

# Trade Issues Facing U. S. Horticulture

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The WTO and International Trade Prospects

UC - Executive Seminar on Agricultural  
Issues



December 10, 2001

Preliminary ruling finds Canadian hothouse product was sold at nearly 51% below market.

*The Packer 10.8.01*

Court suspends Argentine citrus imports.

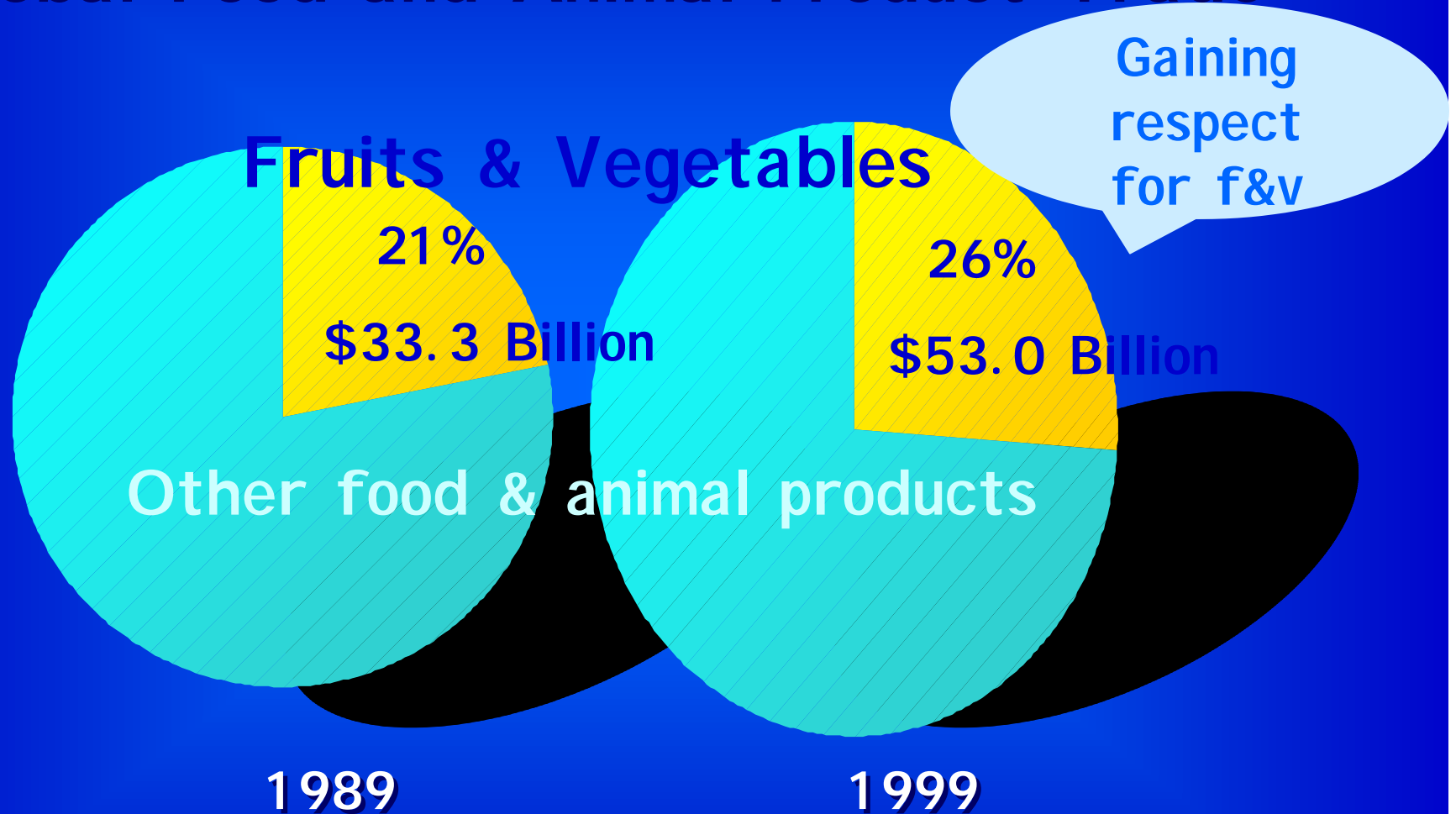
*Produce News 10.8.01*

ITC rules in favor of Chile, Mexico in anti-dumping case. *Produce News 06.16.01*

US apple industry wants to extend dumping duties on Chinese apple juice concentrate.

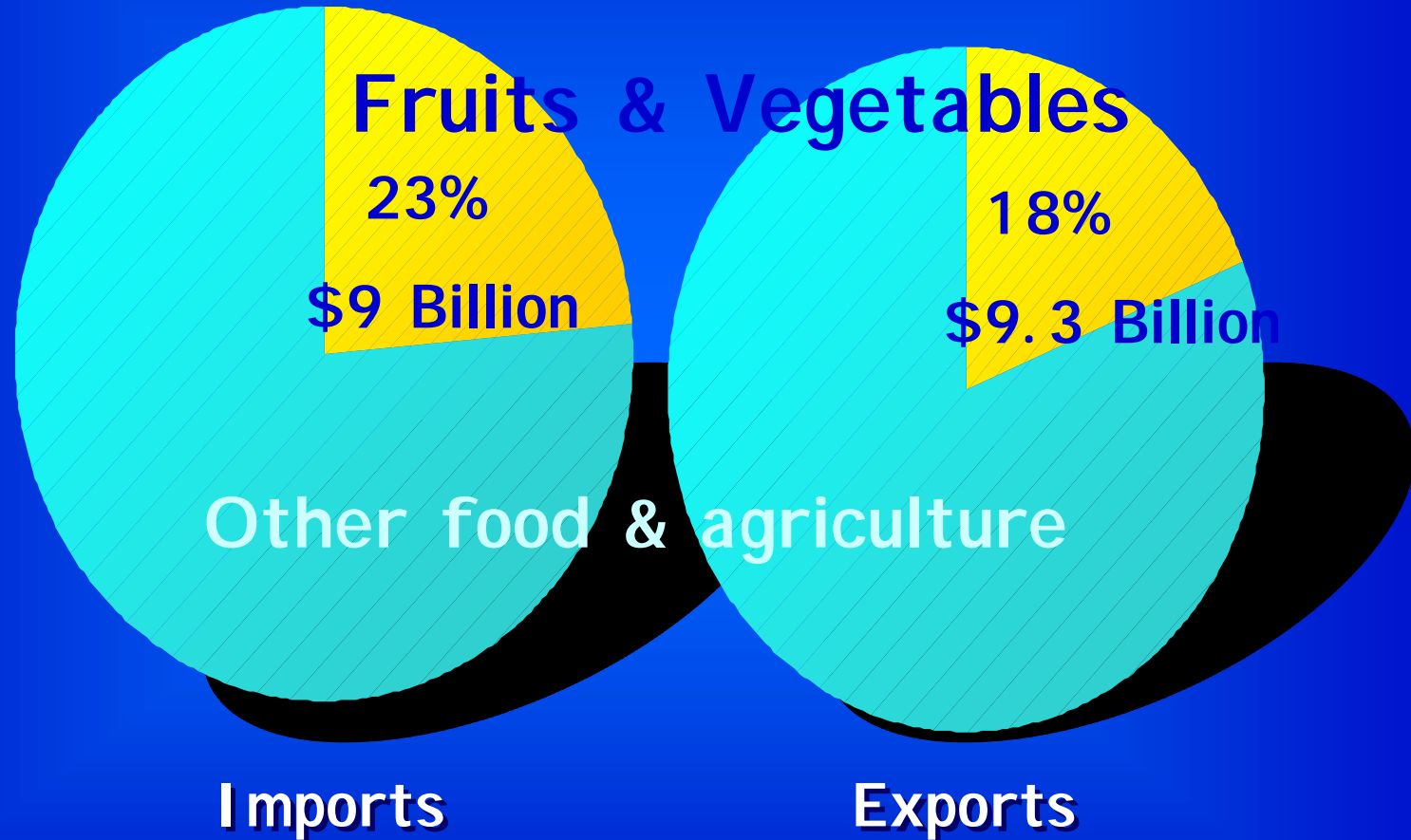
*The Packer 4.30.01*

# Fruit and Vegetable Market Shares of Global Food and Animal Product Trade



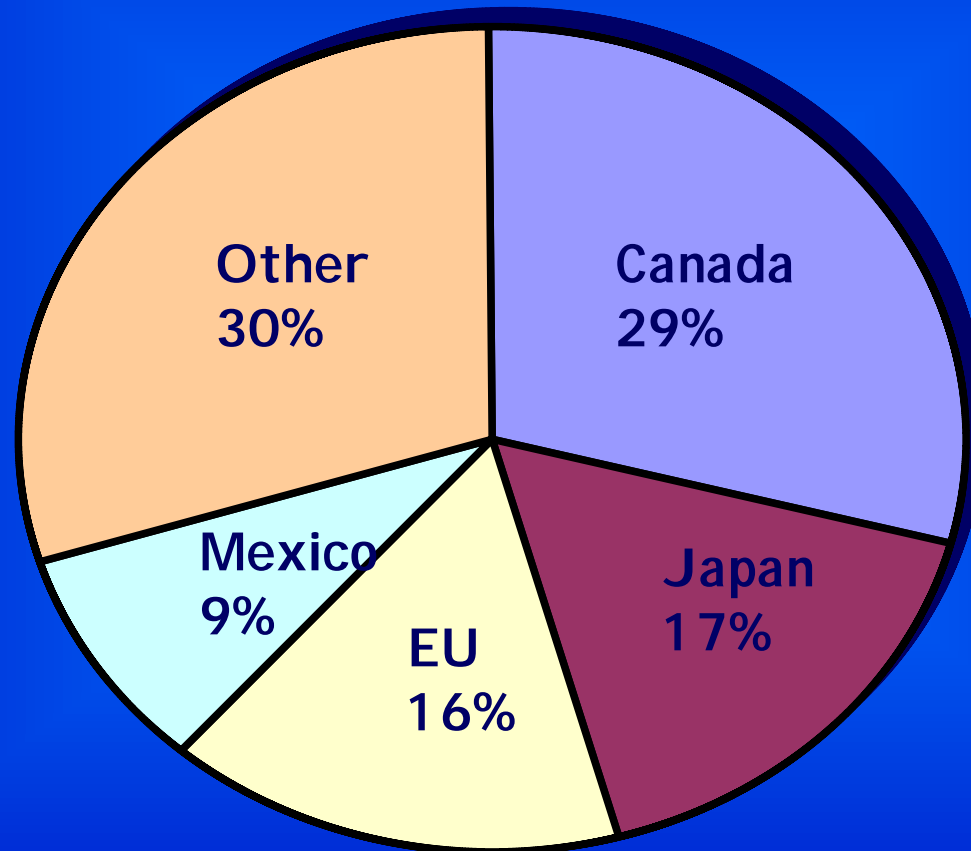
Source: FAO

# Fruit and Vegetable Market Shares of U.S. Food and Agricultural Trade



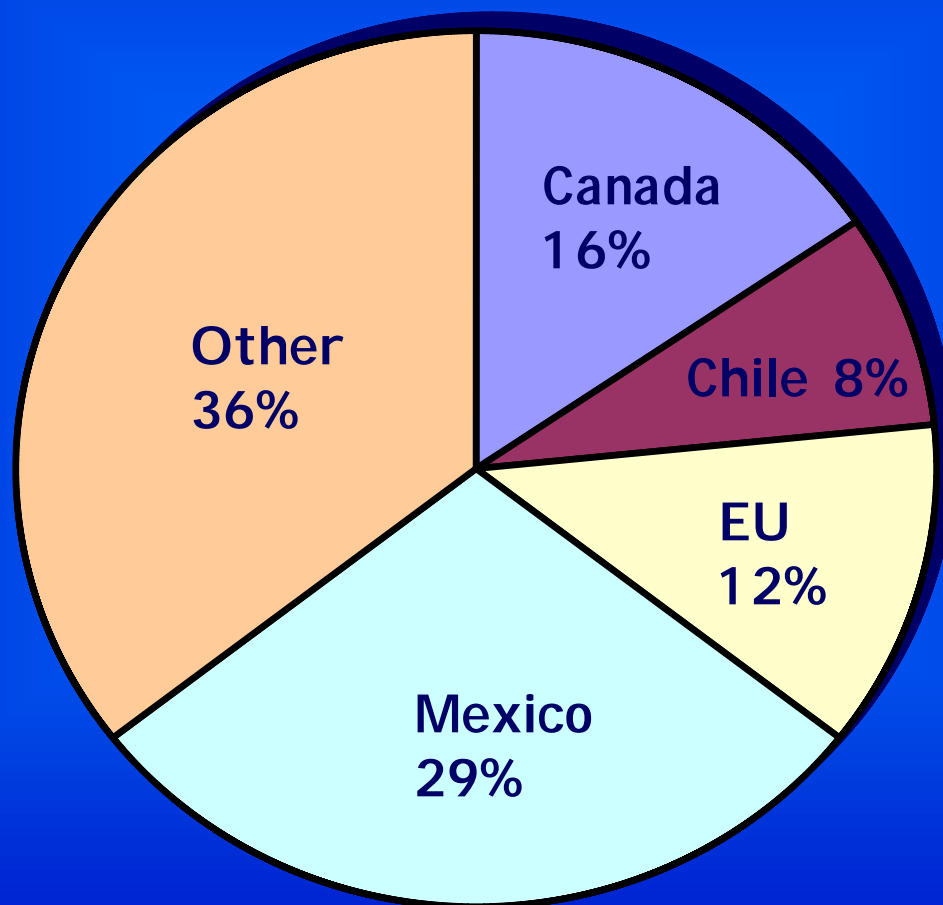
Source: Economic Research Service, USDA

# Foreign Country Shares of U.S. Fruit and Vegetable Exports



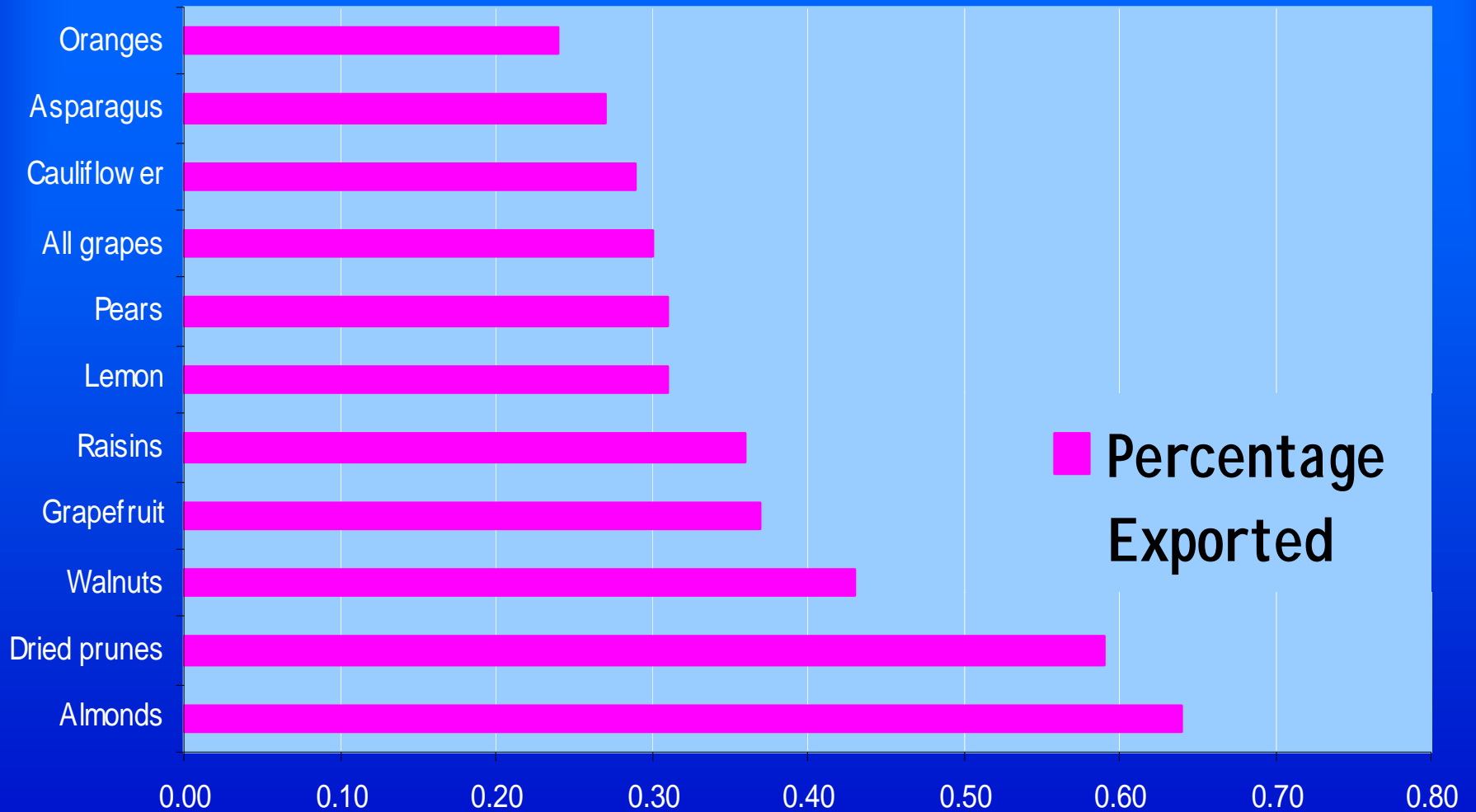
Source: Economic Research Service, USDA

# Foreign Country Shares of U.S. Fruit and Vegetable Imports



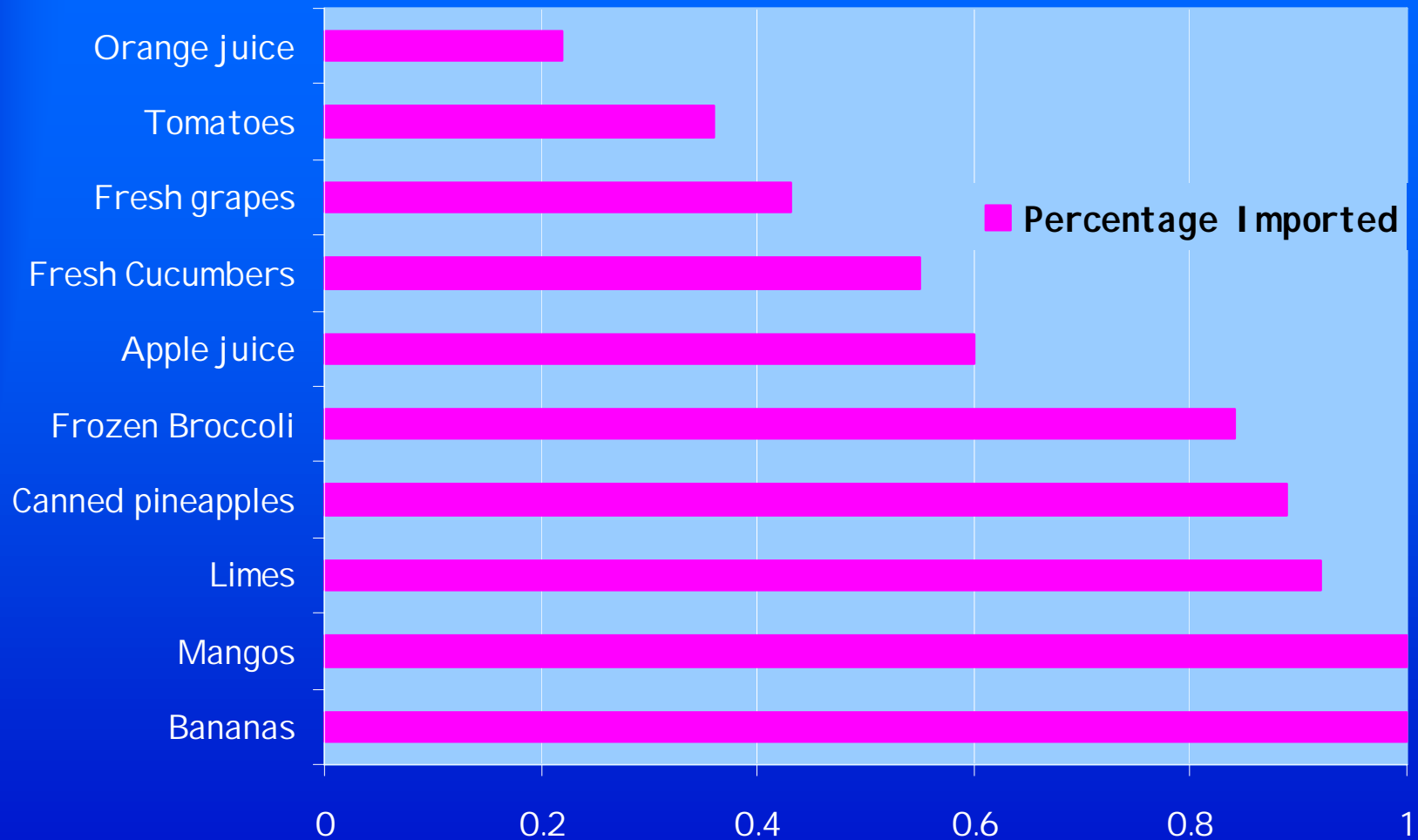
Source: Economic Research Service, USDA

# Exports as a Share of Production



Source: Economic Research Service, USDA

# Imports as a Share of Consumption



Source: Economic Research Service, USDA

# Four key factors contributing to smooth sailing

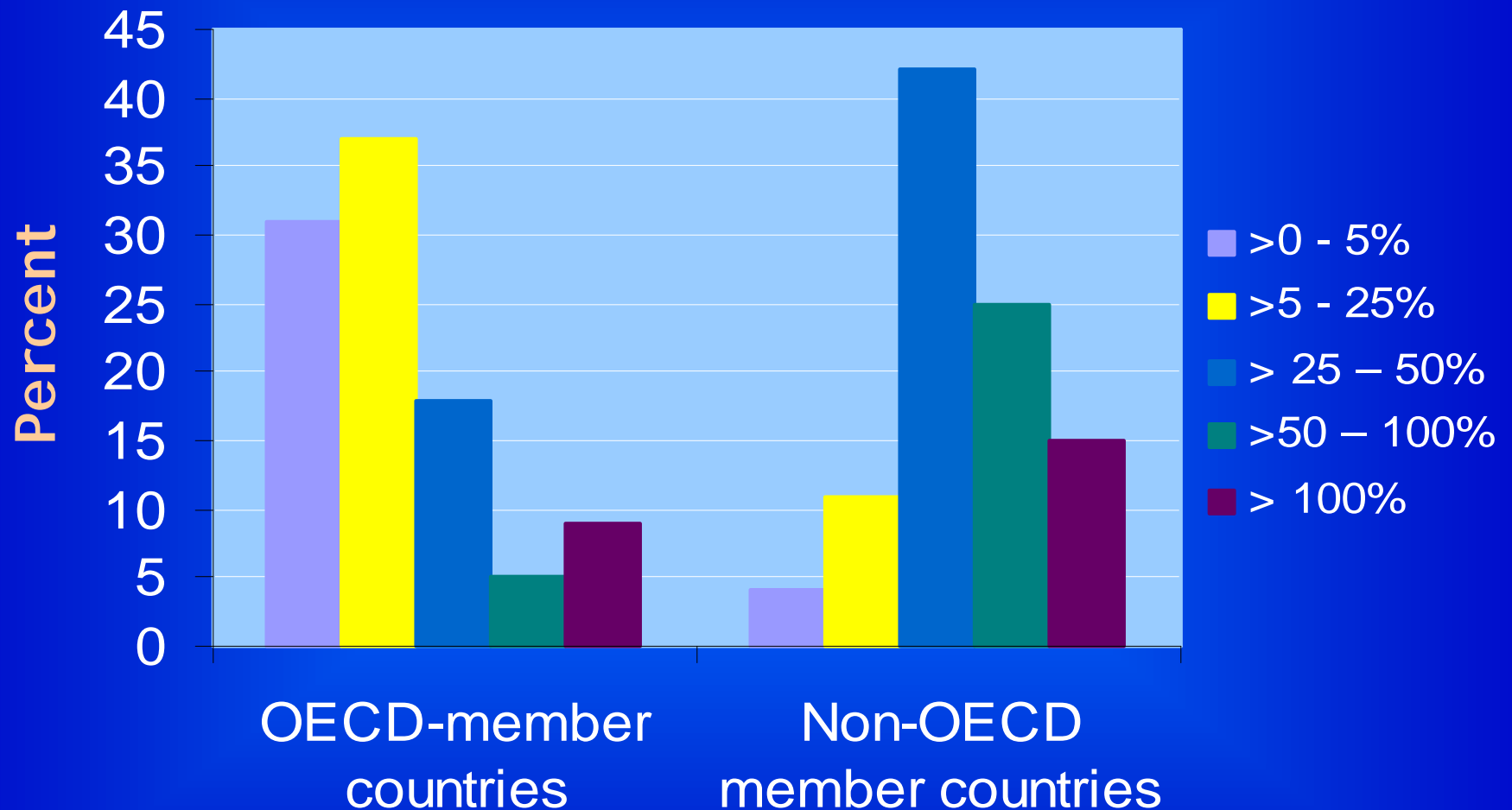


- Consumer demand
- Technological innovation
- Globalization of the grocery industry
- Global and regional trade liberalization



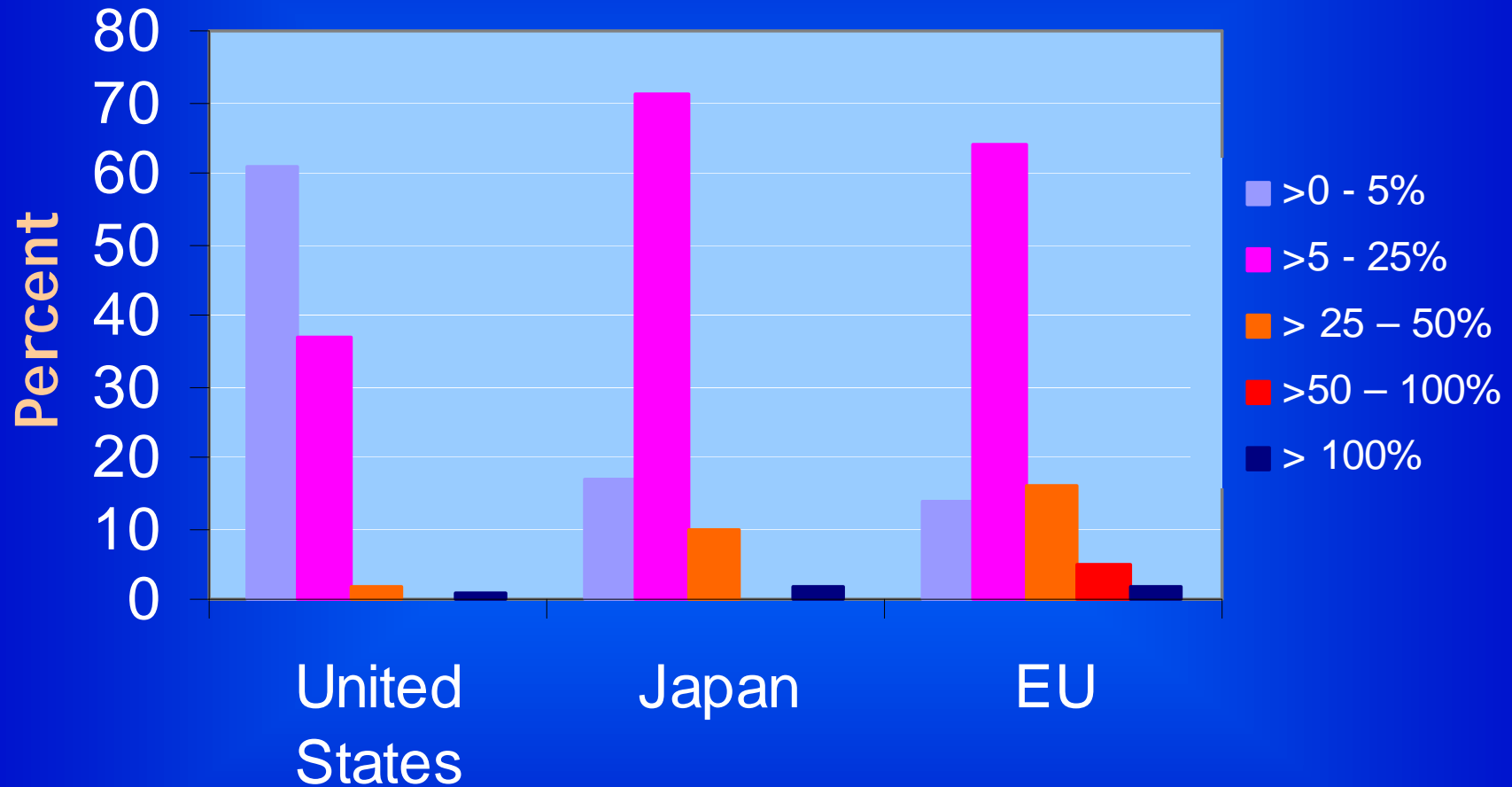
while there have been some reductions in tariffs, domestic support, and export subsidies, barriers often remain quite high.

# Frequency Distributions of Fruit and Vegetable Tariffs



Source: Economic Research Service, USDA

# Frequency Distributions of Fruit and Vegetable Tariffs



Source: Economic Research Service, USDA

## Tariffs Faced by Top US Vegetable Products

| Select Items      | Average | Maximum | Median |
|-------------------|---------|---------|--------|
| Frozen Potatoes   | 64      | 544     | 41     |
| Canned Sweet Corn | 62      | 343     |        |
| 45 Fresh Tomatoes |         | 71      | 706    |
| 46 Fresh Broccoli |         | 83      | 756    |
| 48 Fresh Onions   |         | 90      | 1473   |
| 50                |         |         |        |

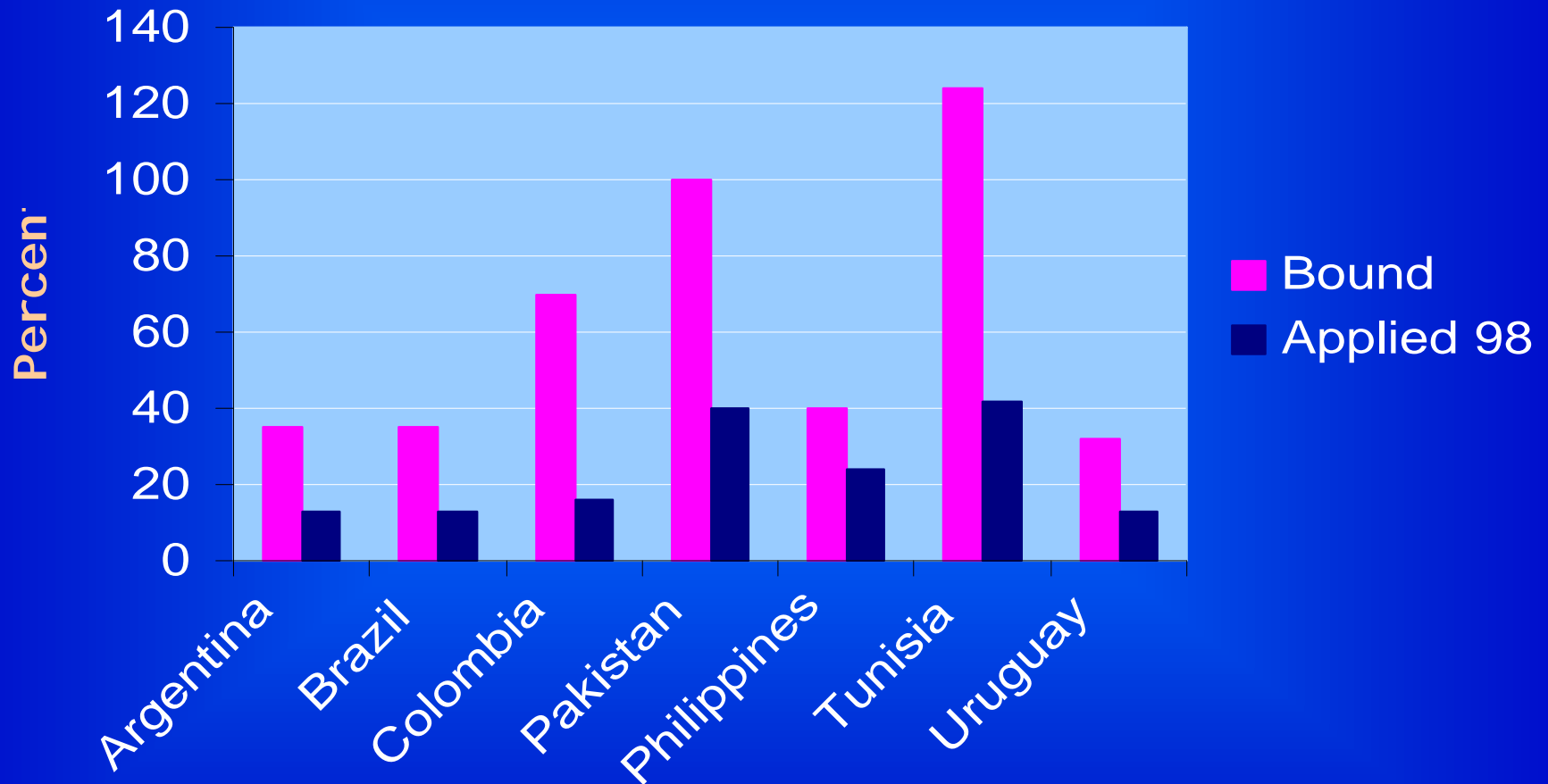
Source: Economic Research Service, USDA

# Tariffs Faced by Top US Fruit & Nut Products

| Select Items    | Average | Maximum | Median |
|-----------------|---------|---------|--------|
| Shelled Almonds | 55      | 200     | 34     |
| Apples          | 67      | 553     | 45     |
| Grapes          | 62      | 349     | 40     |
| Oranges         | 49      | 318     | 28     |
| Grapefruits     | 59      | 318     | 36     |
| Raisins         | 52      | 340     | 35     |
| Orange juice    | 58      | 225     | 36     |

Source: Economic Research Service, USDA

# The Difference Between Selected Developing Countries' Bound and Applied Tariffs on Fruits & Vegetables



Source: Economic Research Service, USDA

# In- and Out- of Season Tariff Rates For Select Vegetables

|                 | <u>Out</u>          | <u>In</u> |                 | <u>Out</u>            | <u>In</u> |
|-----------------|---------------------|-----------|-----------------|-----------------------|-----------|
|                 | <i>Head lettuce</i> |           |                 | <i>Fresh tomatoes</i> |           |
| United States   | 1                   | 6         | United States   | 3                     | 5         |
| Czech Republic  | 0                   | 12        | Czech Republic  | 0                     | 13        |
| EU              | 10                  | 12        | EU              | 54                    | 60        |
| Norway          | 89                  | 293       | Norway          | 0                     | 178       |
| Slovak Republic | 0                   | 12        | Romania         | 90                    | 120       |
| Switzerland     | 10                  | 475       | Slovak Republic | 0                     | 13        |
|                 |                     |           | Switzerland     | 5                     | 404       |

Source: Economic Research Service, USDA

## Domestic Support & Export Subsidies: European Union Budget Appropriations ( \$ millions, year 2000)

|   |           |
|---|-----------|
| Export refunds  | 48        |
| Compensation for withdrawals                            | 153       |
| Operational funding for<br>producer organizations       | 282       |
| Compensation for nuts                                   | 94        |
| Compensation for bananas                                | 246       |
| Production aids for processed                           | 692       |
| Compensation for restructuring &<br>other interventions | <u>23</u> |
| TOTAL   | \$1,538   |

Source: Foreign Agricultural Service, USDA

# Sanitary and Phytosanitary Agreement - improved transparency

## Number of Regulatory Measures Notified to WTO

|              | <u>Fresh</u> |                   |             | <u>Processed</u> | <u>Total</u> |
|--------------|--------------|-------------------|-------------|------------------|--------------|
|              | <i>Fruit</i> | <i>Vegetables</i> | <i>Both</i> |                  |              |
| Food safety  | 37           | 40                | 60          | 26               | 163          |
| Plant health | 61           | 38                | 26          | 1                | 128          |
| Total        | 98           | 78                | 86          | 29               | 291          |

Source: WTO notifications, Economic Research Service, USDA

## What would happen if the barriers were removed?

ERS study examines full liberalization for all agriculture and considers fruits and vegetables as an aggregate.

Study found produce prices and trade would each rise 8% benefiting US growers.

See *Agricultural Policy Reform in the WTO: The Road Ahead*,

[www.ers.usda.gov/publications/aer802/](http://www.ers.usda.gov/publications/aer802/)

## Developing models for key fresh and processed fruits and vegetables.

- \* reduction in bound or applied tariffs
- \* reduction in domestic support, export subsidies
- \* regional free trade agreements