



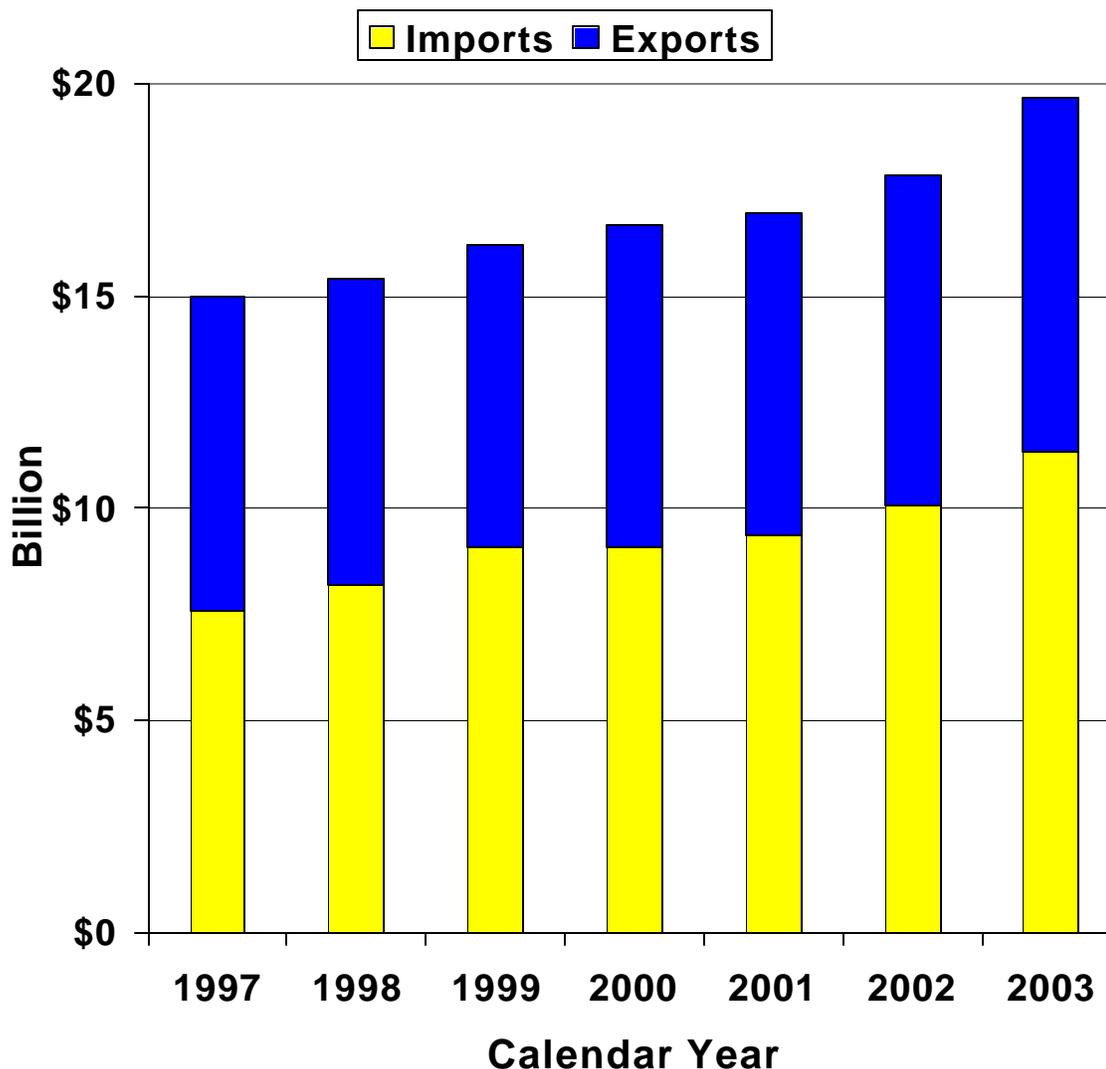
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FAS Quarterly Reference Guide To World Horticultural Trade: Trade Issues Edition

Growth in U.S. Specialty Crop Trade is Accompanied by Growing Numbers of Trade Policy Issues



Source: Bureau of the Census, DOC

Note: Trade figures include processed and fresh fruits, vegetables, and tree nuts.

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Table of Contents

	Page
Introduction	1
Note to Subscribers of the FAS Quarterly Reference Guide to World Horticultural Trade	
Select Horticultural Trade Issues	2
Summaries of Barriers to Trade by Commodity	
Horticultural Tariffs for Selected Countries	31
2003 Tariff Rates for Selected Commodities in Key Markets	
APHIS Accomplishments for Horticultural Products	35
A Summary of Animal, Plant Health Inspection Service (APHIS) Phytosanitary Accomplishments for U.S. Horticultural Products for 2003.	
Foreign Government Market Access Requests	38
A List by Region of Foreign Government Requests for Access to the U.S. Market for Specific Horticultural Products.	
Technical Assistance for Specialty Crops (TASC) Program	39
Fiscal Year 2003 Project Summaries	

Introduction

The Trade Policy Edition of the FAS Quarterly Reference Guide to World Horticultural Trade is the first of a series of annual reports that provides the status of significant phytosanitary and tariff barriers to U.S. exports of horticultural products. The removal of barriers to trade is of great importance to the U.S. horticultural industry. The purpose of publishing the information contained in this report is to heighten awareness about trade barriers that negatively impact the U.S. horticultural industry.

The implementation of phytosanitary measures and tariffs are accepted methods of protection provided such measures are consistent with the General Agreement on Tariffs and Trade (GATT). However, import restrictions imposed on agricultural products that fail to comply with international rules are actionable under U.S. trade law and through the World Trade Organization (WTO). This report presents trade barriers that adversely affect U.S. horticultural exports that may or may not be consistent with international trading rules.

The trade barriers summarized in this report are not intended to be an exhaustive list of all trade issues of importance to the U.S. horticultural industry. Instead, the report attempts to provide a review of various barriers to trade impacting a broad spectrum of U.S. horticultural industry interests. The omission of a particular trade issue or country does not imply that it is not of concern to the U.S. Government.

In addressing trade barriers the U.S. Government uses several forums that include bilateral and multilateral negotiations, collaborative research, pre-clearance programs, and dispute settlement mechanisms. Bilateral and multilateral negotiations on trade barriers may take place within the context of the World Trade Organization (WTO), Free Trade Agreements (FTA), Consultative Committees on Agriculture (CCA), or the International Plant Protection Convention (IPPC). Additionally, the pest research, field surveys, and pre-clearance programs that are often funded under the Technical Assistance for Specialty Crops (TASC) Program play an important role in supporting efforts to remove trade barriers. Finally, if the U.S. Government has sufficient evidence demonstrating that a trading partner has failed to address a trade issue within the terms and conditions of international trade rules, the U.S. Government may resolve such issues by seeking Dispute Resolution within the WTO.

Acknowledgements: This publication was written by the Horticultural and Tropical Products Division of the Foreign Agricultural Service (FAS) with assistance from the U.S. horticultural industry, Phytosanitary Import Management Office and Trade Support Team of the Animal and Plant Health Inspection Service (APHIS), the Sanitary and Phytosanitary Affairs Office of the U.S. Trade Representative, and the International Trade Policy program area of the Foreign Agricultural Service.

The schedule for the 2004 issues of the *FAS Quarterly Reference Guide to World Horticultural Trade* is as follows:

1. Production, Supply, and Distribution Edition (January 2004). This publication includes 5 years of Production, Supply, and Distribution Data for over 30 products. Additional information is available on the web at: <http://www.fas.usda.gov/psd/>
2. Charts Edition - illustrating major trade trends, country features, and commodity features (April 2004)
3. Trade Data Edition (July 2004)
4. Trade Policy Edition (October 2004)

These four publications replace the written monthly publication *World Horticultural Trade and U.S. Export Opportunities*. The analytical articles formerly published in *World Horticultural Trade and U.S. Export Opportunities* are now updated on the Horticultural and Tropical Products Division Homepage at: <http://www.fas.usda.gov/http/>.

Directory Issues by Commodity

Commodity	Country	Issue	Page
Almonds	China	In-Shell Tariff	1
	India	Phytosanitary Restriction	1
	India	Tariff	2
Apples	Australia	Phytosanitary Ban	3
	China	Phytosanitary Restriction	4
	Japan	Phytosanitary Restriction	4
	Korea, South	Phytosanitary Ban	5
	Mexico	Phytosanitary Restriction	6
	Mexico	Anti-Dumping Duties	7
	South Africa	Phytosanitary Ban	7
	Taiwan	Phytosanitary Restriction	8
Cherries	Israel	Phytosanitary Ban	9
	Japan	Phytosanitary Ban	9
	Mexico	Phytosanitary Restriction	10
	South Africa	Phytosanitary Ban	10
Citrus	Argentina	Phytosanitary Restriction	11
	Australia	Phytosanitary Restriction	11
	China	Phytosanitary Restriction	12
	Korea, South	Phytosanitary Restriction	13
	Korea, South	Tariff	13
	Mexico	Phytosanitary Restriction	14
	Japan	Phytosanitary Restriction	14
Figs	Japan	Phytosanitary Restriction	15
Lettuce	Japan	Phytosanitary Restriction	15
Papayas	Japan	Non-Technical Barrier	16
	Korea, South	Phytosanitary Restriction	16
Peaches (Canned)	EU	Subsidy	17
Pears	China	Phytosanitary Ban	18
	Korea, South	Phytosanitary Ban	18
Pistachios	Israel	Non-Technical Barrier	19
	Mexico	Non-Technical Barrier	19

Directory Issues by Commodity – cont.

Commodity	Country	Issue	Page
Potatoes	Brazil	Phytosanitary Ban	20
	Canada	Technical Barrier to Trade	20
	China	Phytosanitary Ban	21
	Japan	Phytosanitary Ban	22
	Korea, South	Phytosanitary Restriction	22
	Mexico	Phytosanitary Restriction	23
	Taiwan	Phytosanitary Restriction	23
	Venezuela	Phytosanitary Restriction	24
Raisins	India	Tariff	25
Stone Fruit	Australia	Phytosanitary Ban	25
	China	Phytosanitary Ban	26
	Mexico	Phytosanitary Ban	26
	Mexico	Phytosanitary Restriction	27
	New Zealand	Phytosanitary Ban	28
Table Grapes	Australia	Phytosanitary Restriction	28
Tomatoes	Mexico and Guatemala	Phytosanitary Ban	29
	Mexico	Technical Barrier	29
Walnuts	Korea	Tariff	30
	Korea	Phytosanitary Ban	30

Directory Issues by Country

Country	Commodity	Issue	Page
Argentina	Citrus	Phytosanitary Restriction	11
Australia	Apples	Phytosanitary Ban	3
	Citrus	Phytosanitary Restriction	11
	Stone Fruit	Phytosanitary Ban	25
	Table Grapes	Phytosanitary Restriction	28
	Potatoes	Phytosanitary Ban	20
Brazil	Potatoes	Phytosanitary Ban	20
Canada	Potatoes	Technical Barrier to Trade	20
China	Citrus	Phytosanitary Restriction	21
	Pears	Phytosanitary Ban	18
	Potatoes	Phytosanitary Ban	21
	Stone Fruit	Phytosanitary Ban	26
	Almonds	In-shell Tariff	1
	Apples	Phytosanitary Restriction	4
	EU	Peaches (Canned)	Subsidy
Guatemala	Tomatoes	Phytosanitary Ban	29
India	Raisins	Tariff	25
	Almonds	Phytosanitary Restriction	1
	Almonds	Tariff	2

Directory Issues by Country – cont.

Country	Commodity	Issue	Page
Israel	Cherries	Phytosanitary Ban	9
	Pistachios	Non-Technical Barrier	19
Japan	Cherries	Phytosanitary Ban	9
	Figs	Phytosanitary Restriction	14
	Lettuce	Phytosanitary Restriction	15
	Papayas	Non-Technical Barrier	16
	Apples	Phytosanitary Restriction	4
	Potatoes	Phytosanitary Ban	22
	Korea, South	Citrus	Phytosanitary Restriction
	Citrus	Tariff	13
	Papayas	Phytosanitary Restriction	16
	Pears	Phytosanitary Ban	18
	Potatoes	Phytosanitary Restriction	22
	Walnuts	Tariff	30
	Walnuts	Phytosanitary Ban	30
	Apples	Phytosanitary Ban	5
Mexico	Cherries	Phytosanitary Restriction	10
	Citrus	Phytosanitary Restriction	14
	Pistachios	Non-Technical Barrier	19
	Potatoes	Phytosanitary Restriction	23
	Stone Fruit	Phytosanitary Ban	26
	Stone Fruit	Phytosanitary Restriction	27
	Tomatoes	Phytosanitary Ban	29
	Tomatoes	Technical Barrier to Trade	29
	Apples	Phytosanitary Restriction	6
	Apples	Anti-Dumping Duties	7
	New Zealand	Stone Fruit	Phytosanitary Ban
South Africa	Cherries	Phytosanitary Ban	10
	Apples	Phytosanitary Ban	7
Taiwan	Potatoes	Phytosanitary Restriction	23
	Apples	Phytosanitary Restriction	8
Venezuela	Potatoes	Phytosanitary Restriction	24

Country: China
Commodity: Almonds, In-Shell
Barrier: Tariff

Issue: China maintains a high tariff on in-shell almonds that hampers exports of U.S. in-shell almonds.

Status: China made concessions on agriculture in order to become a member of the WTO. China's tariff treatment of in-shell almonds is higher than that applied to shelled almonds. During 2003 China applied a tariff of 25.2 percent, which decreased to the final bound rate of 24 percent in 2004. By comparison the tariff on shelled almonds will be reduced from 14 percent to the final bound rate of 10 percent in 2004.

In 2002, the United States exported \$4 million of shelled almonds and \$696,000 of in-shell almonds to China. U.S. in-shell almond shipments represent 67 percent of all in-shell almonds imported by China. The U.S. almond industry estimates that removal of import duties on almonds would boost Chinese imports of U.S. almonds to more than \$45 million.

China's almond production is relatively small, about 20,000 tons in 2002. Tree nut merchants in China maintain that domestic almond production is trending higher. However, this increase in production is not expected to threaten the market share of U.S. almonds due to the relatively high quality of imported product.

Country: India
Commodity: Almonds
Barrier: Phytosanitary Barrier

Issue: The Government of India's (GOI) new import procedures affect U.S. shipments of almonds.

Status: On January 1, 2004, the GOI implemented the Plant Quarantine (Regulation of Import into India) Order (PQO) without WTO notification. The PQO establishes new import procedures and quarantine requirements on agricultural products imported into India and have effectively halted U.S. almond exports to India.

The PQO requires that almonds (and dry and fresh fruits) be fumigated with methyl bromide or any other fumigant approved by the GOI. The U.S. almond industry's standard fumigant is phosphine, which is not currently approved under the PQO. Many U.S. agricultural industries, are phasing-out the use of methyl bromide in accordance with the Montreal Protocol including the U.S. almond industry. Prior to the PQO, almonds treated with phosphine were allowed entry into India. GOI has declined APHIS' formal request to approve phosphine as an alternative fumigant to methyl bromide. APHIS and FAS continue to press India for an immediate remedy to this issue.

2 Almonds

The PQO also requires that the fumigation be endorsed on the phytosanitary certificate, which requires a U.S. government official to be present to monitor the process. Almond handlers are experiencing difficulty and incurring higher costs trying to meet GOI's new import requirements. The GOI requires that the almonds be heated to 82°F, a temperature difficult to attain in California during the winter season. Many of the fumigation chambers capable of providing this service are not centrally located to almond fields. The additional cost of complying with the PQO - transporting the almonds to a chamber, fumigating with methyl bromide, phytosanitary inspection and certificates fees - are estimated to be up to \$900 per load.

The PQO has already disrupted trade. U.S. exporters have reportedly delayed almond shipments to India. In February 2004, the GOI announced that any shipments en route to India prior to January 1 be fumigated in the country and released. The Ministry of Agriculture will consider shipments en route after January 1 on a case-by-case basis.

In CY 2002, U.S. agricultural exports to India totaled \$274 million. U.S. almonds exports to India totaled \$68 million, or 25 percent of U.S. horticultural exports to India. U.S. almonds are produced exclusively in California and are an important agricultural export reaching \$1 billion in CY 2003.

Country:	India
Commodity:	In-shell Almonds
Barrier:	Tariff

Issue: The U.S. almond industry is concerned that the new preferential trade agreement between India and Afghanistan will erode market share for U.S. almonds.

Status: On May 13, 2003, the Government of India (GOI) publicly notified the tariff concessions granted in the India-Afghanistan Preferential Trade Agreement. India has offered Afghanistan tariff concessions of 50 percent of the applied duty rates. This will lower the price of almonds from Afghanistan to within 8 to 10 percent of the average wholesale price of California almonds.

In addition, the U.S. industry is concerned about the enforcement of the rules of origin under the new trade agreement. If rules of origin are not strictly enforced transshipments from Iran into Afghanistan may enter India at the preferential tariff rates. This may cause further erosion to U.S. market share. It is estimated that in the short-term U.S. almonds may lose 5 to 10 percent of the market share. The long-term impacts will depend upon the export supplies available from Afghanistan and possible transshipments from Iran.

Since the agreement is between a WTO member (India) and a non-WTO member (Afghanistan), the United States cannot use WTO channels to challenge this preferential trade agreement.

Country: Australia
Commodity: Apples
Barrier: Phytosanitary Ban

Issue: Biosecurity Australia (BA) prohibits imports of U.S. apples primarily due to concerns that apples produced in countries where fire blight is present may transmit this bacterial disease to orchards in Australia.

Status: Australia is reportedly free of fire blight and bans imports of apples from countries where fire blight is present. However, APHIS and the Ministry of Agriculture in New Zealand have requested BA to provide access to imported apples. Specifically, the U.S. industry is interested in developing a market in Australia for apples produced in the Pacific Northwest (Idaho, Oregon, and Washington) and later in California.

APHIS has urged BA to initiate an import risk assessment (IRA) for apples. In March 2000, APHIS provided BA a first draft list of pests and diseases known to occur in the Pacific Northwest. To date BA has not initiated an IRA for apples and has requested during the January 2004 technical bilateral a comprehensive pest list reviewed by APHIS. The U.S. apple industry has expressed concerns about the delays in BA's initiation of the IRA.

The United States and New Zealand contend that commercially packed apples are not a pathway for fire blight. On November 25, 2003, the WTO ruled in favor of the United States that Japan's quarantine measures for fire blight imposed on U.S. apples were maintained without scientific justification. BA has indicated that it intends to issue a revised draft IRA for New Zealand apples taking into account the WTO panel decision. Market access for U.S. apples would then be addressed by BA through modifying the import policy for New Zealand apples rather than initiating a separate IRA process.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

4 Apples

Country: China
Commodity: Apples
Barrier: Phytosanitary Restrictions

Issue: China's State Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) prohibits imports of U.S. apples other than Red and Golden Delicious varieties produced in Washington, Oregon, and Idaho due to quarantine concerns over the bacterial disease fire blight.

Status: Despite APHIS' requests for China to authorize the importation of six additional apple varieties (Fuji, Gala, Granny Smith, Rome, Jonagold, and Braeburn) and approve California as an eligible producer state in the apple export program to China, AQSIQ has maintained current import restrictions on U.S. apples.

AQSIQ contends that fire blight may be transmitted to China's domestic crops if import restrictions are eased for U.S. apples. However, AQSIQ has not provided APHIS with scientific evidence that would justify excluding additional apple varieties and production areas from the export program due to fire blight.

APHIS maintains that mature, symptomless apples produced under commercial conditions have not been shown to transmit fire blight. In April 2002, APHIS provided AQSIQ a study evidencing this bacterial plant disease is not transmitted through apple shipments. APHIS has not received a response from AQSIQ regarding the findings of this study. AQSIQ's approval of access for additional apple varieties to China is critical to the California apple industry.

In a related matter, on December 10, 2003, the WTO ruled in favor of the United States that Japan's quarantine measures for fire blight imposed on U.S. apples were maintained without scientific justification. APHIS is now better placed to press China for movement on U.S. apples in light of the WTO ruling.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

Country: Japan
Commodity: Apples
Barrier: Phytosanitary Restriction

Issue: Japan maintains highly restrictive requirements for U.S. apple imports due to concerns that apple imports are a pathway for fire blight. On December 10, 2003, the WTO ruled in favor of the United States that Japan's quarantine measures for fire blight imposed on U.S. apples were maintained without scientific justification.

Status: Japan imposes restrictive import measures for U.S. apples that include frequent, intensive orchard inspections, onerous buffer zones around registered orchards, an array of treatment requirements (chlorine dip, cold treatment, fumigation) and product segregation. The

WTO panel and Appellate Body agreed with the United States that mature symptomless apples are not a vector for transmission of the bacterium that causes fire blight and that Japan's measures are not justified under the WTO SPS agreement.

After discussions to determine a reasonable implementation period to phase-out existing import restrictions for apples, Japan and the United States agreed that Japan will have until June 30, 2004, to implement new import procedures that are in compliance with the WTO decision. At the conclusion of the implementation period, if the United States is not satisfied that Japan's implementation meets its WTO obligations, the United States can pursue additional proceedings to confirm Japan's continued non-compliance and to receive authorization to retaliate.

Backed by extensive research supporting the position that mature, symptomless apples are not carriers of fire blight, the United States had sought for years to obtain changes in the import requirements. Due to Japan's continued intransigence on the issue, the United States launched a WTO dispute settlement case against Japan in March 2002. In light of the recent WTO ruling, the USTR and USDA will work with Japan to implement new import requirements.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

Country:	South Korea
Commodity:	Apples
Barrier:	Phytosanitary Ban

Issue: Korea prohibits the import of U.S. apples due to phytosanitary concerns such as codling moth and fire blight.

Status: APHIS has been negotiating with Korea to authorize imports of U.S. apples since 1993. In 1996, Korea submitted a pest risk assessment for U.S. apples to APHIS that identified 13 pests, including three spider mites (Yellow, Pacific, and McDaniel) of quarantine concern, and requested a proposal for the appropriate mitigation measures. Negotiations have stalled due to the U.S. apple industry's inability to implement proposed field controls or fumigate apples as a condition for gaining access to the Korean market. There is a possibility that certain techniques, such as irradiation or controlled atmosphere, could allow pest-free apple shipments to Korea. These techniques require further research before being adopted by the U.S. horticultural industry. In addition to the phytosanitary barrier, Korea imposes an import tariff rate on apples of 45.6 percent that is prohibitive and will severely limit sales of U.S. apples if access is authorized.

6 Apples

Country: Mexico
Commodity: Apples (Pacific Northwest)
Barrier: Phytosanitary Restriction

Issue: Phase-out of Mexico's monitoring of the Pacific Northwest (Washington, Oregon, and Idaho) apple export program in September 2001, as called for under the agreement with Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (SENASICA), continues to be delayed. Mexico has cited additional pest risk concerns and inspection irregularities as a justification for maintaining an inspector in Washington State at a cost to the U.S. apple industry of about \$150,000 annually.

Status: In 1999, officials of the SENASICA and APHIS agreed to phase out oversight by Mexico of the apple export program by September 2001. Mexico's oversight of the inspection program was to provide assurance to SENASICA that shipments of apples produced in the Pacific Northwest are free of the Oriental Fruit Moth.

During the initial stages of the program, eight inspectors from Mexico monitored the activities of U.S. inspectors responsible for certifying apple exports to Mexico. This included treatment certifications and shipment verifications on a year-round basis. Over time, as the program proved effective, all inspectors except one in Washington State returned to Mexico.

However, Mexico has cited additional pest risk concerns and packing facility irregularities in Washington State as a justification for the continued presence of the Mexican inspector. The U.S. industry and certifying state agencies contend that Mexico's claims are not warranted and do not justify the continuing presence of a Mexican inspector.

Since implementing the program, over 62.5 million cartons have been shipped to Mexico without a pest of quarantine significance being detected at the border by Mexican inspectors that would threaten Mexico's quarantine security.

APHIS has rejected Mexico's demands for strengthened measures as a condition of the program transfer. SENASICA and APHIS are trying to negotiate acceptable terms for discontinuing oversight responsibility for apples produced in Washington State. Recently the Mexican inspection program has been expanded to Virginia and Michigan.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

Country: Mexico
Commodity: Apples
Barrier: Anti-Dumping Duties

Issue: For more than a year, the Northwest apple industry has attempted to re-negotiate a suspension agreement with Mexico to eliminate trade prohibitive anti-dumping duties imposed on U.S. apples after the termination of the previous suspension agreement.

Status: In January 2002, under pressure from the Mexican apple industry, Mexico's Secretariat of Economy (SE) engaged the Northwest Fruit Exporters (NFE) to negotiate a new suspension agreement, citing violations of the suspension agreement. Despite NFE's efforts to reach an agreement, SE ended negotiations in spring 2002. In August 2002, Mexico imposed a 46.58-percent import duty on Red and Golden Delicious apples imported from the United States to protect domestic producers.

In August 2003, SE agreed to try to re-negotiate a new suspension agreement to reach an agreement, SE must obtain the support from the Mexican apple industry for a suspension agreement. Despite positive signals from SE officials, Mexico's ongoing delays and failure to bring this matter to closure has resulted in significant losses to the U.S. apple industry.

On October 21, 2003, SE published in the Diario Oficial (the Mexican Federal Register) a resolution indicating it will initiate a review of the final compensatory duty imposed on imported apples from the Red Delicious and Golden Delicious varieties. SE indicated this move was an effort to push the Mexican apple industry towards accepting a new suspension agreement. However, SE is now insisting that a suspension agreement be reached with all U.S. exporters, not just NFE, which will require additional U.S. apple representatives to become involved in the negotiations.

Country: South Africa
Commodity: Apples
Barrier: Phytosanitary Ban

Issue: South Africa prohibits imports of apples produced in the Pacific Northwest and California due to concerns regarding fire blight and brown rot.

Status: APHIS requested access for U.S. apples into South Africa in the late 1990s. The National Department of Agriculture (NDA) of South Africa has denied access due to concerns that fire blight may be transmitted to South Africa's domestic crops if import restrictions are removed for U.S. apples. NDA has not provided APHIS with scientific evidence that would justify excluding apple exports due to fire blight.

APHIS maintains that mature, symptomless apples produced under commercial conditions have not been shown to transmit fire blight. The December 10, 2003, WTO ruling supporting that Japan's quarantine measures for fire blight imposed on U.S. apples were maintained without

8 Apples

scientific justification will provide the basis for requesting NDA to remove fire blight as a quarantine concern.

NDA has also indicated that brown rot is of quarantine concern, although it is primarily a pest of other fruits, not apples. NDA has proposed to APHIS various mitigation measures that would unnecessarily hamper apple exports if implemented. APHIS continues to engage NDA on these issues in order to reach an agreement that would allow exports of U.S. apples to South Africa.

See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

Country: Taiwan
Commodity: Apples
Barrier: Phytosanitary Restriction

Issue: The Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) prohibits fumigation at Taiwan ports-of-entry for U.S. apple shipments if codling moth is detected. Although fumigation is a viable and proven means of providing phytosanitary protection, BAPHIQ insists that non-compliant shipments of U.S. apples be rejected or destroyed. In contrast, APHIS maintains that fumigation, as a quarantine measure of last resort, would: (1) be less trade-restrictive, and (2) provide Taiwan with an appropriate level of phytosanitary protection as outlined in the SPS agreement.

Status: BAPHIQ has been unwilling to adopt the least trade-restrictive measures for achieving its desired level of SPS protection. During the negotiations of the work plan for the 2003 U.S. apple crop, U.S. concerns regarding BAPHIQ's overly restrictive import measures were discussed extensively. However, BAPHIQ refused to consider fumigation as a treatment option were live codling moth detected in any shipments at its ports of entry.

California, Washington, Idaho, and Oregon are currently authorized to export apples to Taiwan. In November 2002 when a single live codling moth was found in two separate shipments of U.S. apples, BAPHIQ suspended the entire U.S. apple export program rather than regionalizing the restrictions to State boundaries. When the current work plan was renegotiated during 2003, BAPHIQ would not agree to regionalize any future export suspensions to individual States. APHIS was able to negotiate a "three strikes" provision that would result in an immediate export suspension for all four States if there were three confirmed detections of codling moth during any single shipping season.

This approach in proving successful for the 2003-04 shipping season, however APHIS continues to request justification from BAPHIQ for disallowing fumigation as a mitigation procedure of last resort and not regionalizing future restrictive measures.

Country: Israel
Commodity: Cherries
Barrier: Phytosanitary Ban

Issue: Israel prohibits U.S. sweet cherry imports due to unspecified phytosanitary concerns.

Status: APHIS submitted a list of pests known to be associated with the Pacific Northwest and California to allow Israel to conduct a pest risk assessment (PRA). The PRA will be conducted by Israel to determine which pests are of quarantine concern. Once the PRA is complete, APHIS will review the PRA and propose mitigation procedures to Israel.

Country: Japan
Commodity: Cherries
Barrier: Phytosanitary Ban

Issue: Japan is unwilling to eliminate a costly fumigation requirement and inspection program on imports of U.S. cherries despite evidence demonstrating minimal risk of transmitting codling moth.

Status: In November 2003, the Ministry of Agriculture Forestry and Fisheries (MAFF) rejected the USDA/USTR's request to address import requirements on U.S. cherries in the International Plant Protection Convention (IPPC). U.S. cherry shipments to Japan have been subject to fumigation with methyl bromide under MAFF oversight in the United States since the export program began in 1978. Currently, the U.S. cherry industry pays for two MAFF inspectors to travel to the United States to participate in the cherry oversight program.

In April 2002, MAFF rejected the USDA's request to eliminate MAFF's inspection program despite the U.S. industry compliance with Japan's import requirements for 25 years. In March 2001, Japan rejected the USDA's request to remove the fumigation requirement on U.S. cherries despite the findings of a pest risk assessment that cherries are not a host of codling moth. New Zealand has also requested, without success that Japan modify its import requirements for cherries.

Having exhausted efforts to reach an agreement to remove Japan's policy of fumigating cherry imports, the USDA is pursuing resolution in other venues.

10 Cherries

Country: Mexico
Commodity: Cherries
Barrier: Phytosanitary Restriction

Issue: Mexico requires costly and lengthy inspection measures for the importation of U.S. cherries.

Status: In 2003, the United States and Mexico replaced the work plan for sweet cherries with a phytosanitary agreement that still required a high degree of fruit inspection and cutting. These restrictive import measures were implemented to address the risk of the apple maggot (*Rhagoletis pomonella*) and plum curculio (*Conotrachelus nenuphar*) being transmitted to Mexico but are not commensurate with the risk presented. During the 2004 technical bilateral meeting, Mexico doubled the inspection and cutting levels required for the 2004 season. Accordingly, a work plan was not approved. APHIS continues to press Mexico for resolution on this issue.

Country: South Africa
Commodity: Cherries
Barrier: Phytosanitary Ban

Issue: Sweet cherries produced in California and the Pacific Northwest are prohibited from entering South Africa due to phytosanitary concerns.

Status: Due to concerns regarding mites and various other pests, South Africa precludes imports of sweet cherries produced in California and the Pacific Northwest. South Africa has proposed that production areas must be free from various pests, along with a high sampling rate, and a May to October shipping season as market access conditions for U.S. cherries. These import conditions are not feasible for the U.S. cherry industry. APHIS continues to negotiate with South Africa to gain more favorable market access conditions.

Country: Argentina
Commodity: Citrus
Barrier: Phytosanitary Restriction

Issue: Argentina prohibits entry of citrus from Florida due to concerns over citrus Canker and Caribbean Fruit Fly.

Status: In June 2001, Argentine officials representing Servicio Nacional de Sanidad y Calidad Agroalimentaria (SENASA) signed a work plan authorizing the importation of Florida citrus. Argentina agreed to allow imports of citrus under the condition that shipments were determined free from quarantine pests and soil. The publication of the resolution that would have lifted the prohibition was contingent upon SENASA officials completing a site visit to Florida. On September 29, 2001 the Argentine citrus rule was remanded and the site visit was canceled. SENASA subsequently declined to reschedule the site visit.

During 2003, discussions between APHIS and SENASA to provide market access for Florida citrus to Argentina were reinitiated. APHIS provided updated information on Florida citrus canker and Caribbean fruit fly control programs to SENASA. In addition, SENASA is reviewing the 2001 operational work plan to determine if modifications are necessary. SENASA has not indicated if a site visit will be needed. APHIS will discuss this issue with SENASA at the next technical bilateral.

Country: Australia
Commodity: Citrus
Barrier: Phytosanitary restriction

Issue: Due to the presence of citrus canker and the Caribbean fruit fly (Caribfly), Australia prohibits the importation of citrus produced in Florida.

Status: In July 2003, Biosecurity Australia (BA) released a draft import risk assessment (IRA) for citrus from Florida. The draft risk assessment identified 17 arthropods and 3 pathogens associated with the importation of citrus from Florida that require management measures to reduce the risk to an acceptable level.

The draft IRA also proposed several measures to manage the risks identified in the draft pest risk assessment, including a systems approach for Caribfly based on Florida's fruit fly management program; pest free areas for citrus canker based on APHIS's management program; post-harvest treatments for post-bloom fruit drop and exotic citrus scab isolates; freedom of consignments from other identified quarantine pests; and supporting operational procedures and verification of phytosanitary status.

In September 2003, APHIS provided BA comments and data needed to complete the IRA. The final IRA is expected to be published in early 2004. APHIS continues to consult with BA on the implementation of appropriate risk-based import conditions to facilitate citrus exports from Florida.

12 Citrus

Country: China
Commodity: Citrus
Barrier: Phytosanitary Restriction

Issue: China's State Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) does not authorize the importation of U.S. fresh citrus packed in or shipped from the Florida counties of Charlotte, Orange, Pasco, and Polk.

Status: AQSIQ allows imports of U.S. fresh citrus from shipping and packing facilities in approved counties of Arizona, California, Texas, and Florida. At the 2003 bilateral, China agreed to approve Charlotte, Orange, Pasco, and Polk counties in Florida to supply fresh citrus to China. However, AQSIQ has not implemented the approval of these counties to date. APHIS will raise this issue with AQSIQ in March 2004 during technical meetings.

The first U.S. citrus shipment to China occurred in April 2000. Before APHIS reached a citrus agreement with AQSIQ, as part of the Agricultural Cooperation Agreement (ACA) in 1999, China prohibited access to citrus produced in all areas of the United States due to quarantine concerns over the Mediterranean fruit fly (Medfly). APHIS was able to address AQSIQ's quarantine pest concerns by providing a 4.5-mile radius quarantine zone around Medfly detections and requiring that quarantine zones must remain Med fly-free for three years before being eligible to supply fruit to China.

The quarantine pest risk to China in the four prohibited counties of Florida is equivalent to the pest risk associated in other Florida counties currently approved by AQSIQ to ship citrus to China. In addition, APHIS has provided evidence demonstrating that these areas comply with all quarantine conditions and requirements of AQSIQ's "Program for Exporting Citrus to China."

Despite evidence demonstrating that these counties pose no additional pest risk to China, AQSIQ continues to request additional pest risk analysis to be conducted before considering adding these counties to the export protocol. APHIS maintains that there is no scientific justification for requesting additional pest risk analysis.

Country: South Korea
Commodity: Citrus
Barrier: Phytosanitary Restriction

Issue: In 1997, Korea imposed a mandatory fumigation requirement on all California citrus (fresh oranges) shipments to prevent the transmission of red scale.

Status: APHIS has since requested Korea's National Plant Quarantine Service (NPQS) to limit fumigation to citrus where pests are detected. Fumigation of citrus downgrades the quality of the fruit. Industry officials in California have increased efforts to ensure that shipments are free of red scale.

NPQS imposed fumigation for all U.S. oranges as a condition of entry due to repetitive interceptions of California red scale. Growers have been effective in reducing the level of incidence of this pest in production areas while packinghouses have developed new technologies, such as high pressure washes to control such pests. Industry officials state that more than 90 percent of California orange shipments to Korea are free of red scale.

Country: South Korea
Commodity: Citrus
Barrier: Tariff

Issue: Korea maintains a restrictive 50-percent tariff rate on imports of U.S. citrus (fresh oranges).

Status: In 2004 Korea's tariff rate for out-of-quota citrus was lowered to equal in-quota tariff rate at 50 percent. Since the ban on U.S. citrus was lifted in 1995 and the out-of quota tariff rate has been reduced, U.S. citrus exports have steadily increased making Korea a leading market for fresh oranges. During calendar year 2003, U.S. orange exports to Korea totaled nearly \$52 million. However, the 50-percent import duty is not scheduled to be lowered again and will continue to hamper exports of U.S. citrus to Korea.

14 Citrus

Country: Mexico
Commodity: Citrus
Barrier: Phytosanitary Restriction

Issue: Mexico bans citrus imports from Florida primarily due to concerns over citrus canker and Caribfly.

Status: In 2001 APHIS provided the Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentacion (SAGARPA) of the Ministry of Agriculture in Mexico a pest list and programs for controlling and eradicating pests of concern for Florida citrus. However, APHIS has not received a pest risk assessment (PRA) from SAGARPA for Florida citrus that would provide a basis for negotiating an export work plan for citrus produced in Florida. Although, APHIS continues to press SAGARPA during each technical bilateral for movement on this issue, Mexico has not provided an acceptable work plan that would allow exports of citrus from Florida.

In 1999, SAGARPA proposed overly restrictive work plan measures to control access of Florida citrus into Mexico that ignored historical successes of controlling pests in Florida. The major requirements of SAGARPA's proposal restricted distribution of citrus to Northern Mexico, limited the season of export, and required oversight in Florida by inspectors from Mexico that would be phased out over 3 years. Subsequently, SAGARPA officials traveled to Florida to observe the citrus industry's pest eradication programs, inspection process, and packing facilities.

Figs

Country: Japan
Commodity: Figs
Barrier: Phytosanitary Restrictions

Issue: Japan does not permit the importation of dried figs treated with sorbic acid or potassium sorbate. Sorbic acid is a harmless substance that can be metabolized by humans and is used as an anti-microbial agent to retard the growth of common yeast and molds on baked goods, processed foods, and dried fruit.

Status: The California Fig Advisory Board was awarded funding under the Technical Assistance for Specialty Crops (TASC) program to implement activities directed at elimination of the sorbic acid and potassium sorbate restrictions in Japan. Japan's Ministry of Health, Welfare and Labor has requested information and any detailed studies that relate to the use of potassium sorbate on figs. The Board is currently undertaking a comprehensive study that should be completed at the beginning of 2004.

The need for such approval is to permit the shipment of Mission figs with a moisture content of 26 percent to 30 percent as sold in the United States. Presently, only low moisture figs, 23

percent or less without sorbate treatment, can be shipped to Japan. The Board is aware that much of the tonnage is then further processed, in Japan, to increase moisture to the 26-30 percent range and then treated with potassium sorbate. Unfortunately, the secondary processing is not very good. Some tonnage is sold as low moisture fruit. High moisture figs have better mouth feel, longer shelf life and are much more tender than low moisture figs. Low moisture figs form sugar crystals quickly that give the appearance of surface mold. The Board's goal is to standardize shipments, except special orders, to include potassium sorbate.

Country: Japan
Commodity: Lettuce
Barrier: Phytosanitary Restriction

Issue: Japan regularly rejects or fumigates U.S. lettuce shipments during inspection with either methyl bromide or hydrogen gas when non-quarantine pests are detected.

Status: Japan's overly restrictive quarantine policy continues to sharply limit market access for U.S. lettuce exports. The majority of the U.S. lettuce exports to Japan is produced in California and Arizona. Fumigation reduces the quality of lettuce and increases cost of the product to the Japanese consumer. In July 2003 the United States and Japan tested a pre-clearance lettuce program in California in an attempt to lessen the rejection rates and fumigation of lettuce at ports in Japan. However, the pre-clearance program for California resulted in only two lettuce shipments to Japan, one shipment required fumigation before being released from port. The pre-clearance program for Arizona began in January 2004.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

16 Papayas

Country: Japan
Commodity: Papayas
Barrier: Non-Technical Barrier

Issue: The Ministry of Health Labor and Welfare (MHLW) of Japan currently prohibits imports of biotech papayas.

Status: In January 2003, officials of the U.S. papaya industry met with MHLW in Japan to discuss the status of their application. The officials agreed to conduct additional research requested by MHLW and in May 2003 the industry submitted a revised application. However, MHLW did not approve the application citing a need for additional research. The U.S. papaya industry is expected to complete the additional research for MHLW's review.

In 2000, the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan approved the U.S. papaya industry's application to export biotech papaya to Japan. However, Japan enacted legislation in 2001 requiring a second-tier approval by MHLW before allowing imports of biotech papayas. The U.S. papaya industry submitted its initial application to MHLW in 2001. The Government of Japan's recent establishment of the Food Safety Commission will require the U.S. papaya industry to also seek approval from a third regulatory entity.

Country: South Korea
Commodity: Papayas (fresh, non-biotech)
Barrier: Phytosanitary Restriction

Issue: The National Plant Quarantine Service (NPQS) of Korea restricts imports of non-biotech papayas from the United States due to fruit fly quarantine regulations. The U.S. Animal and Plant Health Inspection Service (APHIS) has been working with NPQS to develop a protocol that will address Korea's phytosanitary concerns.

Status: In May 2003, the U.S. Agricultural Research Service (ARS) revised the 1994 draft protocol to incorporate new research regarding thermal tolerances in fruit flies. However, NPQS still questions the viability of the vapor heat treatments and is requesting confirmatory tests to ensure that the treatment is effective.

In 1994, a draft protocol for vapor heat treatment was submitted, but NPQS questioned the adequacy of the treatments and requested confirmatory tests. These tests were never completed under the 1994 protocol because the U.S. papaya industry experienced heavy losses from the Papaya Ring Spot Virus. The vapor heat treatment has been used continuously in Hawaii since 1984 without incidence of fruit fly survival in commercial shipments of papaya.

Country: European Union
Commodity: Peaches (canned)
Barrier: Subsidy

Issue: The U.S. canned peach industry is struggling to maintain its viability against low cost competition from Greece and to a lesser extent from Spain. About 97 percent of U.S. production is consumed in the domestic market. Last year low-cost subsidized imports from Greece supplied over 16 percent of U.S. consumption, causing U.S. stocks to build and lower prices to domestic producers. The U.S. industry suspects that the EU is continuing excessive subsidies to growers by payment made through producers organizations.

Status: Between 1985 and 2000 the United States attempted to limit EU subsidies to canned peaches and canned pears through the Canned Fruit Agreement (CFA). The 1985 CFA was the result of a threatened U.S. 301 action and a GATT dispute settlement panel report, favorable to the United States. The panel determined that the EU was illegally subsidizing canners, finding that “aids granted to EU processors nullify and impair tariff concessions granted by the EU on canned fruit products.” The CFA was amended several times but was never an effective mechanism for limiting EU production subsidies. Nevertheless, the CFA did provide an avenue for the United States to monitor and try to make the EU system more transparent. Beginning in 1996 and culminating in 2001 the EU initiated reforms to its system, modifying production thresholds, withdrawal payments, minimum grower prices, and processing aids. In 2001 the EU unilaterally ended the CFA by implementing reforms, which changed the method of payment of subsidies and dramatically lowered the amount of subsidies paid to producers. The EU also initiated a new channel for payment through producer organizations. Since the reforms implemented by the EU in 2001, there has been no official activity on this issue. The U.S. industry contends that the reforms are insufficient and that significant subsidies are still being paid to EU canned peach producers. The United States will continue to monitor EU subsidies to this sector and evaluate their trade-distorting effects.

18 Pears

Country: China
Commodity: Pears
Barrier: Phytosanitary ban

Issue: China's State Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) prohibits the importation of U.S. pears due to quarantine concerns with respect to the bacterial disease fire blight.

Status: AQSIQ has not authorized the importation of U.S. pears due to fire blight. Until recently, negotiations with AQSIQ on this issue were on-going from 1995 to 2000. There were no bilateral technical meetings between the United States and China in 2001 and there was no significant progress on this issue at the technical bilateral meetings in 2002. The issue of U.S. pears was not resolved at the September 2003 meeting. Twice APHIS has submitted to AQSIQ a pest list and requested a pest risk assessment for U.S. pears.

Country: South Korea
Commodity: Pears
Barrier: Phytosanitary Ban

Issue: South Korea prohibits imports of U.S. pears due to five quarantine pests.

Status: South Korea provided APHIS with a pest risk assessment identifying five pests of quarantine concern. The development of feasible mitigation measures to address South Korea's pest concerns are under consideration by the U.S. pear industry. However, a 48-percent tariff rate imposed by South Korea on pears provides a significant barrier to U.S. pear industry to develop this market.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

Country: Israel
Commodity: Pistachios
Barrier: Non-Technical Barrier

Issue: The U.S. industry is concerned that pistachios produced in Iran are smuggled into Israel and competing with U.S. pistachios.

Status: Based on trade data and market inspections, the U.S. pistachio industry asserts that most pistachios sold in Israel are produced in Iran. Although these are banned by Israel, it is believed that these unprocessed pistachios from Iran enter Israel through various non-pistachio producing countries. However, U.N. Trade Data indicates that Germany was the second largest supplier of pistachios to Israel in Calendar Year 2002 with a value exceeding \$2.7 million while the United Kingdom exported \$320,000 of pistachios to Israel. While U.S. pistachios gained duty free access to Israel in 1996, U.S. pistachio exports to Israel have recently declined to near pre-1996 export levels.

Country: Mexico
Commodity: Pistachios
Barrier: Non-Technical Barrier

Issue: The diversion of Iranian pistachios into Mexico has impeded the growth of U.S. pistachio exports to Mexico.

Status: According to industry reports, Iran may be diverting pistachios that fail stringent testing requirements in other countries to developing countries, including Mexico. Reports indicate that once Iranian pistachios are denied entry into the EU, exporters must find another market.

The California Pistachio Commission is compiling trade data to present to Mexican authorities that may demonstrate that Iran is diverting pistachios to Mexico below the cost of production. U.S. industry investigations of the market in Mexico found most pistachios are produced in Iran, despite an 18-percent import tariff.

The Mexican market for pistachios has been disappointing for the U.S. pistachio industry. Even though NAFTA negotiations reduced tariffs on U.S. pistachios to zero, the anticipated increase in pistachio sales to Mexico has not been realized.

20 Potatoes

Country: Brazil
Commodity: Potatoes
Barrier: Phytosanitary Ban

Issue: Brazil maintains an import ban on U.S. seed potatoes due to phytosanitary concerns.

Status: Officials of the Ministry of Agricultural of Brazil, U.S. Potato Board, and APHIS met in Brasilia in July and September 2003 to discuss the development of a pest risk assessment (PRA) for the importation of U.S. seed potatoes into Brazil. The U.S. Potato Board is developing pest data to allow Brazil's Departamento de Defesa e Inspecao Vegetal to prepare a PRA.

Country: Canada
Commodity: Potatoes
Barrier: Technical Barrier to Trade

Issue: Canadian regulations require that bulk produce (including potatoes) shipments cannot be imported without a Ministerial Exemption or waiver issued by the Government of Canada (GOC). Waivers are only granted when fruit and vegetable supplies are deemed insufficient to meet domestic food requirements. The U.S. horticultural industry is concerned that Canada's bulk easement procedures restrict U.S. exports to Canada. Although this issue affects many fruits and vegetables, the National Potato Council (NPC) is the first U.S. organization to request the U.S. Government to negotiate with Canada to eliminate the bulk shipment restrictions

Status: During negotiations of the pre-NAFTA Canada-U.S. Free Trade Agreement (CUSTA), U.S. negotiators agreed not to address bulk restrictions in the final agreement in exchange for Canada agreeing not to address U.S. section 8e minimum quality import requirements on certain fresh produce. However, periodically at the request of the U.S. potato industry, the U.S. Government has informed Canada that it believes that bulk restrictions are inconsistent with WTO and NAFTA Agreements. In response, Canadians have questioned the consistency of section 8e requirements with WTO national treatment obligations. Hence, there has been a general truce between the two governments over the past 20 years not to challenge each other's respective programs. Until recently, the U.S. potato industry has been unwilling to risk a challenge to section 8e.

U.S. section 8e requirements have not affected Canadian shippers, whereas U.S. shippers continue to complain that Canada's bulk shipment restrictions limit U.S. potatoes exports. At the November 14, 2003, Consultative Committee on Agriculture meeting, the U.S. officials indicated that a formal request will be issued to Canada to enter into negotiations on the elimination of bulk shipment restrictions.

In 2002, U.S. potato exports to all countries were \$123 million, up 37 percent from 2001. In 2002, U.S. potato exports to Canada were \$114 million, 50 percent more than in 2001.

From January-September 2003, U.S. potato exports to all countries were \$75 million, down 30 percent from the same period in 2002. From January-September 2003, U.S. potato exports to Canada were \$64 million, down 37 percent from the same period in 2002.

In 2002, U.S. potato imports from all countries were \$104 million, up 50 percent from 2001. U.S. potato imports from Canada in 2002 were \$103.8 million, 50 percent more than in 2001. From January-September 2003, U.S. potato imports from all countries were \$72.7 million, down 7 percent from the same period in 2002. From January-September 2003, U.S. potato imports from Canada were \$72.6 million, down 7 percent from the same period in 2002.

Country:	China
Commodity:	Potatoes
Barrier:	Phytosanitary Ban

Issue: China continues to maintain a phytosanitary ban on fresh table stock potatoes produced in the Pacific Northwest and Alaska

Status: As a result of the SPS bilateral in September 2003, APHIS and China's State Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) signed a work plan in December 2003 authorizing the shipment of Alaskan seed potatoes to China. In addition China agreed to make immediate progress in completing pest risk assessments (PRA) for Pacific Northwest and Alaska table stock potatoes that would provide a basis for negotiating a market access agreement or protocol with China.

APHIS has provided AQSIQ the necessary information on relevant pests, control methods, and quarantine regulations for Alaska and Pacific Northwest table stock potatoes for China to carry out the PRAs. In July 2001, a Chinese technical delegation traveled to Idaho, Oregon, and Washington to observe table stock production areas and packing facilities. The delegation was provided an overview of all aspects of the U.S. potato industry from planting, growing, and harvesting, to packing and shipping. In addition, the delegation received data on potato pests, mitigation measures, pesticide use, sprout inhibitors, and the phytosanitary inspection and certification process that would allow scientists in China to conduct the PRAs. In August 2003, APHIS also provided AQSIQ with a draft export protocol for Pacific Northwest potatoes that set out the mitigation processes to address China's phytosanitary concerns.

22 Potatoes

Country: Japan
Commodity: Potatoes
Barrier: Phytosanitary Ban

Issue: Japan currently prohibits imports of U.S. fresh potatoes allegedly to prevent the introduction of golden nematode and potato wart into Japan.

Status: The United States has requested Japan lift the import ban on fresh potatoes for processing from major production areas where golden nematode, such as the Pacific Northwest, California, and other U.S. potato producing areas, is not known to exist (potato wart is not found in the United States). However, MAFF has raised new concerns regarding a number of viruses that would necessitate post-entry quarantine of imported potatoes even if the ban were lifted.

In an effort to ensure Japan has a sufficient supply of potato chips throughout the year, the Japan Potato Chip Association (JPCA) and the U.S. Potato Board are lobbying the Government of Japan for a special “zone” that would allow processing facilities to import fresh chipping potatoes. JPCA has proposed that suppliers and processors will take necessary measures to ensure plant protection by limiting importation of potatoes from February through May, when domestically produced potatoes are more likely to sprout and deteriorate after long-term storage. A pilot program of this proposal may be implemented in 2004.

The USDA will continue to urge Japan to recognize disease-free areas in the United States for golden nematode and potato wart while also urging Japan to permit imports of chip potatoes for use in the food service industry, including those under the Japanese deregulation initiative.

Country: South Korea
Commodity: Potatoes
Barrier: Phytosanitary Restrictions

Issue: Korea maintains strict phytosanitary requirements for U.S. potatoes due to concerns regarding the transmission of *Verticillium tenerum*, a non-pathogenic fungus.

Status: Korea’s National Plant Quarantine Service (NPQS) maintains that Korea is free from *V. tenerum* and, therefore, of quarantine concern. In January 2003, Korea rejected a shipment of U.S. chipping potatoes after detecting this fungus. APHIS contends that *V. tenerum* should not be of quarantine concern because the pest is not uncommon. Moreover, APHIS has provided NPQS research data evidencing that *V. tenerum* is not pathogenic and poses minimal risk to Korea. Recently, Korea acknowledged that *V. Tenerum* should not be considered a quarantine pest and is making progress to modify import requirements for potatoes accordingly. APHIS has also provided to NPQS a draft

protocol proposing that potatoes found to have *V. tenerum* should be processed into potato chips rather than rejected or destroyed.

Country: Mexico
Commodity: Potatoes
Barrier: Phytosanitary Restrictions

Issue: Mexico maintains a 48-hour hold order on all shipments of US table stock while testing for quarantine pests. In addition, Mexico currently restricts the sale of U.S. potatoes to areas located within the 26 km of the U.S. border.

Status: APHIS was able to re-open the Mexican market for U.S. table stock potatoes in 2003, resulting in greater than \$7 million in potato exports. After an initial difficult start-up (numerous pest detections by Mexico) APHIS, State regulatory officials and the U.S. potato industry worked to develop and implement new inspection procedures for U.S. potato exports in October 2003. As result of these new inspection procedures, the potato shipment rejection rate decreased from greater than 10 percent to less than 0.5 percent.

The U.S. potato export protocol with Mexico requires all U.S. fresh potato shipments to be held at the border for up to 48 hours to allow Mexico to conduct laboratory tests for nematodes, such as Bacterial Ringrot and Columbia Root Knot Nematode. In October 2004, APHIS will use the testing results to justify expansion of the market beyond the 26 km restriction. At the February 2003 technical bilateral, Mexico agreed that once the U.S. request was received, it would initiate changes to the protocol to allow U.S. potatoes greater access to the market in Mexico.

Country: Taiwan
Commodity: Potatoes
Barrier: Phytosanitary Restrictions

Issue: Taiwan's phytosanitary restrictions prevent importation of U.S.-origin table stock and seed potatoes from Montana and table stock potatoes from Colorado.

Status: Taiwan currently authorizes imports of U.S.-origin table stock potatoes from Alaska, California, Idaho, Oregon, and Washington provided the potatoes are produced in areas free of golden nematode, potato rot, potato late blight, and various other pests. Taiwan also authorizes importation of U.S.-origin seed potatoes from Alaska.

On behalf of the potato industry, APHIS has requested that Taiwan also provide access for potatoes produced in Montana and Colorado, under similar import conditions already established for other States. Market access for U.S.-origin potatoes and other outstanding U.S.-Taiwan phytosanitary issues will be addressed during the next bilateral meeting in mid-2004. Status updates for both states are summarized as follows:

24 Potatoes

Montana

APHIS has been seeking access for Montana-origin seed and table stock potatoes since 1995. During the June 2003 technical bilateral meeting in Colorado, APHIS requested an update on the status of Taiwan's pest risk assessment (PRA) for Montana-origin potatoes. APHIS specifically sought clarification regarding Taiwan's need for additional pest information. Taiwan stated that while conducting the PRA, BAPHIQ officials discovered lists of secondary pests in the literature that were not included on the pest list provided by APHIS. APHIS reiterated its desire for a quick resolution to this issue upon receipt of the requested pest information. To date, market access for Montana-origin potatoes has not been authorized by Taiwan.

Colorado

APHIS made a formal market access request for Colorado-origin table stock potatoes during the June 2003 technical bilateral meeting. A previous market access request was withdrawn in 1996.

Taiwan confirmed that the same pest information that was required for Montana potatoes would be needed. APHIS requested that BAPHIQ initiate the PRA. Taiwan officials agreed to initiate a risk assessment upon receipt of the requested pest information from APHIS. Additionally, Taiwan indicated that they would also require survey data to confirm the presence or absence of particular pests of concern in the production areas. APHIS stated that several of the pests are not known to occur in Colorado production areas and that requiring specific surveys for these pests would be inconsistent with IPPC standards for pest-free areas. BAPHIQ officials reiterated that the survey data would be necessary to confirm the pest status. To date, market access for Colorado-origin potatoes has not been authorized by Taiwan.

Country:	Venezuela
Commodity:	Potatoes
Barrier:	Phytosanitary Restrictions

Issue: Venezuela maintains tight phytosanitary restrictions on imports of U.S. table stock and seed potatoes.

Status: Venezuela requires that a pest risk assessment (PRA) be completed before import requirements for seed potato and table stock potato may be established. APHIS is preparing necessary data for Venezuela to initiate a PRA. Following completion of the PRA, Venezuela will consider implementing an export work plan to facilitate the import of U.S. seed and table stock potatoes.

Country: India
Commodity: Raisins
Barrier: Tariff

Issue: India's current duty on imported raisins remains extremely high, protecting the market's domestic raisin producers.

Status: Recently the Government of India announced the 2003/04 budget, which reduced raisin import tariffs from 105 percent to 100 percent. The reduction was not of a magnitude to allow viable, commercial market access for U.S. raisins. Moreover, in March 2003, India signed a Preferential Trade Agreement with Afghanistan that includes tariff concessions of a reduction of 50 percent on the applicable basic duty on raisins.

The Raisin Administrative Committee (RAC) has been working to expand its marketing reach to India through the Emerging Markets Program. RAC's interest in India stems primarily from the growth and wealth of the emerging middle class. Although India produces raisins domestically, RAC does not see these raisins as direct competition because of their poor quality and lack of appeal to the upscale retail market. A market assessment of India conducted by FAS concurred with the RAC assessment of the market potential for raisins and supported the Emerging Markets proposal.

Stone Fruit

Country: Australia
Commodity: Stone Fruit
Barrier: Phytosanitary Ban

Issue: Australia bans imports of U.S. stone fruit (peaches, nectarines, plums, and prunes) due to phytosanitary concerns. USDA has repeatedly requested that Biosecurity Australia (BA) initiate a pest risk assessment to evaluate the risk of importing California and Pacific Northwest stone fruit.

Status: On September 1, 1993, APHIS requested BA to grant access to U.S. stone fruit into Australia. This request was made on behalf of the California Tree Fruit Agreement. During this period, USDA/APHIS requested that BA initiate an import risk assessment (IRA) for U.S. stone fruit produced in California, Washington, Oregon, and Idaho. In 1994 APHIS submitted to BA information collected by the California Tree Fruit Agreement and the Northwest Horticultural Council that BA would need to initiate the IRA. However, no progress was made by BA in initiating an import risk assessment.

On May 29, 2002, APHIS resubmitted the pest list to allow BA to initiate an IRA. During the January 2004 technical bilateral, BA committed to initiating an IRA in July 2004.

26 Stone Fruit

Country: China
Commodity: Stone Fruit
Barrier: Phytosanitary Ban

Issue: China's State Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) prohibits the importation of U.S. plums and nectarines due to quarantine concerns with respect to the bacterial disease fire blight.

Status: APHIS has sought access to China for U.S. plums since 1994 and more recently requested access for nectarines. AQSIQ continues to ban U.S. plums due to concerns about fire blight. Moreover, APHIS has not received credible evidence from AQSIQ demonstrating that under commercial conditions plums serve as a pathway for fire blight. AQSIQ officials have visited California to observe U.S. plum production, inspection, and packing techniques. During the September 2003 technical bilateral, AQSIQ provided APHIS a pest list and draft pest risk analysis (PRA) for plums produced in California. The draft PRA is under review by APHIS and will be discussed with AQSIQ in March 2004.

Country: Mexico
Commodity: Stone Fruit – Peaches and Nectarines (Northwest)
Barrier: Phytosanitary Ban

Issue: Mexico maintains a phytosanitary ban on exports of Pacific Northwest (Idaho, Oregon, and Washington) peaches and nectarines due to concerns about Oriental Fruit Moth (OFM).

Status: In response to a proposal from the Pacific Northwest peach and nectarine industry, APHIS requested that Mexico establish a time for the 2004 season a pilot systems program similar to the apricot program. Apricots from the Pacific Northwest have been successfully exported to Mexico under this program since 2002. Due to the cooler northern climate and lack of host material, OFM (the quarantine pest of major concern to Mexico) occurs at low prevalence in Idaho, Oregon, and Washington. The apricot work plan established a systems approach for pest control. Under this agreement, local state or county officials in the United States carry-out the daily management of the work plan. Mexican officials also visit the production areas periodically to verify that the apricot industry is compliance with the agreement. At the technical bilateral meeting in February 2004, the apricot program was made permanent.

Country: Mexico
Commodity: Stone Fruit (California)
Barrier: Phytosanitary Restriction

Issue: U.S. stone fruit exports to Mexico are hampered by increasingly restrictive and costly import requirements

Status: During the 2004 technical bilateral, APHIS renewed an agreement with Mexico to allow for the continuation of the California stone fruit export program to Mexico under fumigation. In addition, Mexico agreed with APHIS to grant permanent status to the apricot export program. However, due to continued requirements for strict penalties for the detection of non-quarantine pests, agreements on California stone fruit using the systems approach were not reached in the 2004 season.

Mexico continues to require sanctions for numerous pests, many of which are not of quarantine concern. During 2003, Mexico added a variety of new quarantine pests to the work plan that allows U.S. stone fruit exports into Mexico. Mexico now lists 23 pests of concern in the work plan, compared to nine in 2002, and one in 2001. In addition, Mexico increased penalties associated with the interception of these pests to a level that significantly hamper exports.

A bilateral technical group consisting of APHIS and Mexican officials met twice in 2003 to discuss the removal of quarantine pests from the stone fruit work plan. However, no pests were removed from the quarantine list. APHIS continues to present Mexican officials with evidence demonstrating that at least half of the 23 pests that Mexico lists to be of quarantine concern currently exist in Mexico.

In addition, Mexico's unwillingness to lower the costs of the systems approach work plan made the fumigation and apricot programs the only viable options for the stone fruit industry this year.

Under the current financial agreement, the cost to the U.S. industry of providing the Mexican inspectors necessary to export stone fruit almost doubled. The total cost of the compensation package for one Mexican inspector is about \$11,500 per month. Progress in eliminating restrictions under the California stone fruit export program has been slow and hampered by disagreements. For 2003, stone fruit sales to Mexico are valued at more than \$20 million.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue.

28 Stone Fruit

Country: New Zealand
Commodity: Stone Fruit - Peaches and Nectarines (Northwest)
Barrier: Phytosanitary Ban

Issue: New Zealand maintains a phytosanitary ban of exports on Pacific Northwest peaches and nectarines due to concerns about Oriental Fruit Moth.

Status: In January 2004, APHIS requested the Ministry of Agriculture (MAF) of New Zealand to provide access for peaches and nectarines produced in the Pacific Northwest. MAF indicated that it requires a formal request and full pest list before considering APHIS' request further. APHIS will soon submit a full pest list to MAF for peaches and nectarines from the Pacific Northwest. Currently, peaches and nectarines produced in California have access to New Zealand.

Table Grapes

Country: Australia
Commodity: Table Grapes
Barrier: Phytosanitary Restriction

Issue: Australia has agreed to allow fumigation of California table grapes upon arrival but stringent safeguard requirements have kept California grapes from being fumigated at destination ports.

Status: Following years of negotiating market access to Australia, the first consignments of California table grapes arrived in Australia in July 2002. The work plan required that grapes could only be fumigated at the port of origin before being shipped to Australia. Australia had agreed to review the 2002 work plan after the completion of the first shipping, and modified the work plan for 2003 to allow for fumigating grapes at the port of destination. This could be a significant benefit to the California grape industry because delaying fumigation enhances the shelf life of grapes. In addition, the 2003 work plan allows reduced inspection sample sizes and a lower fumigation dosage.

However, California grape suppliers have not yet fumigated in Australia due to stringent safeguard requirements imposed by Australian Quarantine and Inspection Service (AQIS) due to concerns regarding the glassy-winged sharpshooter (GWSS). USDA considers that extraordinary containment requirements are unnecessary as the GWSS does not follow the pathway (it is not found in shipments of commercially packed table grapes). Australia's import requirements for U.S. grapes were discussed at the technical bilateral in Cairns during January 2004, with progress expected on this issue in time for the 2005 shipping season.

* See Section titled "Technical Assistance for Specialty Crops Fiscal Year 2003 Project Summaries and Allocations" of this periodical for information on TASC projects addressing trade barriers related to this issue

Country: Mexico and Guatemala
Commodity: Tomatoes
Barrier: Phytosanitary Ban

Issue: Mexico and Guatemala ban imports of tomatoes from the Imperial County in California due to Pink Hibiscus Mealy Bugs (PHMB) although this pest is not found in agricultural areas in this county.

Status: In 1999, Mexico discovered PHMB in the Mexicali region of Baja California. Shortly thereafter, it was found in a residential area in Imperial County, California. In November 2002, Mexico banned the importation of California tomatoes produced in Imperial County as a precautionary measure. In September 2003, Guatemala followed Mexico's lead and banned the importation of tomatoes produced in Imperial Valley.

The California tomato industry is concerned that the actions taken by Mexico and Guatemala are unjustified. PHMB has never been found on California tomatoes, nor have any PHMB findings been reported in agricultural areas where tomatoes are produced. In addition, California tomatoes are washed, sorted, and inspected for compliance with Federal Standards. A phytosanitary permit is also required for California tomato exports to Mexico certifying that shipments are pest free.

The California Tomato Commission is requesting that the North American Tomato Trade Work Group support a resolution requesting that Mexico lift the ban on the California tomatoes produced in Imperial County. In November 2003, the Imperial County Agricultural Commissioner met with Mexican officials from the Directorate of Plant Health and General Directorate of Phytosanitary Inspection of the Ministry of Agriculture. APHIS raised this issue again with Mexico during the February 2004 technical bilateral meeting.

Country: Mexico
Commodity: Tomatoes
Barrier: Technical Barrier

Issue: Mexico requires the import tolerance for stem and leaf matter not to exceed 5 pieces per 100 tomatoes.

Status: The intent of this standard was to limit pest and debris entering Mexico. However, this restriction on stem and leaf matter imposes a barrier to trade that prevents exports of U.S on-the-vine (OTV) tomatoes. The United States does not impose a standard for stem and leaf tolerance on tomato imports from Mexico. Mexico raised the tolerance for stem and leaf matter from zero to five pieces per 100 tomatoes in the early 1990s. However, APHIS and the California Tomato Commission continue to press the Government of Mexico to raise the tolerance level above the current restriction.

30 Walnuts

Country: South Korea
Commodity: Walnuts
Barrier: Tariff

Issue: High tariffs have impeded U.S. shelled walnut exports to Korea.

Status: In calendar year 2003, Korea applied a 32 percent tariff on imports of shelled walnuts. During this period the U.S. shelled walnut exports to Korea amounted to \$7.4 million. In 2004, the bound duties were lowered to 30 percent. The California Walnut Commission estimates that the removal of the tariff would potentially increase exports to over \$20 million.

Country: South Korea
Commodity: Walnuts
Barrier: Phytosanitary Ban

Issue: Korea prohibits the importation of U.S. in-shell walnuts due to codling moth.

Status: Korea's National Plant Quarantine Service requires the U.S. walnut industry to implement a 3-year pre-clearance program to ensure shipments are free from codling moth as a condition for in-shell walnuts to enter the Korean market. Initially, the cost of a walnut pre-clearance program and the Korea's significant import tariff rate deterred the walnut industry from pursuing this market. Recently, at the request of the walnut industry, APHIS will again engage Korea on this matter. Currently Korea's applied tariff rate on U.S. in-shell walnuts is 45 percent.

Tariffs for Key Commodities in Select Markets 31

2004 Applied Tariff Rates Selected Countries and Selected Commodities

Commodity HS # (s)	Oranges 080510	Grapefruit 080540	Lemons 80550	FCOJ 200911	OJ, nt frz 200919 *	Apples 080810	Pears 080820
Country							
NAFTA							
United States	2.1	16.2-28.7	4.4	39	17.1	0	0-0.40 1/
Canada	0	0	0	0	0	0	0-8
Mexico	0	0	0	20 3/	1.76 cents/liter	0 4/	0
WESTERN HEMISPHERE							
Argentina	11.5	11.5	11.5	15.5	15.5	11.5	11.5
Brazil	10	10	10	14	14	10	10
Chile	0	0	0	0	0	0	0
Venezuela	15	15	15	20	20	15	15
EUROPE							
European Union	3.2-16.0 5/	1.5-2.4	6.4 6/	33.6 7/	33.6 7/	4.0-11.2 8/	5-10.4 8/
MIDDLE EAST							
Israel	OQ NS0.63/kg BNM145.8%	OQ NS0.56/kg BNM145.8%	OQ NS0.69/kg BNM221.4%	OQ 10.8%+17%VAT	OQ 10.8%+17%VAT	OQ NS1.65/kg BNM498%	OQ NS1.84/kg BNM394.2%
Kuwait	0	0	0	5	5	0	0
Saudi Arabia	5	5	5	5	5	5	5
Turkey	54	54	54	58.5	58.5	60.3	60.3
AFRICA							
Egypt	40	40	40	40	40	40	40
South Africa	5	5	5	25	25	5	5
ASIA							
China	11 + 13 VAT	12 + 13 VAT	11 + 13 VAT	7.5 + 17 VAT	30 + 17 VAT	10 + 13 VAT	10 - 12 + 13 VAT
Hong Kong	0	0	0	0	0	0	0
India	30	25	30	30	30	50	30
Indonesia	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT + 10 STL	5 + 10 VAT + 10 STL	5 + 10 VAT	5 + 10 VAT
Japan	16-32 10/	10	free	25.5	25.5	17	4.8
Korea, Republic of	50	30	30	OQ-54 + 10 VAT	OQ-54 + 10 VAT	45	45
Australia	free	free	free	5	5	free	free
Malaysia	0	5	5	6	6	5	5
New Zealand	0	0	0	5.0-6.5/liter	5.0-6.5/liter	0	0
Philippines	10	7	10	7	1	7	7
Singapore	0	0	0	0	0	0	0
Taiwan	20*	15*	15*	21.5-29.0 30 CIF value or 10 B/liter + 7 VAT	22.5-30.0 30 CIF value or 10 B/liter + 7 VAT	20	10
Thailand	30 CIF value or 25.00 B/kg 20/	40 CIF value or 33.50 B/kg 20/	40 CIF value or 33.50 B/kg 20/	B/liter + 7 VAT 20/	B/liter + 7 VAT 20/	10 CIF value or 3 B/kg 20/	30 CIF value or 25.00 B/kg 20/

The information contained in these tables is drawn from a variety of sources and is intended for illustrative purposes. Accuracy of the individual entries is not guaranteed.

Note 1: IQ means In-Quota Tariff. OQ means Out-Of-Quota Tariff. VAT means Value Added Tax. EXT means Excise Tax.

Note 2: Sole numbers (without further description or details) means or refer to the applied tariff in percent.

Note 3: Shaded areas represent import tariffs higher than the United States.

* 200912 Orange Juice, not frozen, of a brix value not exceeding 20 has not been separately reported in this exercise.

1/ 0.30 if entered during the period 7/1-3/31

3/ the lesser of 20 percent ad valorem or \$0.0786/liter, with import permit \$0.0462

4/ antidumping duties for U.S. Red and Golden Delicious apples of 46.58%.

5/ plus entry price during the period 12/1-5/31: max 71 EUR/ton

32 Tariffs for Key Commodities in Select Markets

2004 Applied Tariff Rates Selected Countries and Selected Commodities

Commodity HS # (s)	Cherries 080920	Peach/Nect 080930	Strawberry 081010	Grapes 080610	Almonds ns 080211	Almonds sh 080212
Country						
NAFTA						
United States	0	0-0.24 2/	0.13-1.67	\$1.13-1.80/cubic	4.1	13.5
Canada	0-8	0-8	0-8.5	0-1.41 cents/kg	0	0
Mexico	0	0	0	0	0	0
WESTERN HEMISPHERE						
Argentina	11.5	11.5	11.5	11.5	11.5	11.5
Brazil	10.0	10.0	10.0	10.0	10.0	10
Chile	0	0	0	0	0	0
Venezuela	15.0	15.0	15.0	15.0	15.0	15.0
EUROPE						
European Union	12 9/	17.6 12/	11.2-12.8	11.5-17.6 13/	5.6	3.5
MIDDLE EAST						
Israel (*)	July: NS3.30/kg BNM72.9%; Aug.	NS1.18/kg BNM 80.1%; Dec.-	NS3.78/kg BNM 84.6%; June -	OQ NS1.53/kg BNM314%	BNM91.8%+17%VA T	BNM91.8%+17%V AT
Kuwait	0	0	0	0	5	5
Saudi Arabia	5.0	5.0	5.0	5.0	5.0	5.0
Turkey	55.0	55.0	55.0	54.9	43.2	43.2
AFRICA						
Egypt	40.0	40.0	40.0	40.0	30.0	30.0
South Africa	5.0	5.0	15	5.0	0	0
ASIA						
China	10 + 13 VAT	10 + 13 VAT	22.7 + 13 VAT	13 + 13 VAT	24 + 13 VAT	10 + 13 VAT
Hong Kong	0	0	0	0	0	0
India	30.0	30.0	30.0	30.0	Rs 35/kg	Rs 65/kg
Indonesia	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT
Japan	8.5	6.0	6.0	17 - 7.8 15/	free - 2.4 16/	free - 2.4 16/
Korea, Republic of	24.0	45.0	45.0	45.0	8.0	8.0
Australia	free	free	free	5.0	5.0	5
Malaysia	5.0	5.0	5.0	5.0	0	0
New Zealand	0	0	0	0	0	0
Philippines	7.0	7.0	15.0	7.0	3	3
Singapore	0	0	0	0	0	0
Taiwan	7.5	20	20.0	20.0	5.0	2.5
Thailand	40 CIF value or 33.50B/kg 20/	40 CIF value or 33.50B/kg 20/	40 CIF value or 33.50B/kg 20/	30 CIF value or 25.00B/kg 20/	10 CIF value or 8.50B/kg 20/	10 CIF value or 8.50B/kg 20/

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2/ 0.10 percent if entered during the period 6/1-11/30

11/ plus 0.12-0.33 EUR/kg

12/ plus entry price during the period 6/1-9/30: max 130 EUR/ton

13/ plus entry price during the period 7/21-11/20: max 96 EUR/ton

Tariffs for Key Commodities in Select Markets 33

2004 Applied Tariff Rates Selected Countries and Selected Commodities

Commodity HS # (s)	Pistachios 080250	Walnuts 08023	Corn p/p 200580	Broccoli 070410	Lettuce 070511	Tomatoes 070200
Country						
NAFTA						
United States	0.24-0.34	6-8.85	5.6	2.5-14.0	0.88-7.62	2.51
Canada	0	0	0-10.5	0-4.0	0-12.5	0-4.8
Mexico	0	0	72.6*	0	0	0
WESTERN HEMISPHERE						
Argentina	11.5	11.5	15.5	11.5	11.5	11.5
Brazil	10.0	10.0	14.0	10	10.0	10.0
Chile	0	0	0	0	0	0
Venezuela	15.0	15.0	20.0	15.0	15.0	15.0
EUROPE						
European Union	1.6	5.1	5.1 + 94 EUR/Ton	9.6-13.6 14/	10.4-12 15/	8.8-14.4 16/
MIDDLE EAST						
Israel	0 + 17%VAT	0+17% VAT	BNM45%+17% VAT	OQ NS1.08/kg BNM115.2%	0.62/kg BNM80%	NS0.81/kg BNM 244.8%; Nov. -
Kuwait	5	5	5	0	0	0
Saudi Arabia	5.0	5.0	5.0	5.0	5.0	5.0
Turkey	43.2	43.2	5.1%+22.9EUR/10 0 Kg./net	19.5	19.5	48.6
AFRICA						
Egypt	30.0	30.0	30.0	20.0	20.0	20.0
South Africa	0	0	20.0	0	0	15.0
ASIA						
China	10 + 13 VAT	20-25 + 13 VAT	10 + 17 VAT	10 + 13 VAT	10 + 13 VAT	13 + 13 VAT
Hong Kong	0	0	0	0	0	0
India	30.0	30.0	30.0	30.0	30.0	30.0
Indonesia	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT	5 + 10 VAT
Japan	0	10.0	14.9 - 10 19/	3	3	3
Korea, Republic of	30.0	shelled	15 + 10 VAT	27.0	45.0	45.0
Australia	free	free	5	free	free	free
Malaysia	0	0	8.0	0	0	0
New Zealand	0	0	7.0	0	0	0
Philippines	3.0	3	15.0	25.0	25.0	10.0
Singapore	0	0	0	0	0	0
Taiwan	3.0	5	13-20	20.0	20	10.0
Thailand	10 CIF value or 8.50B/kg 20/	10 CIF value or 8.50B/kg 20/	30 CIF value or 25B/kg + 7 VAT 20/	40 CIF value or 4.18B/kg 20/	40 CIF value or 4.18B/kg 20/	40 CIF value or 4.18B/kg 20/

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Note 3: Shaded areas represent import tariffs higher than the United States.

14/ from 1/1-14 and 12/1 -12/31: 96 percent of the cif value, minimum of 1.6 Eu per 100 kg/net and 4/15-11/30: 13.6 percent, minimum of 1.6 EUR per 100 kg/net

15/ from 1/1-3/31 and 12/31: 10.4 percent minimum 1.3 EUR per 100kg/gross; and 4/1-11/30: 12 percent, minimum 2 EUR per 100 kilograms

16/ plus entry price: 298 EUR/ton

17/ plus 0.25-0.45 Eur/kg

34 Tariffs for Key Commodities in Select Markets

2004 Applied Tariff Rates Selected Countries and Selected Commodities

Commodity HS # (s)	Raisins 080620	Prunes 081320	Wine 22042	Potato x sd 070190	Potato chip 200520	Frz fff 200410
Country						
NAFTA						
United States	1.08-2.29	14	1.1-19.6	1.5-3.1	6.4	6.4-8.0
Canada	0	0	3.74-16.22 cents/liter	0-\$4.94/metric ton	0-6	0-6
Mexico	0	0	0**	0	0	0
WESTERN HEMISPHERE						
Argentina	11.5	11.5	21.5	11.5	15.5	15.5
Brazil	10	10	20	10	14	14
Chile	0	0	6	4.5	4.5	4.5
Venezuela	15	15	15-20	15	20	20
EUROPE						
European Union	2.4	9.6	13.1-32 EUR per hl	9.6-13.4	14.1	17.6
MIDDLE EAST						
Israel	BNM 306%+17%VAT	NS0.90/kg BNM27%+17%VA	9.0%+NS1.01/liter BNL	NS1.59/kg BNM 207%; May-June:	10.8%+17% VAT	10.8%+NS2.65/kg BNM 45%, BNL
Kuwait	0	5	Not Allowed	5	5	5
Saudi Arabia	5	5.0	5.0	5	12	5.0
Turkey	54.9	41	70	19.3	39	39
AFRICA						
Egypt	40	40	1800	20	30	30
South Africa	10	10	25	0.44 c/kg	20	20
ASIA						
China	10 + 13 VAT	25 + 13 VAT	14 - 20 + 17 VAT	13 + 13 VAT	15 + 17 VAT	13 + 17 VAT
Hong Kong	0	0	80	0	0	0
India	100	25	see India note 90 or 170 + 10 VAT + 40 or 75	30	30	30
Indonesia	5 + 10 VAT	5 + 10 VAT	STL	5	5 + 10 VAT	5 + 10 VAT
Japan	1.2	2.4	15	4.3	13.6	8.5
Korea, Republic of	21 + 10 VAT	18 (Dried)	15 + 10 VAT	IQ-30 OQ-304	20 + 10 VAT	18 + 10 VAT
Australia	5	5	Rm 66/deciliter	5	free	5
Malaysia	5	5	EXT Rm	0	0	0
New Zealand	0	0	7	0	5	5
Philippines	3	7	7	IQ-40 OQ-40	7	10
Singapore	0	0	EXT S\$9.50 per	0	0	0
Taiwan	NT\$2/kg	6.9	54 CIF value or 18.00B/liter + 60 EXT + 10	10 20	15 30 CIF value or 25B/kg + 7 VAT	12.5 30 CIF value or 25.0B/kg + 7 VAT
Thailand	30 CIF value or 25B/kg 20/	40 CIF value or 33.50B/kg 20/	18.00B/liter + 60 EXT + 10	OQ, 125 CIF value	30 CIF value or 25B/kg + 7 VAT	25.0B/kg + 7 VAT 20/

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Note 3: Shaded areas represent import tariffs higher than the United States.

18/ plus minimum 25 EUR/hl

19/ plus maximum 0.09 EUR/kg

20/ B = Baht, which is the Thai currency.

India note

India Note: Total applicable duty on wine ranges from 140 to 250 percent on advalorem value that includes:

/1: Basic Duty applicable on CIF value of the good = 100 percent /2 : Countervailing Duty (CVD): applied on the CIF Value plus Basic Duty: a) 50% or \$37 per case whichever is higher for CIF value more than \$25 but less than \$40 per case b) 20% or \$40 per case whichever is higher for CIF value exceeding \$40 per case /3: Total Effective Duty = Total Basic Duty + Total CVD

Summary of the Animal and Plant Health Inspection Service (APHIS) Phytosanitary Accomplishments for U.S. Horticultural Products for Fiscal Year 2003

INTRODUCTION

This report represents a portion of the eighth annual summary and analysis of USDA's successes in resolving trade barrier issues related to animal disease and plant pest concerns as prepared by USDA's Animal and Plant Health Inspection Service (APHIS). The report highlights solely the achievements of APHIS in resolving trade barriers to exports of U.S. horticultural products during 2003.

The information for this report was provided by the Phytosanitary Issues Management Area of Plant Protection and Quarantine, International Services, and the Trade Support Team of APHIS.

EXPORT ACCOMPLISHMENTS

This report details USDA's successes in the arena of international trade related to phytosanitary barriers and illustrates the nature and effectiveness of USDA's efforts in resolving trade issues. These activities include the opening, retaining, or expanding of overseas markets for U.S. agricultural products.

The report relies on the following definition for SPS trade issues resolution: an SPS accomplishment takes place when an SPS issue is resolved in a way that enables the movement of commodities and satisfies the health concerns of the countries involved. In addition, APHIS divides SPS accomplishments into three categories: *Market access* refers to obtaining first time access to a previously closed market or reopening a market that has been closed for some time. *Market retention* means that access to an existing market is preserved in the face of some action that threatens to close that market. *Market expansion* involves increasing the openness of an existing market, for instance by enlarging the area eligible for export, increasing the number of varieties eligible for export, or reducing mitigation measures (and therefore costs) applied to the export.

Over the past 3 years, several phytosanitary issues involving U.S. horticultural exports were resolved valued at about \$90 million per year. These export accomplishments included opening new markets for various products, including stone fruit and cherries to Chile during fiscal year 2003

36 APHIS Horticultural Accomplishments 2003

Export Markets Opened in FY 2001, 2002, 2003					
Market	Products	Opened	FY 2001	FY 2002	FY2003
Australia	Grapes	FY2002	n/a	\$2,285,000	\$2,344,000
Cuba	Apples	FY2002	n/a	\$97,000	\$795,000
Cuba	Pears	FY2002	n/a	\$0	\$29,000
Japan	Cherries	FY2001	\$90,455,598	\$85,923,000	\$78,721,000
Korea	Walnuts	FY2002	n/a	\$6,346,000	\$ 6,923,000
Pakistan	Apples	FY2002	n/a	\$24,000	\$0
Chile	Stonefruit & Cherries	FY 2003	n/a	n/a	n/a
Thailand	Seed Potatoes	FY2001	\$ 51,000	\$ 51,498	\$ 222,000
Uruguay	Seed Potatoes	FY2002	n/a	\$53,058	\$191,000
Total			\$90,506,598	\$94,779,556	\$ 89,225,000

APHIS successfully retained markets for horticultural products valued at \$12.8 million during fiscal year 2003. Market potential for these products is estimated to be \$19.1 million. Market retention efforts by APHIS specifically included maintaining access for U.S. potatoes to Mexico valued at \$6.36 million and U.S. apples to Colombia valued at \$2 million.

Current Export Markets Retained in FY 2003			
Country	Products	Trade in 2003	Market potential
Canada	Seed Potatoes	\$ 2,804,000	\$ 3,100,000
Colombia	Apples	\$2,047,000	\$4,000,000
Colombia	Nectarines	N/A	N/A
Colombia	Peaches	\$348,000	\$ 500,000
Colombia	Pears	\$1,258,000	\$1,500,000
Mexico	Potatoes	\$ 6,364,000	\$ 10,000,000
Total		\$12,821,000	\$19,100,000

APHIS efforts in expanding existing market access in 2003 were significant. Market expansion activities are valued at \$62.2 million in 2003 and included greater access for U.S. apples to Taiwan, U.S. peaches and nectarines to Mexico, as well as U.S. table grapes to Australia.

APHIS Horticultural Accomplishments 2003 37

Current Export Markets Expanded in FY 2003			
Country	Products	Trade in FY 2003	Market Potential
Australia	Table Grapes	\$2,344,000	\$20,000,000
Canada	Nursery Stock	N/A	N/A
Korea	Cherries	\$3,487,000	\$5,000,000
Mexico	Apricots	\$2,971,000	\$3,000,000
Mexico	Citrus	\$8,770,000	\$9,000,000
Mexico	Nectarines	\$14,000	\$3,981,000
Mexico	Peaches	\$11,746,000	\$15,000,000
Mexico	Plums	\$6,124,000	\$10,000,000
Taiwan	Apples	\$26,806,000	\$71,000,000
Total		\$ 62,262,000	\$ 136,981,000

For APHIS, a phytosanitary issue arises when plant health concerns potentially limit the movement of a commodity in international trade. In such instances, APHIS scientists and technical staff enter into discussions with their foreign counterparts on the scientific issues related to the movement of the product. The goal of these discussions is to determine under which conditions trade can take place without presenting a risk to the plant resources of the countries involved.

Import requirements designed to protect the biological health of the agricultural sector can significantly restrict trade. The exchange of technical and scientific information can often convince an importing country that the risk associated with imported products is less than has been perceived or can be safely addressed through certain risk mitigation measures. Like the United States, our trade partners are often cautious in determining when and how agricultural trade can occur.

The successes presented in this report, as in previous years, drew on APHIS' recognized expertise in plant health risk assessment. Another key component is extensive coordination among the U.S. Government agencies involved in SPS trade issues. In addition to APHIS, USDA's Agricultural Marketing Service and Food Safety and Inspection Service supply critical technical input to make trade facilitation possible. Within USDA, the Foreign Agricultural Service plays the lead role in developing and implementing trade policy. USDA's partners in resolving phytosanitary trade issues include the Office of the U.S. Trade Representative, the Department of State, the Environmental Protection Agency, and the Food and Drug Administration.

38 Foreign Government Market Access Requests

The table below provides a representative sample of the scope of current import market access requests. For a complete list of current requests and their pest risk assessment status, please refer to the following website: <https://web01.aphis.usda.gov/PRAStatusWeb2.nsf/Status?OpenView>

Region	Country	Commodity
Africa	Egypt	Mango
	Ghana	Eggplant, Okra, Papaya
	Morocco	Tomatoes
	Namibia	Grape
	South Africa	Apricot, Avocado, Cherries, Mango, Pineapple,
	Zambia	Fine Beans, Leek
Asia	China	Apple, Citrus, Litchi, Longan, Pears, Rambutan, Rose Apple
	India	Mango
	Japan	Persimmons
	Korea	Apple, Curcubits, Pepper, Sweet Potato, Unshu Orange
	Malaysia	Passion Fruit
	Pakistan	Mango
	Philippines	Cherry Tomato
	Taiwan	Citrus, Grapes, Phaleanopsis
	Thailand	Guava, Mangosteen, Passion Fruit, Pineapple, Rambutan
Vietnam	Hog Plum, Sugar Apple	
Europe	European Union	Hazelnut, Plants
	France	Apricot, Fig
	Italy	Artichoke, Basil, Eggplant, Lettuce, Pears
	Netherlands	Skimmia Plants, Tomatoes
	Portugal	Green Bean
	Spain	Apricot, Avocado, Cherry, Grapes, Nectarines, Peaches, Raspberry, Watermelon
Middle East	Israel	Chard, Longan, Spinach
North America	Canada	Fir Logs, Pine Logs
	Mexico	Avocado, Citrus, Fig, Guava, Hyacinth Bean, Lemon Grass, Longan, Neem Fruit, Potatoes, Rambutan, Pitaya, Squash, Star Fruit, Sweet Lime, Fir Logs, Pine Logs
Oceania	Australia	Apricot, Avocado, Broccoli, Citrus, Cherries, Mango, Tomato
	Fiji	Papaya
	New Zealand	Honeybees, Lemon, Orange, Persimmons, Sweet Pepper, Unshu Orange
South America	Argentina	Cantaloupe, Carrot, Citrus, Lettuce, Pepper, Pumpkin, Raspberry,
	Brazil	Papaya, Plum
	Chile	Baby Kiwi, Chestnut, Clementine, Fig, Table Grapes, Tomato
	Colombia	Blueberry, Papaya
	Ecuador	Tomato
	Guyana	Cauliflower
	Peru	Avocado, Cherry Tomato, Citrus, Cucumber, Sage
	Uruguay	Citrus, Watermelon
Venezuela	Apricot	

TECHNICAL ASSISTANCE FOR SPECIALTY CROPS FISCAL YEAR 2003 PROJECT SUMMARIES AND ALLOCATIONS

Second-year proposal for the development and implementation of a database that helps users determine rates and limitations on the usage of agricultural pesticides. The Pesticide Residue & Application Database is a crop-specific database that cross references pesticides by chemical brand name, method of application, rates and frequency of application, as well as pre- and post-harvest interval. The database contains information for the U.S., Mexico, and Canada, 42 crops, 1400 active ingredients, 29 pesticide types and 14 different timings resulting in nearly 24 million combinations. It provides chemical use practices in order to ensure compliance with a target country's MRL standards and provides practical guidance to maximize the benefit to the U.S. producer. Second year funding provides for the addition of data for the Codex and Korea, plus industry outreach and training.

California Grape & Tree Fruit League

Second-year pre-clearance program for export of fresh stonefruit to Mexico. Grant will cover costs associated with Mexican inspector salary, per diem, travel, and administrative expenses while in the U.S.

Australian Phytosanitary Pre-Clearance: TASC funds will be used to cover the second-year pre-clearance program for California table grapes to Australia. TASC funding will help underwrite the Australian pre-clearance program by covering the costs of the travel for the inspectors, per diem, fees, and equipment. It will also cover the coordination and implementation of the program by the California Table Grape Export Association

Protocol Improvements – California Table Grapes to Australia: TASC funds will be used to help underwrite the cost of research to (1) demonstrate that current Methyl Bromide (MB) treatment is efficacious on California grapes packed in Expanded Polystyrene (EPS) boxes; and (2) identify a controlled atmosphere quarantine treatment as an alternative to methyl bromide fumigation that will allow the export of green seedless grapes to Australia. Australia's onerous import protocol is limiting the California table grape industry's ability to reach its export objectives. The protocol currently maintains a dual fumigation treatment, including a MB treatment and an SO₂/CO₂ treatment. The current methyl bromide treatment and restrictive packaging requirements have severely limited California's ability to export green seedless grapes to Australia. Green seedless varieties are the grapes coveted by Australian importers and retailers, and the California grapes with the greatest potential for export to Australia. Over time, assuming continuing improvements to the export protocol.

40 Technical Assistance for Specialty Crops

California Table Grape Commission

Research to develop a systems approach for Black Widow Spiders (BWS) – California Table Grapes to New Zealand. New Zealand imposes an onerous SO₂/CO₂ treatment on California table grapes because of concerns about BWS. The treatment is a barrier to entry into the New Zealand market for many California table grape shippers. TASC funding will be used to retain an outside researcher with expertise in the behavior of arachnids to work with USDA and California Department of Food and Agricultural (CDFA) officials to investigate the association of BWS and California table grapes. The researcher would investigate spider biology and behavior, along with table grape production and harvest methods, with the objective of minimizing the risk of spiders entering the table grape pathway. If a systems approach for mitigation of BWS in the table grape pathway is achieved, the industry could use these findings to develop a case to revise the export protocol for New Zealand. Also, if successful and accepted by New Zealand, the systems approach for BWS developed through this project could be proposed to Australia as a substitute for its existing SO₂/CO₂ treatment requirements for BWS.

California Tree Fruit Agreement

Second-year pre-clearance program for export of fresh nectarines and plums to Japan. Grant will cover costs associated with Japanese inspector salary, per diem, travel and administrative expenses while in the U.S.

California Arizona Lettuce Export Council

A pre-clearance program for lettuce shipments to Japan designed to eradicate the need for fumigation of U.S. lettuce in Japan. The lettuce industry has been working with USDA since 1994 to increase exports to Japan but Japan's fumigation policy ruins the quality of lettuce and sales potential. Funds will be used to cover the costs associated with Japanese inspector salary, per diem, travel and administrative expenses while in the U.S.

Citrus Research Board

A policy analysis of Japan's SPS standards to aid USDA decision makers. The analysis details the substantive issues relating to official control and identifies if any further actions will be needed to eliminate trade-restrictive measures. This is the second year of funding for the proposal, and includes funds for additional needed translations and analysis in Japan. Could be beneficial to other commodities.

CropLife America

Second-year proposal for the development and implementation of a database that provides users with a list of Maximum Residue Level (MRL) tolerances by active ingredient to desired export destinations. Users may query by crop, pesticide active ingredient, and pesticide type. Over 300 specialty crops are covered, as are 300 pesticides approved by the EPA for use on those commodities in the U.S. MRL data are included from 70 countries, the European Union, and the Codex Alimentarius Commission (Codex). Countries included in the database represent, at a minimum, \$1 million in annual export revenue for U.S. horticultural commodities. This database is especially useful for growers, exporters, chemical manufacturers, regulators and as an aid in negotiation of MRL tolerances for U.S. trading partners. Second year funding provides for maintenance, the addition of additional 10 countries, plus industry outreach and training.

Hawaiian Agricultural Research Center (HARC)

This project is to develop an export protocol utilizing irradiation to address phytosanitary barriers to export of Hawaiian cut flowers to China and Korea. Once the specific barriers are determined the HARC will test the effectiveness of the allowable irradiation levels on pests that contaminate Hawaiian cut flower shipments. Then they will analyze the phytotoxicity of the effective radiation protocols on each cut flower species and establish procedures to overcome any phytotoxic effects on the flowers. The proposal is timely, as the Hawaii State Department of Agriculture is currently assessing bilateral agreements with China and Korea. The analysis proved that the U.S. has been competitive in China and Korea regarding cut flowers; however, trade has fallen sharply in recent years.

Northwest Fruit Exporters

Second-year pre-clearance program for export of Northwest apples to Mexico. Mexico is the largest U.S. export market for apples. Grant will cover costs associated with Mexican inspector salary, per diem, travel and administrative expenses while in the U.S.

Northwest Fruit Exporters

Northwest apple exporters are prohibited from exporting their apples to Australia and South Africa for quarantine reasons related to fireblight bacteria and other minor pests. Funds will be used to gather technical information for risk assessment.

Michigan Apple Committee

Second-year pre-clearance program for Michigan apples to Mexico. Mexico requests inspectors for a pre-clearance program before shipments take place. Grant will cover costs associated with Mexican inspector salary, per diem, travel, and administrative expenses while in the U.S.

Northwest Horticultural Council

Proposal to evaluate the potential association of fire blight bacteria with mature pear fruit. Markets that could benefit Australia, China, Japan, and South Korea

Organic Trade Association

Proposal provides for the analysis, assessment, and auditing of foreign organic standards. The Gap Analysis will compare the designated organic standards to the U.S. National Organic Program and provide the FAS, NOP and USTR negotiating teams with an understanding of the commodities and differences, and the unique technical barriers to trade inherent in the regulations. Both conformity and equivalency agreements will be analyzed. Completed analysis for EU stands in FY02, the second-year analysis will focus on Japan, and will include some preliminary research in Australia.

42 Technical Assistance for Specialty Crops

U.S. Hop Industry Plant Protection Committee

The Chemical Registration and Residue Harmonization will increase the harmonization of chemical residue standards between the U.S. and the European Union -- 1) provide direct communication on foreign chemical registration; 2) increase regulatory cooperation between countries; and 3) assist with travel cost so that industry's representative can work with CODEX Committee.

USDA/ARS/Westlaco, Texas

Funding will be used to conduct tests on irradiation phytosanitary treatment against Lepidopterous Borers, Eriophyid Mites and Terrestrial Gastropods. The testing will determine appropriate doses of treatment for these three important quarantine pest groups. Research findings will have implications for the following commodity groups: corn, okra, potato peppers, cut flowers, lettuce, and citrus fruits.

VA Apple Growers Association/VA Dept of Ag

First-year pre-clearance program for Virginia apples to Mexico. Grant will cover costs associated with Mexican inspector salary, per diem, travel, and administrative expenses while in the U.S.