Standards, Testing, Labeling & Certification)
Hong Kong is in the process of passing a national labeling law that is unique to Hong Kong and is not consistent with any international standard, including CODEX. Among other things, the new standards vary tremendously from those found in the United States. For example, the U.S. labeling standard for transfats is 0.5 grams. Any amount of transfats below that level does not need to appear on a label in the United States. By comparison, Hong Kong's new labeling law would set the standard at 0.3 grams.

Hong Kong's new law also does not allow for any claims of nutritional value. For example, if a product claims to be healthy for the heart or states that blueberries contain antioxidants, the manufacture is required to scientifically prove these claims. As a consequence, the new labeling law would prohibit products for diabetics and healthy, organic products. In addition, under the new law, Hong Kong would require that all serving sizes be listed in millimeters, which is inconsistent with U.S. practice.

Estimated Potential Increase in Exports from Removal of Barrier
Hong Kong's new requirement will cause significant problems for small- and medium-sized manufacturers. As a result, a Washington consolidator and wholesaler predicts that it will lose 50% of its market in Hong Kong in two years when the laws go into effect. This is a significant loss to the company as Hong Kong is their third largest market.

Indonesia: Documentation Requirements for Processed Food (Standards, Testing, Labeling & Certification)

Indonesia recently implemented far-reaching document requirements for imports documentation on all consumable products, including food and non-food requirements. Under these new requirements, Indonesia will require a Certificate of Free Sale, Certificate of Origin, Good Manufacturing Process Certificate, as well as technical data, such as quantitative and qualitative formula data, manufacturing process, product specification, packaging specification, final product inspection procedures and laboratory test data. Both the Certificate of Free Sale and the Certificate of Origin are only valid for 6 months from the date of issue. Since it typically takes four to eight weeks to obtain the originals of these documents and up to two more months for the legalization of the documents by the Indonesian embassy, the practical lifespan of these documents is quite short. As a result the exporter will have to require new documentation almost every two weeks. This is an unnecessary barrier to trade.

In addition, the technical information required by the Indonesian government is particularly troubling as it is calls for companies to disclose their intellectual property.

Estimated Potential Increase in Exports from Removal of Barrier

One Washington food products consolidator and wholesaler predicts that it will lose $2 million in sales in 2009 based on the complete loss of its current exporting business to Indonesia combined with an earlier forecast of $500,000 to $750,000 in new sales for 2009, as a result of the company's participation in the Food & Hotel Indonesia trade show in April 2009.

Pakistan: Tariffs on Fruits and Vegetables (Import Policies)

The Government of Pakistan imposes tariffs that range from 10% to 30% on imported vegetables and fruits.

Russia: Customs Barriers to Fruit Exports (Import Policies)

The enforcement of customs procedures varies by region and port of entry in Russia. Frequent changes in the country's regulations add costs and delays at the border.

GENETICALLY MODIFIED PRODUCTS

China: Import Prohibition (Standards, Testing, Labeling & Certification)

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

NECTARINES

Japan: Tariff (Import Policies)
The Japanese government collects a 6.0% ad valorem duty on imports of nectarines.

Thailand: Tariff (Import Policies)
U.S. nectarine exports currently face a 40% tariff, while the Thai duty on New Zealand and Australian nectarines was eliminated under trade agreements with those countries.

NURSERY PRODUCTS

China: Import Permits (Import Policies)
Exporting nursery products to China can be problematic due to difficulties in acquiring import permits. The ability to receive an import permit also varies based on the location of the Chinese buyer. The institution of a new requirement from China of an invasive plant assessment prior to issuance of an import permit has been a new challenge because there is no central library in China that determines if a plant is new to China or not. It's very subjective.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington company estimates that the elimination of the barrier would lead to an increase of less than $5 million in exports per year.

Chinas: Poor Intellectual Property Rights Protection (Lack of Intellectual Property Protection)
China's failure to protect the intellectual property rights for nursery products is an ongoing problem. Chinese buyers have been forthcoming in stating they want to purchase proprietary nursery products so they can produce the finished products themselves in China under more favorable economic standards. Canada continues to be the biggest conduit into China for proprietary plants originating from the United States.

Estimated Potential Increase in Exports from Removal of Barrier
One Washington company estimates that the resolution of this issue would lead to an increase of $5 million to $25 million in exports of nursery products to China per year.

ONIONS

Australia: SPS Restriction: (Standards, Testing, Labeling & Certification)
Although Australian importers have shown interest in importing onions, Washington state producers must demonstrate that the product is free of onion smut as a condition for importation.

South Korea: Tariff Rate Quota (Import Policies)
The Government of South Korea limits the importation of onions through a restrictive TRQ that has been very slowly liberalized over the last few years. The TRQ is as follows:

Year	Quota	In-Quota Tariff	Over-Quota Tariff
2002	18,805.9 MT	50%	The higher of 138.0% or 184 won per kilogram
2003	19,725.5 MT	50%	The higher of 136.5% or 182 won per kilogram
2007	20,645 MT	50%	The higher of 135.0% or 180 won per kilogram

ORGANIC PRODUCTS

Canada: Certification (Standards, Testing, Labeling and Certification)
At the present time, Canada is in the process of establishing new requirements for organic products which could limit Washington exports. These new organic standards, the Canadian Organic Regime (COR), are currently on track to be implemented on June 30, 2009 and will mean that Washington products certified under the USDA's National Organic Program (NOP) will no longer be accepted as such by the Canadian authorities. U.S. and Canadian official are currently negotiating to establish an equivalency agreement between the organic standards of the two countries but the effort is complicated by the fact the COR was written to more closely reflect the European standards than those of the United States. If an equivalency agreement cannot be reached between Canada and the United States then all products will have to be certified under COR after June 30, 2009.

The Washington State Department of Agreement (WSDA) has asked the International Organize Accreditation Services (IOAS), which has been accepted by the Canadian Food Inspection Agency, to evaluate the state's organic program for compliance with the COR. After a review by the IOAS, WSDA revised its International Organic Certificate program to meet the COR requirements. Currently, WSDA's International Organic Program incorporates the Canadian, European and Japanese organic standards and maintains compliance with the International Federation of Organic Agriculture Movements and ISO Guide 65 accreditation standards

As a result, while some Washington organic companies that use the WSDA International Organic Certification program can export to Canada, other companies certified by other programs may not be able to do so. The acceptance of the USDA NOP by Canada would resolve this issue.

Taiwan: New Standards (Standards, Testing, Labeling & Certification)
Currently, Taiwan is in the process of drafting new regulations concerning standards for organic products. The target date for implementation is January 29, 2009, but they have not finalized the regulations to implement the law. U.S. officials in Taiwan have been encouraging Taiwan to recognize USDA's National Organics Program (NOP) as equivalent to their own. Taiwan has extended equivalency to ten countries and U.S. officials are optimistic that the United States NOP will be recognized in the near future. If the NOP is not accepted by officials in Taiwan, then the export of U.S. organic products could be seriously disrupted.

PEACHES

Thailand: Tariff (Import Policies)

U.S. peach exports currently face a 40% tariff, while the Thai duty on New Zealand and Australian peaches was eliminated under trade agreements with those countries.

PEARS

Algeria: Tariff (Import Policies)
Pear exports to Algeria are restricted by a 30% tariff.

Argentina: Tariff and Statistical Tax (Import Policies)
The Government of Argentina collects a 10% tariff and a 0.5% statistical tax on pear imports from the United States. 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.

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. 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.

Argentina: Export Rebate Subsidy (Export Subsidy)
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. Argentine 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.

Armenia: Tariff (Import Policies)
U.S. pear exports currently face a 15% Armenian tariff.

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

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

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

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

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

Bangladesh: Tariff (Import Policies)

Bangladesh collects a 37.5% tariff on U.S. pear imports.

Bolivia: Tariff (Import Policies)

U.S. pear exports to Bolivia face a 15% tariff. Exports of fruit from other Andean Community countries (Colombia, Ecuador, and Peru) and MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela), as well as Chile under a bilateral trade agreement, enter Bolivia duty-free.

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

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 Bolivia eliminated the tariff.

Brazil: Tariff (Import Policies)

Brazil imposes a 10% duty (CIF) on imports of pears from the United States. Imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) have a competitive advantage because tariffs on pears were eliminated on January 1, 1995. Furthermore, pear imports from the countries of the Latin American Integration Association (ALADI), Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela receive preferential tariff rates.

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

Based on current market conditions in Brazil, the industry estimates that U.S. pear exports would increase by under $5 million a year if the country removed the tariff.

China: Tariff (Import Policies)

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

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the U.S. pear exports would increase by less than $5 million per year if China eliminated the tariff and phytosanitary import prohibition.

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

At the present time, China prohibits the importation of pears due to alleged concerns that it could lead to the transmission of the bacterial disease fire blight to the country's domestic crop. Research published by Oregon State University in 2007 demonstrates that mature, symptomless fruit do not transmit the disease.

The U.S. pear industry has been seeking market access to China since 1991. In 1995 the United States requested a pest risk assessment (PRA) from China. China indicated that it started work on the PRA in March 1997 and requested additional data on U.S. pear production areas. During the bilateral negotiations in Fairbanks, Alaska in July 2000, China stated that it had never received a PRA request from the United States. Following the meeting, the United States supplied China with a copy of the 1995 PRA request. As of this time, more than a dozen years after the original PRA request, China has not complied with the request.

In the meantime, much to the frustration of the U.S. pear industry, China has obtained access to the U.S. market for the country's Ya and Fragrant pears. Moreover, the United States Department of Agriculture is currently reviewing Chinese request for market access to the United States for Chinese Sand pears.

Since the opening of the U.S. market, Chinese pear exports to the United States have expanded rapidly as shown in the following table.

	Cartons in Thousands (44 lb. Equivalents)	Value in Millions USD
1998	16.4	$0.328
1999	104.9	$2.01
2000	263.2	$3.75
2001	328.6	$3.56
2002	289.3	$3.29
2003	356.4	$4.39
2004	5.4	$0.069
2005	1.5	$0.090
2006	391.1	$8.25

2007	752.8	$18.2

Estimated Potential Increase in Exports from Removal of Barrier

Based on the current market conditions in China, the U.S. industry anticipates under $5 million in annual pear exports if the tariff and phytosanitary prohibition were to be eliminated.

Colombia: Tariff (Import Policies)

U.S. pear exports to Colombia currently face a 15% ad valorem tariff. Under the proposed bilateral trade agreement with Colombia, the duty on U.S. pears would be immediately eliminated. The bilateral trade agreement, however, still awaits Congressional consideration.

Estimated Potential Increase in Exports from Removal of Barrier

The U.S. industry estimates that exports would increase by $5 million to $25 million per year after the tariff is eliminated. This estimate is based on current market conditions in Colombia.

Ecuador: Tariff (Import Policies)

Ecuador collects a 15% ad valorem tariff on pear imports from the United States. Pear imports from the other Andean Pact countries (Bolivia, Colombia, and Peru) enter Ecuador duty-free. Chilean pears also receive duty-free treatment under a bilateral free trade agreement with Ecuador.

Estimated Potential Increase in Exports from Removal of Barrier

Based on current market conditions in Ecuador, the U.S. pear industry forecasts that annual exports would increase by less than $5 million if Ecuador eliminated the tariff.

Egypt: Tariff (Import Policies)

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

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.

<u>EU: Tariff (Import Policies)</u>

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

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

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

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.

<u>EU: Entry Price System (Import Policies)</u>

U.S. pear exports to the EU are limited by the custom union's entry price system, which acts 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 under the entry price system 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.

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

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

India: Tariff (Import Policies)
India's current aggregate applied duty rate is 30.6% on the CIF value on pear imports.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. 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.

Indonesia: Tariff (Import Policies)
The Government of Indonesia currently assesses a 5% tariff on imports of pears from the United States. On June 1, 2001, the Government of Indonesia introduced a 10% value added tax (VAT) on pears and other agricultural products.

Indonesia: Phytosanitary Import Restriction (Standards, Testing, Labeling & Certification)
On March 27, 2006, Indonesia implemented Minister of Agriculture Decree Number 37/Kpts.60/1/2006, which requires various mitigation treatments for imported pears 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.

The regulation disregards important technical facts and international standards by requiring treatment of pears for pests that do not attack this fruit. It also requires treatment even though Indonesia does not have host material for some of these fruit flies and lacks 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 World Trade Organization in August of 2005. The U.S. pear industry argues that pears should be removed from Decree 37 as a commodity of concern to Indonesia.

Estimated Potential Increase in Exports from Removal of Barrier
Once the regulation is amended to reflect internationally accepted plant health standards and risk, the U.S. pear industry anticipates that exports will increase by less than $5 million per year.

Israel: Tariff Rate Quota (Import Policies)

The United States and Israel signed a free trade agreement in 1985 but Israel argued that the agreement did not cover agricultural products. As a result, in 1996 the United States and Israel signed the Agreement on Trade in Agricultural Products (ATAP), which does not consist of any text, but rather a schedule of tariff rates, reference prices and quotas that were negotiated by the two countries. The new agreement was scheduled to expire at the end of 2008.

The vast majority of Israel's agricultural products have duty-free access to the U.S. market. Under the recently expired Israeli TRQ, however, in-quota pear imports can enter Israel duty-free only from November until May 31. The pear quota was set at 1,364 MTs in 2008. Israel imposes a specific over-quota duty of 1.85 New Shekel (NS). The U.S. pear industry would like unrestricted access under any new agreement.

Estimated Potential Increase in Exports from Removal of Barrier

Once the TRQ is eliminated, the industry would expect exports to increase by less than $5 million per year.

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

Japan prohibits the importation of U.S. pears because of plant quarantine concerns related to the bacterial disease, fire blight. The position of the United States is that mature, symptomless fruit produced under commercial conditions have not been shown to transmit the disease. In 2007, research substantiated the U.S. position.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates that U.S. pear exports to Japan would reach less than $5 per year if Japan lifted the import ban. This estimate is based on sales to similar markets.

Jordan: Tariff (Import Policies)

Under the U.S.-Jordan Free Trade Agreement (FTA), U.S. pear exports to Jordan faced a 6% ad valorem tariff in 2008. Under the FTA, the tariff will be reduced in stages of 3% each year until it is eliminated in 2010.

Libya: Tariff (Import Policies)

The Government of Libya currently imposes a 40% tariff on U.S. pear imports.

Malaysia: Tariff (Import Policies)

Effective October 29, 1999, Malaysia lowered the tariff on imported pears to 5% ad valorem. The government collects an additional 5% sales tax on fresh fruit imports.

Morocco: Tariff (Import Policies)
Prior to the U.S.-Moroccan Free Trade Agreement (FTA), the Moroccan tariff on U.S. pears imports was 52%. In 2006 the rate fell to 41.6% and to 31.2% in the following year. In 2008, the tariff was set at 20.8%. It will fall to 10.4% in 2009 and 0% in 2010.

Norway: Tariff (Import Policies)
The Government of Norway imposes 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.

Panama: Tariff (Import Policies)
The Government of Panama imposes only a 5% tariff on imported U.S. pears. Under the U.S.-Panama Free Trade Agreement the tariff will be eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Peru: Tariff (Import Policies)
U.S. exports of pears to Peru face a 25% ad valorem tariff and are at an additional competitive disadvantage because of some of the trade preferences granted by Peru to other countries in the region. Exports of pears from the other Andean Community countries of Bolivia, Colombia, Ecuador and Venezuela do not face any duties. Chilean pears enter Peru duty-free, while those from Argentina face a duty of 8.7%.

Under the bilateral trade agreement negotiated with Peru, U.S. pear imports will enter Peru duty-free immediately after the agreement is implemented. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier
Based on current market conditions in the country, the industry estimates that pear exports to Peru would rise by under $5 million a year if the country removed the tariff.

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

Russia: Tariff (Import Policies)
U.S. pear exports to Russia are subject to a 5% duty. In addition, Russia collects a customs clearance procedure tax, which is the combination of 0.1% of the invoice value in rubles and 0.05% of the invoice value, paid in U.S. dollars. The importer must also

pay a 20% VAT based on the customs value of the product, which is the CIF invoice value plus the customs duty and customs clearance procedure tax.

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

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

South Africa: Phytosanitary Import Prohibition (Standards, Testing, Labeling & Certification)
The U.S. pear industry cannot export its product to South Africa due to a phytosanitary import prohibition. The two governments have held discussions but have not been able to resolve the issues.

Estimated Potential Increase in Exports from Removal of Barrier
Based on exports to similar markets, the lifting of the import prohibition would lead to less than $5 million in annual pear exports to South Africa.

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

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

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

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 in pear exports each year.

Taiwan: Tariff (Import Policies)
Effective January 1, 2002, the Taiwanese tariff on U.S. pear exports declined to 10% under the country's WTO accession agreement.

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.

Thailand: Tariff (Import Policies)
The Government of Thailand imposes a 30% tariff on U.S. pears.

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.

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

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

Venezuela: Tariff (Import Policies)
Venezuela imposes a 15% tariff on the ad valorem value of pear exports from the United States. U.S. pear exporters are placed at a competitive disadvantage by the duty-free treatment provided to pear imports from other Andean Pact countries (Bolivia, Colombia, Ecuador and Peru). Pear imports from Chile and MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay also enter Venezuela duty-free.

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.

Vietnam: Tariff (Import Policies)
The Government of Vietnam currently imposes a 30% tariff on U.S. pear imports. The high tariff and excessive government red tape significantly increase the cost of exporting pears to Vietnam. Under Vietnam's WTO accession agreement, the tariff will drop to 10% in stages as displayed below.

01/01/08	01/01/09	01/01/10	01/01/11	01/01/12
30%	25%	20%	15%	10%

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

China: Tariff and VAT (Import Policies)

China maintains a 5% tariff on imported peas (HTS 0713.1090), compounded by a 13% VAT.

POTATO PRODUCTS

Argentina: 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. If U.S. frozen fry exporters were provided with the same level of market access enjoyed by regional competitors, the industry estimates that exports would increase by several million dollars per year.

Argentina: Phytosanitary Import Prohibition on Seed Potatoes (Standards, Testing, Labeling & Certification)
The Government of Argentina currently prohibits the importation of U.S. seed potatoes based on unjustified and unscientific reasons. The industry urges the U.S. government to make the lifting of this ban a priority.

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

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

Brazil: Sulfite Tolerance for Dehydrated Potatoes (Standards, Testing, Labeling & Certification)
Brazil has not established a sulfite food additive tolerance for dehydrated potatoes. As a result, the American dehydrated potato products industry cannot use sulfites in products exported to Brazil. The industry is hoping that Brazil will establish a sulfite tolerance at international levels of approximately 500 ppm.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry exported $1.9 million in dehydrated potato products to Brazil during the 2007-8 marketing year. If Brazil increases its sulfite tolerance, the industry estimates that annual sales would increase to approximately $5 million per year.

Canada: Phytosanitary Restriction on Fresh Potatoes (Standards, Testing, Labeling and Certification)

The Government of Canada is preparing to eliminate its 0.1 ppm general (default) pesticide tolerance and replace it with a new pesticide maximum residue level (MRL). 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 Health Canada's Pest Management Regulatory Agency (PMRA) to implement the policy in manner that avoids trade disruptions. This approach could involve the adoption of U.S. MRLs at or under 0.1 ppm or establishing a multi-year transition period to allow for establishment of new MRLs.

Canada: Restrictions on Bulk Shipments of Fresh Potato Products (Other)

Canada heavily regulates the importation and inter-provincial shipment of agricultural products. Specifically, Canada's Standard Container Law, which is part of the Fresh Fruits and Vegetable Regulations of the Canadian Agricultural Products Act, prohibits the importation of U.S. fresh potatoes into Canada for processing or consumption in bulk quantities (over 50 kilograms) unless a special "Ministerial Exemption" is granted by the Canadian Food Inspection Agency (CFIA).

Ministerial Exemptions are granted on a shipment-by-shipment basis and only if equivalent product is not available in Canada. In practice, Ministerial Exemptions have been used to discriminate against U.S. suppliers by allowing domestic suppliers to block the exemption request if they can demonstrate that local supplies in the receiving province or "neighboring provinces" are adequate to meet the demand. The CFIA interprets the term "neighboring province" to be regional in scope. For example, although they do not border one another, Manitoba is considered a neighboring province of Alberta. In several instances potato growers in Manitoba used this provision to block shipments of U.S. potatoes to two processors in Alberta even though Alberta potato growers supported the request for a Ministerial Exemption.

U.S. exporters also face different rules than Canadian potato producers with respect to Ministerial Exemptions. The bulk shipment prohibition does not apply to Canadian potatoes shipped within a province. Moreover, only the receiving province has to approve a shipment of potatoes from another province in order for the shipping province to receive a Ministerial Exemption. By contrast, all provinces have to approve a Ministerial Exemption for an import of U.S. potatoes to be approved, allowing one province to veto any import of U.S. bulk potatoes. The restrictions would appear to be inconsistent with the WTO "national treatment" provisions (GATT Article III) and NAFTA Article 301 because they treat U.S. potatoes less favorably than they do Canadian potatoes.

At the end of October 2007, the United States and Canada announced an agreement that will provide US potato growers with predictable access to Canadian Ministerial exemptions to allow the importation of potatoes. Under this agreement, in year three, 60-day forward contracts between Canadian processors and US growers will be allowed as a demonstration of sufficient evidence of a shortage of Canadian potatoes. If properly and fully implemented, the agreement will open trade for U.S. potato exports in a fairer and less-trade restrictive manner.

Estimated Potential Increase in Exports from Removal of Barrier
The bulk exemption requirement restricts U.S. growers' access to the large potato processing market in Canada. In contrast, low-priced potatoes from Canada enter the U.S. market with no similar restriction.

The U.S. potato industry estimates that the prohibition on bulk shipments and the onerous exemption requirements for a Ministerial Exemptions cost U.S. potato growers $25 to $30 million a year in lost sales.

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

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

China: Tariffs on Potato Products (Import Policies)

The People's Republic of China is one of the fastest growing major markets for the U.S. processed potato industry. In the 2006/2007 marketing year, U.S. frozen potato exports to China reached $31 million. Despite the tariff concessions contained in China's WTO accession agreement, significant tariff obstacles to exporting potato products remain. Most significantly, the current tariff on U.S. frozen French fries is 13% while the tariff on dehydrated potato products is 15%. The Chinese tariffs on these and other potato products are reflected in the following table.

Product	Pre-accession Duty	Current 2004
Dehydrated potato flakes and granules (HS 1105.20)	30%	15%
Potato flour, meal and powder (HS 1105.10)	27%	15%
Fresh or chilled potatoes (HS 0701.90)	13%	13%
Frozen potatoes (HS 0710.10)	13%	13%
Non-Frozen, prepared/preserved potatoes including chips (HS 2005.20)	25%	15%
Frozen Fries (HS 2004.10)	25%	13%
Potato Starch (HS 1108.13)		15%

.

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

U.S. potato product exports have been placed at a competitive disadvantage due to the terms of a free trade agreement signed between New Zealand and China on April 7, 2008. Under this agreement, Beijing agreed to reduce its tariff on New Zealand potato products according to the following schedule.

Year	China tariff on NZ Fries (HS 2004.1)
Base Rate (MFN Rate applied to US)	13%
2008	10.4%
2009	7.8%
2010	5.2%
2011	2.6%
2012	0%

Year	China tariff on NZ potato flakes, granules, and pellets (HS 1105.2)
Base Rate (MFN Rate applied to US)	15%
2008	12%
2009	9%
2010	6%
2011	3%
2012	0%

Year	China Tariff on NZ potatoes, preserved o/t by vinegar or acetic acid, not frozen (HS 20005.2)
Base Rate (MFN Rate applied to US)	15%
2008	12%
2009	9%
2010	6%
2011	3%
2012	0%

Estimated Potential Increase in Exports from Removal of Barrier

During the 2007 – 2008 marketing year, U.S. frozen potato product exports to China reached $38 million, an increase of 21% from the previous year, while U.S. dehydrated potato products exports reached one million. As a result, China is now the industry's fourth largest and one of the fastest growing overseas markets. If China eliminated tariffs on U.S. frozen potato products and maintained WTO-consistent import standards, the industry estimates that annual exports could reach $75 million within five years.

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

In recent years China has detained and destroyed loads of processed potatoes for highly questionable reasons, misapplying a Chinese snack regulation to U.S. processed potatoes and claiming that the product did not meet these standards. These claims were highly questionable. The Government of China has rushed to destroy the shipments before the situations could be reviewed and resolved.

The U.S. processed potato industry is concerned that Chinese food import regulations might jeopardize this rapidly growing market. The Chinese market should continue to grow if China complies with the country's WTO commitments. Because of the importance of this rapidly expanding market, the U.S. potato products industry urges the U.S. government to work with their counterparts in China to ensure that the development of food import regulations is based on international standards.

The Government of China also requires a USDA Agricultural Marketing Service (AMS) document called a certificate of quality and condition for exports of frozen French fries to China. This document is expensive and serves no purpose. China required this document after initially seeking a phytosanitary certificate for French fries, a highly processed product that poses no plant health risk. The U.S. potato industry seeks to eliminate unnecessary documentation requirements. The U.S. government should work with China to ensure that import regulations are transparent, based on sound science, consistent and the least trade restrictive as possible.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2007 – 2008 marketing year, U.S. frozen potato product exports to China reached $38 million, an increase of 21% from the previous year, while U.S. dehydrated potato product exports reached one million. As a result, China is now the industry's fourth largest and one of the fastest growing overseas markets. If China eliminated tariffs on U.S. frozen potato products and maintained WTO-consistent import standards, the industry estimates that annual exports could reach $75 million within five years.

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

China currently prohibits the importation of U.S. fresh 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).

In November 2000, Governors Locke and Kitzhaber sent a letter to Ambassador Li Zhaoxing, urging China to send scientists to the PNW to jumpstart the PRA. In July 2001, an official delegation of Chinese scientists visited Idaho, Washington and Oregon to observe potato growing, harvesting, storage, shipping, and export certification techniques. (The trip was paid for by the U.S. potato industry.) Although the Chinese scientists finished their trip report that fall, China did not complete the PRA.

In early May 2002, Governors Kempthorne, Kitzhaber and Locke wrote the new Chinese Ambassador, Yang Jiechi, urging the resolution of the issue. At the mid-May 2002 bilateral meetings, however, Chinese officials stated that they were understaffed and had not begun the PRA.

During the October 2003 trade mission to China, Governor Locke raised the issue with Li Chang Jiang, Minister of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). Mr. Li promised Governor Locke that he would "speed up" the PRA. In the summer of 2004, Governor Locke again stressed the importance of this trade issue in meetings with AQSIQ officials during another trade mission. Governor Locke's successor, Governor Gregoire also made this issue the focus of her meeting with Minister Li during a 2005 trade mission.

The Chinese government has been more receptive towards opening the market for seed potatoes. In December 2003, the United States and China signed an agreement which opened the Chinese market to imports of Alaskan seed potatoes. In return the United States agreed to open its market to Chinese longans. The U.S. potato industry was hopeful that this limited market opening would lay the groundwork for full market access. Unfortunately, the issue has been politicized with China linking market access for U.S. fresh potatoes to progress on their market access issues.

At the bilateral talks in September 2006, China provided a potato pest list for USDA to review and provide information to the PRC authorities. The United States provided the requested information in December 2006. Additionally, in May 2008, APHIS sent a response to China containing information on potato pests present in the United States. The letter included information that many of the pests of concern cited by China appear to be present in China. Since that time, China has not responded to the information.

The U.S. potato industry is frustrated because USDA conducts PRAs on Chinese agricultural products in a transparent manner and based on sound science. China's opaque policy and lack of progress are inconsistent with WTO rules. Moreover, China politicizes scientific reviews by directly linking progress on U.S. market access requests to progress on Chinese requests. China merely delays completion of the PRA in an attempt to seek additional market access for its products.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
The industry estimates that annual fresh potato exports would reach $5 million a year in the near-term and $10 to $20 million within five years if China lifted the import prohibition.

<u>Colombia: Tariff on Dehydrated Potato Flakes/Granules (Import Policies)</u>
The Government of Colombia imposes a 20% duty on imports of U.S. dehydrated potato flakes/granules (HS 1105.2) and dehydrated granules and potato chips **(**2005.2). By comparison, under the Treaty on Free Trade between Colombia, Mexico and Venezuela, which went into effect on January 1, 1995, Colombia agreed to eliminate the tariff on processed potato products in stages from these countries until they reached zero in 2004.

Under the negotiated trade agreement between the United States and Colombia the tariff would be eliminated immediately. The agreement awaits consideration by Congress.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
During the 2007-2008 marketing year U.S. processed potato exports to Colombia reached $1.8 million. The U.S. industry estimates that the elimination of the duty would lead to approximately $5 million in additional exports of processed potato products per year.

<u>Colombia: Tariff on Fresh Potatoes (Import Policies)</u>
The Government of Colombia imposes a 15% tariff on fresh potatoes from the United States. U.S. exporters are also at a competitive disadvantage compared to regional exporters who benefit from preferential access under other trade agreements. Under the recently negotiated trade agreement with Colombia the tariff would be eliminated immediately, but the agreement is awaiting Congressional consideration.

<u>Colombia: Tariff on Frozen French Fries (Import Policies)</u>
At the present time, Colombia imposes a 20% tariff on imported frozen French fries from the United States, which is well below the country's 70% bound commitment under the Uruguay Round. By comparison, under the Treaty on Free Trade between Colombia, Mexico and Venezuela, which went into effect in 1995, Colombia agreed to reduce it's tariffs on processed potato products from these countries in stages until they reached zero in 2004.

Under the negotiated trade agreement between the United States and Colombia, the tariff would be eliminated immediately. As of this time, however, Congress has not voted on the agreement.

Estimated Potential Increase in Exports from Removal of Barrier
The U.S. industry estimates that the elimination of the duty would lead to approximately $5 million in additional exports of processed potato products per year. This would be a significant increase over the current $1.8 million in exports to Colombia during the 2007-2008 marketing year.

Colombia: Phytosanitary Import Prohibition on Seed Potatoes (Standards, Testing, Labeling & Certification)
The Government of Colombia prohibits imports of U.S. seed potatoes based on unjustified phytosanitary concerns. The industry urges that the lifting of this ban be made a priority and should be attained prior to the finalization of the free trade agreement.

Estimated Potential Increase in Exports from Removal of Barrier
If Colombia removed the ban, the U.S. industry estimates that it would achieve $2 million a year in seed potato exports to meet the need of Colombia's growing processing industry.

Dominican Republic: Import Permits for Seed Potatoes (Import Policies)
The Dominican Republic allows the importation of U.S. seed potatoes based on obtaining an import permit. Exporting seed potatoes to the Dominican Republic is difficult because the requirements for receiving a permit constantly change.

In late 2006, USDA provided the Government of the Dominican Republic with a draft agreement for review. In response to this proposal, at the request of Dominican Republic officials, the U.S. potato industry paid for the officials to visit the U.S. seed producing areas in June 2007. Subsequently, in September 2007, the Dominican Republic provided a revised seed potato agreement that limited access to one state. The U.S. industry is completely opposed to this limitation.

Estimated Potential Increase in Exports from Removal of Barrier
Once stable market access has been achieved, the U.S. industry estimates that annual seed exports to the Dominican Republic could reach $2 million per year.

Ecuador: Tariff on Fresh Potatoes (Import Policies)
The Government of Ecuador imposes a 15% tariff on imports of fresh potatoes and a 5% tariff on seed potatoes from the United States.

Ecuador: Tariff on Frozen French Fries (Import Policies)
U.S. frozen French fry exports to Ecuador face a 20% tariff. U.S. exporters are placed at a competitive disadvantage by tariff preferences granted to their competitors under regional trade agreements.

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

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

EU: Tariff on Frozen French Fries HS 2004.1 (Import Policies)
The EU imposes a 14.4% tariff on imports of frozen French fries.

India: Tariff on Dehydrated Potato Products (Import Policies)
India currently imposes a 30% tariff on imported dehydrated potato products (HS 1105.2/HS 2005.2) This applied rate is lower than India's bound rate but this reduction has been nullified to some degree by the addition and occasional repeal of various taxes on top of the ad valorem tariff. In 2007, India again changed its tax policy to apply a 12.36% service tax. The ultimate impact is to increase the effective duties paid on imported frozen French fries and dehydrated potato products. The U.S. industry believes that only the ad valorem tariff should be applied to imports and urges India to bind its tariff on these products to no more than 10% during the current WTO negotiations.

India: Tariff and Taxes on Frozen French Fries (Import Policies)
India currently imposes a 30% tariff on imported frozen French fries. 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. In 2007, India again changed its tax policy to apply a 12.36% service tax, increasing the effective duty paid on frozen French fry imports to approximately 50% (30% tariff, 6-10% countervailing duty, 3% education tax and 12.36% service tax.) It is unclear if the taxes are applied equally to domestic product in keeping with WTO rules.

The industry believes that only the ad valorem tariff should be applied to imports and urges India to bind its tariff on these products to no more than 10% during the current WTO negotiations.

Estimated Potential Increase in Exports from Removal of Barrier

U.S. frozen fry exports to India reached $1.7 million in marketing year 2007-2008, virtually unchanged from the previous year. The amount of sales, however, is tiny relative to the potential size of the Indian market, which many U.S.-based restaurant companies are interested in developing more aggressively.

The industry estimates that clarifying and lowering the tariff on fries to less than 10% would accelerate the development of the market. Should these barriers be removed, the industry estimates that annual exports could reach $5 million in the near-term and by much more in the long-term.

Indonesia: Tariff on Fresh Potatoes (Import Policies)

In 2005, the Government of Indonesia increased its applied tariff on fresh table stock potatoes from 5% to 25% in an effort to protect domestic growers. The U.S. potato industry believes that Indonesia's current bound tariff level of 50% and its applied tariff rate of 25% are excessive and should be reduced as part of the ongoing WTO negotiations

Indonesia: Tariff on Frozen French Fries (Import Policies)

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

Estimated Potential Increase in Exports from Removal of Barrier

During the past year, U.S. frozen potato exports to Indonesia more than doubled to $8.4 million. The industry estimates that Indonesia's binding of the tariff at 5% would lead to an increase of approximately $7 million in annual frozen potato exports.

Japan: Tariff on Dehydrated Potato Flakes (Import Policies)

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

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. The United States also exported $23 million worth of dehydrated potato products to Japan during this past marketing year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

Japan: Tariff on Frozen French Fries (Import Policies)

The Government of Japan currently imposes an 8.5% tariff on U.S. frozen French fries. Japanese importers pay a large amount of duties each year due to the high volume of U.S. fry exports to Japan. As part of the Doha Round of WTO negotiations, the American Potato Trade Alliance 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 $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

Japan: Pesticides Sanction Policy for Processed Potatoes (Standards, Testing, Labeling & Certification)

In May 2006, the US potato industry successfully navigated Japan's transition to a positive pesticide tolerance list by ensuring the establishment of scores of new potato maximum residue levels (MRLs) that either corresponded with U.S. tolerance or were not expected to hinder trade.

On April 1, 2008, however, a shipment of U.S. fresh potatoes was found to have exceeded a Japanese MRL. In response, the Government of Japan immediately announced that 1/3 of all future shipments of fresh potatoes and simple processed potato products would be tested for this pesticide. A second finding could result in all shipments being held at Japanese ports for residue testing results.

The U.S industry believed that the Japanese policy punished innocent shippers and was not the least trade restrictive. The industry urged Japan to only apply sanctions to the individual shipper with the MRL violation and allow the shipper to revert to standard sampling after a limited number of clean shipments.

Partially as a result of these efforts, on January 8, 2009, the Japanese Ministry of Health, Labor and Welfare (MHLW) notified FAS/Tokyo that it would end enhanced monitoring inspection (30%) for metam, dazomet and methyl-isothiocyanate residues on potato and simply-processed potato products. This announcement came after stakeholders involved in shipments of U.S. potatoes to Japan made additional efforts to investigate the cause of the finding, conducted a residue analysis and put countermeasures in place to prevent a reoccurrence.

Estimated Potential Increase in Exports from Removal of Barrier

Japan is by far the largest export market for U.S. frozen French fries, importing $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. The United States also exported $23 million worth of dehydrated potato products to Japan during this past marketing year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

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

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

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

The U.S. potato industry, the Japanese Chip Manufacturers Association, USTR and USDA coordinated efforts over several years to ensure that this issue received attention by the Japanese government. In November 2004, the Japanese Ministry of Agriculture, Forestry and Fisheries agreed that the safeguarding protocol would be the basis for a market access agreement and agreed to work with interested parties to finalizing such a protocol.

In February 2006, Japan opened up its market to U.S. potatoes, which had to be processed immediately after arrival in Japan. The protocol only covered 14 states (Arizona, California, Colorado, Florida, Idaho, Maine, Michigan, Minnesota, New Mexico, North Dakota, Oregon, Texas, Washington and Wisconsin) and required the chipping potatoes to arrive in Japan between February 1 and June 30th. In addition, the product had to go to approved processing plants in Japan which had to have an extensive waste management system. As of this time, only one Japanese plant has been approved to handle U.S. chipping potatoes.

Following the potato cyst nematode find in Idaho in April 2006, Japan was the only foreign market to completely close its market to U.S. fresh potato exports after the find. In February, 2007, Japan re-opened its market to U.S. chipping potatoes, except for those grown in Idaho, which must perform a comprehensive survey for potato cyst nematode.

At the present time, the United States is still able to ship chipping potatoes to only one plant in Japan but the industry is hopeful that the Government of Japan will approve another processing facility in 2009.

<u>Estimated Potential Increase in Exports from the Removal of Barrier</u>
The potato industry estimates that the further opening of the market could lead to $10 million in exports in the first year and $50 million in three years.

<u>Japan: Coliforms Standard for Processed Potato Products (Standards, Testing, Labeling & Certification)</u>
On occasion, Japan has rejected shipments of French fries due to the presence of coliforms. Japan maintains a zero tolerance policy on coliforms on fries because it is classified as a finished product. Any coliforms that have been detected are minimal and within industry specified limits. In addition, any coliforms would be eliminated when they are processed by cooking oil.

<u>Estimated Potential Increase in Exports from Removal of Barrier</u>
Japan is by far the largest export market for U.S. frozen French fries, importing $232 million worth of the product in marketing year 2007-2008, an increase of 13% over the previous year. The United States also exported $23 million worth of dehydrated potato products to Japan during this past marketing year. Japanese tariffs and pesticide policies hinder U.S. potato exports. In order to sustain 2% to 3% export growth, the U.S. industry urges Japan to eliminate the tariff on potato products, pursue the least trade restrictive action with respect to pesticide residue practices or coliforms and to make their food regulations more transparent.

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

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

Exports of U.S. fresh potatoes to Mexico began in May 2003. Unfortunately, shortly thereafter, Mexican inspection officials reported finding quarantine pests – mostly Columbia Rootknot nematode – in several shipments. To address these concerns in October 2003, APHIS published a revised shipping protocol. The new requirements called for peeling 400 tubers per shipment at the shipping point and having an APHIS-accredited officer visually examine the potatoes for signs of Rootknot nematode and cut the potatoes to look for bacterial ring rot. Any shipment exhibiting Rootknot nematode or bacterial ring rot symptoms would not be approved for shipment to Mexico unless the shipper has the product tested in an accredited lab and it is determined that the potential quarantine pest is not present. In addition, the entire lot that the suspended shipment came from will also not be approved for export. Since implementation of the revised export protocol, few shipments have been rejected.

Under the original agreement, discussions to further open the seven northern Mexican states were to occur but the nematode finds and subsequent revised export protocol have pushed back the timetable. Little progress has been made toward opening the Mexican market to the seven northern states. There is no scientific reason for the market to remain limited to the 26km border region. Expanding access to the Mexican fresh potato market is one of the U.S. potato industry's highest priorities.

Estimated Potential Increase in Exports from Removal of Barrier

Exports to the border region reached $22.5 million in 2007. The industry estimates that annual exports to Mexico could reach $50 million with the removal of all phytosanitary restrictions.

Panama: Tariff on Dehydrated Potato Flakes (Import Policies)

Under the U.S.-Panamanian FTA, the 15% tariff on dehydrated potato flakes, pellets and granules (HS 1105.2) will be phased out in equal installments over 5 years.

Panama: TRQ on Fresh Potatoes (Import Policies)
At the present time, U.S. fresh potato exports to Panama are subject to a restrictive 453-ton TRQ. The in-quota tariff is 15%, while the above-quota is a prohibitive 83%.

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

Panama: Tariff on Frozen French Fries (Import Policies)
In the summer of 2003, the Government of Panama raised the tariff on frozen French fries from the United States from 15% to 20%. According to the U.S. embassy in Panama City, the tariff was increased due to pressure from domestic potato farmers who argued that imported frozen French fries were hurting their industry.

Although USTR and USDA urged the immediate elimination of the tariff on frozen French fries under the U.S.-Panama FTA, the Government of Panama argued that U.S. processed potatoes compete directly with Panamanian fresh potatoes and placed potato products in the sensitive category during the negotiations.

In the end, under the U.S.-Panama FTA, American French fry exports will be governed by a 3,500 MT quota in the first year after that 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.

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

Estimated Potential Increase in Exports from Removal of Barrier
With its close historical and military ties to the United States, Panama has a large number of quick service restaurants, which generate demand for frozen French fries. Given market access equal to regional competitors, U.S. frozen French fry exports could dominate the market. U.S. fry exports to Panama reached $3.2 million during the 2007-2008. The U.S. industry estimates that exports to Panama would double in the near term if the tariff were eliminated.

Panama: Tariff on Potato Chips (Import Policies)

The Government of Panama imposes only a 15% tariff on imported U.S. potato chips. Under the U.S.-Panama Free Trade Agreement the tariff will be immediately eliminated. Although the negotiations concluded on December 19, 2006, both parties must approve and implement the agreement.

Peru: Tariff on Dehydrated Potato Flakes/Granules (Import Policies)

Peru maintains a 12% tariff on imports of U.S. dehydrated potato flakes and granules (HTS 1105.2). By comparison, imports of such products from Chile face a 5.6% tariff.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to immediately eliminate all tariffs on frozen French fries and dehydrated flakes upon implementation of the agreement. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier

During the 2007-2008 marketing year, U.S. processed potato exports to Peru reached $1.6 million, a 23% increase over the preceding year. The industry estimates that removal of all duties would lead to $5 million in annual potato product exports to Peru.

Peru: Tariff on Fresh Potatoes (Import Policies)

The Government of Peru currently assesses a 20% tariff on imports of U.S. fresh potatoes. U.S. exporters are at an additional disadvantage because they have to compete against regional producers who receive preferential tariff benefits under various trade agreements.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to immediately eliminate all tariffs on U.S. potato products. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Peru: Tariff on Frozen French Fries (Import Policies)

Peru currently imposes a 20% tariff on imports of U.S. frozen French fries. By comparison, Chilean frozen French fries enter Peru duty-free.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to immediately eliminate all tariffs on U.S. potato products. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier

During the 2007-2008 marketing year, U.S. processed potato exports to Peru reached $1.6 million, a 23% increase over the preceding year. The industry estimates that removal of all duties would lead to $5 million in annual potato product exports to Peru.

Peru: Tariff on Processed Dehydrated Potato Products/Potato Chips (Import Policies)

American exports of potato chips and granules (HS 2005.2) face a 20% tariff. By comparison, imports of such products from Chile enter Peru duty-free.

Under the recently concluded U.S.-Peru Trade Promotion Agreement, Peru agreed to phase out the 20% tariff over a 5-year period. In January 2009, the Bush Administration announced the entry into force of the U.S.-Peru Free Trade Agreement (FTA).

Estimated Potential Increase in Exports from Removal of Barrier

During the 2007-2008 marketing year, U.S. processed potato exports to Peru reached $1.6 million, a 23% increase over the preceding year. The industry estimates that removal of all duties would lead to $5 million in annual potato product exports to Peru.

Philippines: TRQ on Fresh Potatoes (Import Policies)

The Philippines opened up its market to imports of fresh potatoes from the United States in 2000 after the completion of a phytosanitary work plan. Despite the lifting of the ban, market access is limited by a TRQ under the Uruguay Round Agreement on Agriculture. The TRQ is roughly 1,500 MTs with a high in-quota tariff of 40% and an over-quota duty of 50%. The industry urges U.S. trade officials to seek the elimination or substantial liberalization of the TRQ as part of the WTO Doha negotiations.

Estimated Potential Increase in Exports from Removal of Barrier

The industry believes that the elimination of the TRQ would create a market for chipping and table stock potatoes valued at $5 million or higher.

Philippines: Tariff on Frozen French Fries (Import Policies)

The Government of the Philippines applies a 10% tariff on imports of frozen French fries and other processed potato products, significantly below the WTO bound rate of 35%.

Estimated Potential Increase in Exports from Removal of Barrier

The Philippines is the United States fifth largest market for frozen French fries with exports reaching $27 million in 2007. The industry believes that the elimination of the tariff would lead to $20 million in additional exports in the short-term.

Philippines: Phytosanitary Import Restriction on Fresh Potatoes (Standards, Testing, Labeling & Certification)
Exports of fresh potatoes to the Philippines are subject to the vagaries of the country's import permit system. Additional transparency and predictable import regulations would lead to greater U.S. fresh potato exports.

Saudi Arabia: Tariff on Frozen French Fries (Import Policies)
The Government of Saudi Arabia currently imposes a 5% tariff on imported frozen French fries.

Saudi Arabia: Tariff on Processed Potato Products (Import Policies)
In March 2008, the Government of Saudi Arabia lowered the tariff on processed potato products (HS 2005.2) from 12% to 5%.

Saudi Arabia: Tariff on Seed Potatoes (Import Policies)
In March 2008, the Government of Saudi Arabia lowered the tariff on seed potatoes (HS 07101.1) from 12% to 5%.

South Korea: TRQ on Dehydrated Potato Flakes (Import Policies)
While frozen French fries and processed dehydrated potato products face high tariffs, other potato products face very restrictive TRQs. For example, exports of dehydrated potato flakes (HS 1105.2) face a 60 MT TRQ, which can be filled in one shipment. The over-quota tariff was 304%. This extremely high over-quota tariff has 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 U.S.- South Korean FTA, U.S. dehydrated potato flakes exports will be governed by a TRQ. In the first year after the agreement goes into effect, U.S. exports under 5,000 MTS will enter duty-free, with above-quota exports facing a 294.3% duty.

The TRQ schedule is provided below.

.

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

Estimated Potential Increase in Exports from Removal of Barrier

South Korea is currently the fifth largest export market for U.S. frozen French fries, with exports reaching $29 million in marketing year 2007-08, an increase of 30% over the previous year. (Dehydrated potato exports reached $772,000 during the most recent marketing year.) The American Potato Trade Alliance estimates that the annual export of U.S. potato products could reach $50 million if all potato tariffs were eliminated.

South Korea: TRQ on Fresh Potatoes (Import Policies)

Under the Uruguay Round Agricultural Agreement, fresh potato imports (H.S. 0701.90) are governed by a restrictive TRQ, which increased over the years to 18,800 MTs in 2007. This quota is shared among several countries. The in-quota tariff is a high 30% while the over-quota tariff is 304%, down from 338% over ten years ago.

The TRQ is revised annually based on the domestic market situation. The Ministry of Finance and Economy sets the quota, while the Korea Agro-Fishery Trade Corporation, a quasi-governmental organization administers the import allocations. When issuing allocations the organization gives priority to chipping potato imports and allocates the TRQ on a first-come first-serve basis.

Under the U.S.-South Korean FTA, tariffs on chipping potatoes will be immediately eliminated during the December 1 to April 30 time period. 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

Estimated Potential Increase from Removal of Barrier
The industry estimates that the resolution of SPS issues and the removal of the TRQ would lead to exports reaching over $15 million per year.

South Korea: Tariff on Frozen French Fries & Dehydrated Potato Products (Import Policies)
South Korea currently imposes an 18% tariff on U.S. frozen French fries (HS 2004.1) and a 20% tariff on processed dehydrated potato products (HS 2005.2). Under the U.S.-South Korean FTA, the tariff on frozen French fries is scheduled to be immediately eliminated once the agreement goes into effect.

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

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

Estimated Potential Increase in Exports from Removal of Barrier
South Korea is currently the fifth largest export market for U.S. frozen French fries, with exports reaching $29 million in marketing year 2007-08, an increase of 30% over the previous year. (Dehydrated potato exports reached $772,000 during the most recent marketing year.) The American Potato Trade Alliance estimates that the annual export of U.S. potato products could reach $50 million if all potato tariffs were eliminated.

Sri Lanka: Phytosanitary Import Prohibition on Seed Potatoes (Standards, Testing, Labeling & Certification
The U.S. industry is interested in exporting seed potatoes to Sri Lanka, which has been importing a significant amount of the product from Europe. Sri Lanka, however, has expressed concerns about U.S. pests that are not in the export pathway. In July 2008, the U.S. industry hosted a delegation of Sri Lankan officials to discuss market access and to explain the nature and life cycle of the Colorado Potato Beetle. The United States has been able to export some potatoes through an import permit system, but is unclear whether a significant amount of potatoes will be allowed entry into Sri Lanka in 2009.

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.

<u>Taiwan: Tariff on Fresh Potatoes (Import Policies)</u>

U.S. fresh potato exports to Taiwan currently face a 20% tariff. The industry urges that Taiwan bind its tariff on fresh potato imports to under 10% as part of the ongoing round of WTO negotiations.

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

The U.S. industry believes that fresh potato exports to Taiwan could increase from the current level, $4 million for the 2006-2007 marketing year, to $10 to $15 million per year in a few years if Taiwan improved market access.

<u>Taiwan: Tariff on Frozen French Fries and Other Potato Products (Import Policies)</u>

Based on Taiwan's WTO accession commitments, the bound tariff rate for frozen French fry imports is 12.5%. In the Doha Round of negotiations, the U.S. potato industry asks that all Taiwanese tariffs on potato products be eliminated or, at a minimum reduced to 10% or less. 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)	20%
0710.10.00	Frozen potatoes	15%
1105.20.00	Potato flakes	10%
2004.10.10(a)	Potato sticks, frozen (frozen fries) >1.5kg.	12.5%
2004.10.10(b)	Potato sticks, frozen (frozen fries) < 1.5kg.	18%
2004.10.90	Other potatoes, prepared or preserved, frozen	18%
2005.20.10(a)	Potato chips and sticks >1.5kg.	12.5%
2005.20.10(b)	Potato chips and sticks < 1.5 kg.	15%
2005.20.90	Other potatoes, preserved	18%

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

During the 2007-08 marketing year, the United States exported $25 million in frozen French fries and $1.2 million in dehydrated potato products to Taiwan. The industry urges that Taiwan bind its tariffs on potato products to 10% or less as part of the ongoing WTO negotiations. The industry estimates that such a commitment would lead to $10 million per year in additional exports in the near term with a larger increase over the longer term.

<u>Taiwan: Phytosanitary Restriction on Fresh Potatoes – Late Blight (Standards, Testing, Labeling & Certification)</u>

Taiwan requires the inspection and certification that potato fields that are a source of product for Taiwan are free of late blight. Taiwan maintains this requirement even though academic articles state that the pest already exist in Taiwan. As a result, this requirement is not based on sound science and is inconsistent with WTO rules, while adding to the cost of exporting fresh potatoes to Taiwan.

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

The U.S. industry believes that fresh potato exports to Taiwan could increase from the current level, $4 million for the 2006-2007 marketing year, to $10 to $15 million per year in a few years if Taiwan improved market access.

<u>Taiwan: Pesticide Standards for Potato Standards (Standards, Testing, Labeling & Certification)</u>

In the spring of 2007 Taiwan began to test and reject U.S. agricultural shipments for pesticide violations. Taiwan's actions are problematic for several reasons. First, Taiwan only has a limited list of maximum residue levels (MRLs). Many more crop protection products are registered in the United States than in Taiwan. (The United States currently has 104 potato MRLs while Taiwan has 28.) Secondly, in recognition of this situation, in 2000, U.S. commodity and chemical companies submitted hundreds of data packages to Taiwan in order to assist Taiwan in establishing its MRLs. Taiwan, however, has not established these tolerances and the U.S. industry urges Taiwan not to reject imports until it has reviewed the submitted information and established tolerances. Thirdly, in 2008, Taiwan sought to establish a list of 200 priorities for future MRL reviews, containing 11 potato priorities. While the U.S. potato industry appreciates having these reviews, there remain scores of U.S. MRLs that will not be covered under this review, leaving U.S. shipments vulnerable to delay or rejection. Fourth, Taiwan has refused to defer to any international MRL standard, whether Codex or an exporting country's standard. Moreover, they refuse to create a professional MRL list similar to that under the transition that Japan undertook and Hong Kong is currently undertaking. The unwillingness to adopt some sort of safety net is a great cause of concern among commodity groups, especially as products have been detained this year.

As of this time, Taiwan has not held any potato shipments for pesticide residue violations. However, the U.S. industry urges U.S. officials to raise the MRL issue with Taiwan and seek publication of the provisional MRL list. Until permanent pesticide tolerances are established, the U.S. industry urges Taiwan from detaining any shipments.

Estimated Potential Increase in Exports from Removal of Barrier

During the 2007-08 marketing year, the United States exported $25 million in frozen French fries and $1.2 million in dehydrated potato products to Taiwan. The industry urges that Taiwan bind its tariffs on potato products to 10% or less as part of the ongoing WTO negotiations. The industry estimates that such a commitment would lead to $10 million per year in additional exports in the near term with a larger increase over the longer term. The MRL issue, however, puts U.S. potato exports at risk.

Thailand: TRQ on Fresh and Seed Potatoes (Import Policies)

Fresh and seed potato imports into Thailand are limited by a TRQ as established during the Uruguay Round. Although the motive for the TRQ appears to be the encouragement of domestic production of potatoes, it is unable to meet the needs of retailers or the hotel and restaurant industry. Similarly, domestic production is only sufficient to keep processing facilities in operation from January to August. As a result, these processing operations only run at very low capacities throughout the rest of the year.

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

Thailand also does not produce a domestic supply of quality seed potatoes that can be used to produce the type of potato used for chipping or other snack foods. As a result, Thai manufacturers import and distribute seed potatoes from foreign suppliers, mainly from Canada and the United Kingdom.

Estimated Potential Increase in Exports from Removal of Barrier

The industry estimates the U.S. chipping potato exports would reach $3 million initially and grow to $10 million per year if the TRQ was eliminated.

Thailand: Tariff on French Fries (Import Policies)

The biggest obstacle to exporting frozen French fries to Thailand is the high tariff. At 30% or 25 baht/kg, Thailand's tariff on frozen French fries is among the highest in the world. The U.S. industry has urged Thailand to eliminate the tariff as part of the ongoing negotiations of a U.S.-Thailand Free Trade Agreement (FTA). The elimination or reduction of the tariff is one of the U.S. frozen French fry industry's highest priorities.

The suspensions of negotiations of the FTA in March 2006 and the military coup, which resulted in the ouster of Prime Minister Thaskin Shinawata on September 19, 2006 have greatly reduced the chance that negations will resume in the near future.

The issue has increased in importance in recent years because Thailand has signed trade agreements with Australia, New Zealand and China. With reduced tariffs on Australian, New Zealand and Chinese fries, the United States industry fears that it will lose the entire Thai market to those countries within a couple of years.

Frozen French fries must be imported into Thailand since they cannot be sourced domestically. The high tariff increases the cost of the product to quick service restaurants, hurting their expansion and employment. U.S. restaurant chains and their suppliers currently employ over 10,000 people in the country and purchase a large portion of their supplies within Thailand. A report by the American Potato Trade Alliance, which was released in 2001, demonstrated that U.S. quick service restaurants purchase more than $30 million worth of Thai agricultural products each year and exported an additional $30 million. This study was provided to the Government of Thailand.

Estimated Potential Increase in Exports from Removal of Barrier
In marketing year, 2007-08, Thailand imported $8.8 million worth of U.S. fries. 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 eliminated the tariff.

Venezuela: Tariff on Fresh Potatoes (Import Policies)
U.S. fresh potato exports to Venezuela face a 15% tariff.

Venezuela: Phytosanitary Import Prohibition on Seed Potatoes (Standards, Testing, Labeling & Certification)
The U.S. industry is seeking a market access agreement for seed potatoes. The Venezuelan government has frequently delayed the completion of the agreement despite significant financial and resource support provided by the U.S. industry.

Vietnam: Tariff on Fresh Potatoes (Import Policies)
The Government of Vietnam imposes a 20% duty on U.S. fresh potatoes.

Vietnam: Tariff on Frozen Potato Products (Import Policies)

Under Vietnam's WTO accession agreement, signed on May 31, 2006, Vietnam agreed to gradually lower the current 40% tariff on frozen French fries to 13% over a six-year period. In addition, Hanoi agreed to lower the tariff on dehydrated potatoes from its current 40% rate to 18% over a five-year period.

Estimated Potential Increase in Exports from Removal of Barrier

At the present time, Vietnam is a small market for U.S. frozen French fries. In the 2007-2008 marketing year, U.S. frozen French fry exports to Vietnam totaled $855,000, a 75% increase from the previous year. With a population of 84 million, 60% of which are under the age of 25, Vietnam is seen by the U.S. industry as having tremendous potential as a market for frozen French fries, especially in Ho Chi Minh City and Hanoi. The complete implementation of the tariff reductions contained in Vietnam's WTO accession agreement should lead to sales of $10 million in the near-term and significantly greater in the long-term.

Vietnam: Tariff on Potato Chips (Import Policies)

Pursuant to the bilateral WTO accession agreement with the United States, Vietnam agreed to reduce the tariff on potato chips from 50% to 40% immediately upon accession to the WTO. The tariff will be reduced to 18% over the subsequent five years.

PULSES

Chile: Phytosanitary Import Restriction on Chickpeas, Lentils and Peas (Standards, Testing, Labeling & Certification)

Chile requires that U.S. chickpeas, lentils and peas be fumigated as a condition for importation. The main concern for Chile is pests of the Bruchidae family, which are commonly known as storage seed weevils. U.S. scientists have found that the United States does not have enough insect numbers to require fumigation. Moreover, such products from Canada enter Chile without the fumigation requirement.

China: Tariff and VAT (Import Policies)

China maintains a 7% tariff on imported lentils (HTS 0713.4090), compounded by a 13% VAT.

STONE FRUIT

Mexico: Phytosanitary Import Restrictions on Peaches and Nectarine (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. The same Pacific Northwest growers currently export apricots to Mexico and peaches and nectarines to British Columbia, Canada under the OFM systems approach proposed to Mexico. OFM has never been detected in stone fruit shipments to British Columbia or in apricot shipments to Mexico.

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.

WHEAT

Argentina: Tariff (Import Policies)
As a member of MERCOSUR, Argentina imposes a 10% tariff on U.S. wheat. By comparison, the tariff rate for wheat trade between MERCOSUR countries is zero.

Brazil: Tariff (Import Policies)
As a member of MERCOSUR, Brazil imposes a 10% tariff on U.S. wheat. The tariff level for trade between MERCOSUR countries is zero.

Brazil: SPS Restrictions (Standards, Testing, Labeling & Certification)
At the present time, Brazil only allows the importation of certain classes of wheat and excludes shipments from West Coast ports mainly due to concern over flag smut (urocystis agropyri) and cephalosporium stripe. Brazil maintains this import ban even though it allows the importation of wheat from Argentina where flag smut is present. In addition, Cephalosporium strip requires the repeated freezing and thawing of the ground in the spring to cause root damage, which is unlikely to occur and is very unlikely to be conveyed in grain shipments.

These restrictions are counter to the non-discriminatory and scientific principles of the WTO SPS Agreement. When APHIS has tried to negotiate the removal of these phytosanitary restrictions, Brazil's response has been to raise a whole host of new potential phytosanitary requirements which have no history of being a problem in the United States. This impasse has lasted for over ten years with little sign of progress.

Canada: Canadian Wheat Board: (Other)
The Canadian Wheat Board (CWB), a government backed state trading enterprise (STE), has exclusive control over the purchase of wheat in western Canada for domestic consumption and export and is also the sole exporter of grain. The pricing policies of the CWB are not transparent. In addition, the CWB sets transportation and marketing costs, which are frequently supported by the Government of Canada. The activities of the CWB distort wheat markets and injure U.S. wheat producers by reducing the price and increasing the volume of Canadian wheat exports to third countries.

The Government of Canada has been reluctant to end the monopoly power of its wheat board but appeared to be moving in that direction. Recently, however, the Canadian Minister of Agriculture, Gerry Ritz, confirmed that it will put aside its efforts to dismantle the Canadian Wheat Board's (CWB) single desk status, which allows it to act as a monopoly and distort trade. Prior to this announcement, U.S. Wheat Associates warned that with the price of wheat recently declining steeply, the CWB had already used administrative pricing practices to undercut U.S. wheat prices by up to $50 per metric ton in some export markets. The delay in reform of the CWB might lead to further trade distorting practices.

Chile: Tariff (Import Policies)
Under the U.S.-Chile Free Trade Agreement, U.S. wheat exports still face a 6% tariff. The tariff is scheduled to be eliminated by 2012.

China: TRQ (Import Policies)
U.S. wheat exports are currently restricted by a 9.6 million metric ton tariff rate quota. The above-quota tariff is 65%, which prohibits any exports above the tariff level. In addition, the process of determining which applicants receive part of the TRQ, whether state trading enterprises (STEs) or non-STEs, remains non-transparent. The U.S. wheat industry has been disappointed by the fill rate of the TRQ.

Ecuador: Tariff (Import Policies)
U.S. wheat exports to Ecuador currently face a 10% tariff. By comparison, imported wheat from other countries, including Argentina and Brazil, are assessed a lower tariff. Additionally, all tariffs applied to wheat imports from MERCOSUR countries are scheduled to be phased out by 2012.

EU: Export Subsidies (Subsidies)
The EU uses exports subsidies to gain market share for its wheat growers, sometimes switching subsidies between wheat and flour in a manner that disrupts trade in both commodities.

General: State Trading Enterprises: (Other)
The most important objective for the U.S. wheat industry in the ongoing round of WTO negotiations is likely the elimination of State Trading Enterprises (STEs).

India: Export Support (Subsidies)
When domestic wheat stocks become excessive the Government of India uses export subsidies which allow the Food Corporation of India to sell government-owned wheat to exporters for less than 50% of the acquisition costs.

Japan: Tariff (Import Policies)
U.S. wheat exports are limited by a TRQ. While the in-quota rate is zero, the above quota tariff rate is 55 yen/kg.

Japan: Pesticide Residues (Standards, Testing, Labeling & Certification
The Government of Japan recently required that any wheat found with pesticide residues or other contamination exceeding Japanese standards be shipped back to the point of origin or disposed of at the importer's cost. Past detections, which are not known to have occurred with U.S. wheat, were dealt with by selling the grain in Japan for industrial use. Since importers cannot adequately estimate the potential cost/risk of the new requirements, they have not received any offers from U.S. sellers. Apparently, this new requirement was added by the Government of Japan after the discovery that contaminated industrial rice had been illegally sold as food.

In addition, Japan's new system of regulating pesticide residues is discouraging the use of new and improved pesticides in the United States. In general, the provisional minimum residue levels (MRLs) established by the Government of Japan are consistent with U.S. pesticide tolerances. The Japanese system, however, does not provide for the timely approval or temporary accommodation of new pesticide uses approved by the EPA. At the present time, there are at least two potentially very useful chemicals approved by the EPA for use on wheat that are awaiting Japanese regulatory review and approval. These two chemicals are spinosad (a stored grain protectant) and paraquat, which is used to help prepare wheat for harvest. Spinosad, in particular, is considered to be safer than existing stored grain protectants but the U.S. wheat industry is deferring the use of these products pending regulatory action in Japan.

Kenya: Tariff (Import Policies)
U.S. wheat exports to Kenya are limited by a 10% ad valorem duty or a $50/MT tariff, whichever is higher.

Kenya: Phytosanitary Restriction (Standards, Testing, Labeling & Certification
In 2006, the Government of Kenya imposed restrictions on U.S. wheat exports due to concerns over flag smut. APHIS was able to partially open the market by certifying that shipments from ports other than those located on the West Coast were free of flag smut. It is not clear whether flag smut should be an issue of quarantine concern and should be explored at a technical level to see if wheat exports from the West Coast could be resumed.

Pakistan: Tariff (Import Policies)

U.S. wheat exports to the private sector currently face a 35% tariff.

Pakistan: Phytosanitary Restrictions (Standards, Testing, Labeling and Certification)

In 2008, U.S. wheat growers did not export much wheat to Pakistan due to ambiguous tender terms, uncertain import permit requirements and phytosanitary requirements. For example, the Government of Pakistan required lab testing as a basis for certifying freedom from a disease of rye, Tilletia Walkeri, which is not recognized as a quarantine pest for either wheat or rye and for which there is no reliable lab test. Since it is uncertain whether the Tilletia Walkeri issue has been resolved it is unlikely that wheat importers will have a lot of confidence in their ability to successfully import U.S. wheat.

Paraguay: Tariff (Import Policies)

As a member of MERCOSUR, Paraguay imposes a 10% tariff on U.S. wheat. The tariff level for trade between MERCOSUR countries is zero.

South Korea: MRL for Malathion (Standards, Testing, Labeling & Certification)

The U.S. wheat industry anticipates that the difference between EPA and Codex tolerances for malathion is about to become a problem as Korea's Food and Drug Administration (KFDA) has formally proposed adopting the Codex mrl of 0.5 ppm.

Taiwan: MRL for Malathion (Standards, Testing, Labeling & Certification)

U.S. wheat exports to Taiwan were disrupted in 2007 after Taiwan established a new pesticide monitoring system without first establishing tolerances for common post-harvest pesticides including malathion and chlorpyriphos-methyl. A new mrl was established for chlorpyriphos-methyl after a few containers were held up that spring but the malathion situation is complicated by the difference between the U.S. EPA tolerance of 8 ppm and the Codex tolerance of 0.5. ppm. While malathion residues on U.S. wheat exports are constantly well below the EPA tolerance of 8 ppm, some do exceed the 0.5 ppm level. Although shipments were not disrupted in 2008, the malathion mrl and the lack of mrls for other common pesticides means that Taiwan could restrict imports at any time.

Thailand: Tariff (Import Policies)

U.S. wheat exports currently face a $2.85/ton tariff, while wheat imports from Australia and New Zealand enter Thailand duty-free.

Uruguay: Tariff (Import Policies)
As a member of MERCOSUR, Uruguay imposes a 10% tariff on U.S. wheat. The tariff level for trade between MERCOSUR countries is zero.

WHEY

Japan: TRQs (Import Policies)
Japan limits whey imports through a series of small tariff rate quotas with high in-quota tariffs. Details are provided below.

HS Code	Product	Quota	In-Quota Tariff
0404.10.1110	Whey added sugar (6.48)	137,202 MT	35%
0404.10.1191	Whey without added sugar (6.48)	Part of above TRQ	25%
0404.10.121	Whey, mineral concentrated with added sugar	14,000 MT	35%
0404.10.122	Whey, mineral concentrated without added sugar	14,000 MT	25%
0404.10.131	Mineral concentrated whey outside quota		29.8%+ 425 Y/kg
0404.10.131 0404.10.141	Whey for animal feed	45,000 MT	0

South Korea: Tariff Rate Quota (Import Policies)
U.S. whey exports are limited by a 54,233 MT quota. The in-quota tariff is 20% while the above-quota is 49.5%.

WINE

Argentina: Tariff (Import Policies)
Imported wine from non-MERCOSUR countries faces a 20% tariff.

Bahrain: Tariff (Import Policies)
U.S. wine exports to Bahrain currently face a 125% tariff. Despite this tariff U.S. wine exports grew from $37,000 in 2005 to $159,000 in 2006.

Barbados: Tariff (Import Policies)
The Government of Barbados applies a $1.33 per liter customs duty on U.S. table wine and a $1.43 per liter tariff on sparkling wine. In addition, the Government of Barbados imposes a 20% surcharge on all wine products and a 10% stamp duty on table wines and sparkling wines on top of a $1.43 per liter consumption tax on all wines.

Brazil: Tariff (Import Policies)
The Government of Brazil imposes a 27% ad valorem tariff on imported wine. Wine imports from other MERCOSUR countries (Argentina, Paraguay and Uruguay) enter Brazil duty-free.

Brazil: Certification (Standards, Testing, Labeling and Certification)
The Government of Brazil imposes onerous and costly certification requirements for wine. In addition, in 2007, the Government of Brazil notified the WTO of its intent to require certificates of analysis with wine imports. These certificates are to include analyses of ten different compounds. The U.S. wine industry believes this requirement is superfluous and not in keeping with international standards.

Canada: Domestic Supports (Subsidies)
In 2007 the Liquor Control Board of Ontario started a 3-year, $10 million support program that subsidizes 30% of the cost of wine made from Ontario-grown grapes.

Canada: Cost of Service Mark-up (Other)
Provincial Liquor Control Boards (LCBs) are responsible for the administration of alcohol sales in Canada and impose a “cost of service” mark-up. They often waive the retail sales mark up for local producers.

Chile: Tariff (Import Policies)

Under the U.S.-Chile FTA, signed in 2003, U.S. wines faced a 6% duty in 2008. Starting in 2011, the Chilean tariff on U.S. wine will be phased out each year until it is eliminated in 2016. Although the tariff is scheduled to be phased out, the delay in the phase out still presents an obstacle to exporting wines to Chile.

China: Tariff (Import Policies)

Under China's WTO accession agreement, the tariff on bottled wine fell from 24.2% in 2003 to 14% in 2004. (The tariff on bulk wine is 20%.) The tariff still presents a barrier to U.S. wine exports. In addition, imported wines face an additional 17% VAT and 10% consumption tax, as well as additional taxes levied by individual customs officials.

Wine exports to China are also hindered by the lack of transparency in government policies and procedures. Frequently, the rate actually assessed varies from the official rate published by Chinese Customs. Taxes are imposed extremely arbitrarily, depending on the industry involved and the port of entry.

Colombia: Tariff (Import Policies)

Colombia imposes a 20% tariff on U.S. wine exports. Imports of wine from other Andean Pact countries (Bolivia, Ecuador, Peru and Venezuela) enter duty-free.

EU: Tariff (Import Policies)

U.S. wines face high tariffs in the European market, ranging from 0.13 Euros to .32 Euros per liter, which is equivalent to about a 6.1% to 15% ad valorem equivalent. The U.S. tariff on EU wine is significantly lower. This tariff differential is a factor in the bilateral wine trade imbalance.

EU: Domestic Support (Subsidies)

U.S. wine exporters face heavily subsidized competition from the EU, which encourages overproduction. Although the EU has classified these subsidies as non-trade distorting ("green box") subsidies under the WTO Agricultural Agreement, they provide direct support to European producers. In addition, EU member countries, particularly France, Italy and Spain, often provide their wine industry with additional domestic supports.

India: Tariff (Import Policies)

India imposes high tariffs and other duties on wine imports. As a result, the effective tax rate on imported wine ranges from about 150% to 550%. The United States, the EU and Australia have filed WTO cases to protest India's tariff practices.

Indonesia: Tariff (Import Policies)
Indonesia's tariff on wine ranges from 90% to 150%. In addition, wine is subject to a 10% VAT, a 40% sales tax and an excise duty of IFR 20,000 per liter.

Japan: Tariff (Import Policies)
The Government of Japan imposes a 15% ad valorem tariff or a 125-yen per liter tariff, whichever is less, on imported wine.

Malaysia: Tariff (Import Policies)
U.S. wine exports to Malaysia face a variety of high tariffs and other taxes. Because some of these taxes, such as the excise tax, are frequently changed every year, it makes it difficult for the industry to develop long-term marketing plans for Malaysia.

New Zealand: Tariff (Import Policies)
The Government of New Zealand imposes a 7% tariff on imported wine which is scheduled to be reduced to 5% on July 1, 2008.

Philippines: Tariff (Import Policies)
The Government of the Philippines currently imposes a 7% tariff, as well as a VAT and an excise tax on imported wine.

Russia: Tariff (Import Policies)
The Government of Russia imposes a 20% tariff on U.S. wine.

South Korea: Tariff (Import Policies)
U.S. wine exports to South Korea face a 15% tariff. In addition, wine imports are assessed a 30% liquor tax, a 10% education tax, and a 7% to 8% tax from various handling and transport fees. Under the pending U.S.-South Korean Free Trade Agreement, the tariff on wine would be immediately eliminated.

Switzerland: Tariff Rate Quota (Import Policies)
At the present time, U.S. wine exports to Switzerland are limited by a tariff-rate quota of 1,700,000 hectoliters per year for red and white wine. The in-quota tariff for both red and white wine is 50 Swiss francs per 100 kilograms. The above-quota tariff is 3 Swiss francs per liter for white wine in glass bottles of less than 2 liters while it is 2.45 francs per liter for red wine.

Taiwan: Tariff (Import Policies)
Taiwan imposes a 10% tariff on U.S. wines.

Thailand: Tariff (Import Policies)
The Government of Thailand imposes a 54% ad valorem tariff on imports of wine. Moreover, wine imports face a 60% excise tax, a 7% VAT, 2% health tax, and a 10% municipal tax. The government's intent is to raise revenue and discourage the import of luxury goods. By comparison, under the Thailand-Australian free trade agreement, Australian wine faces a 12% to 18% tariff, which will be phased out over the next several years.

Vietnam: Tariff (Import Policies)
Currently, U.S. wine faces a 65% Vietnamese tariff. Under Vietnam's WTO accession agreement, this tariff is scheduled to be phased-down to 50% by 20