

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.

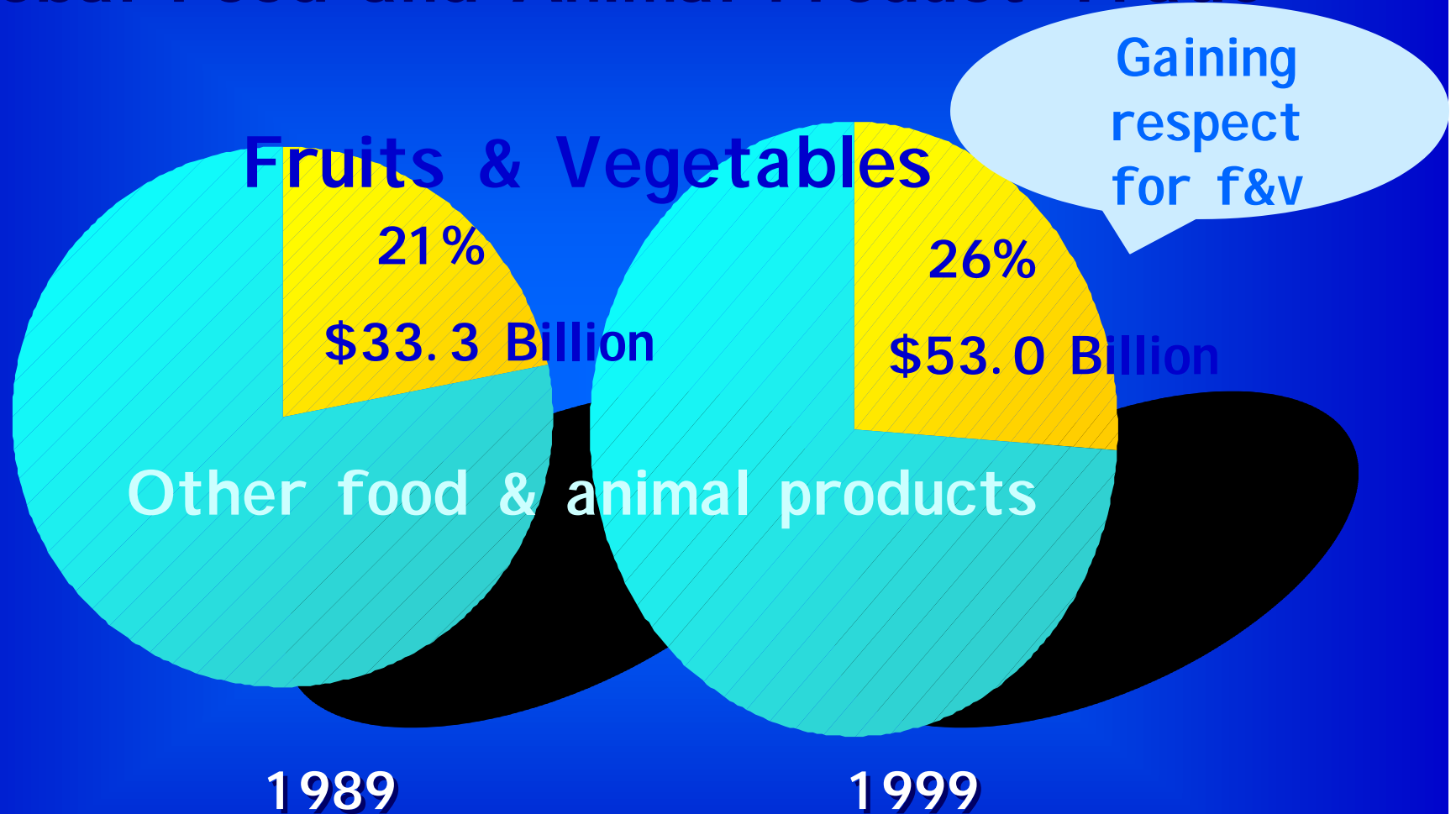
Produce News 10.8.01

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.

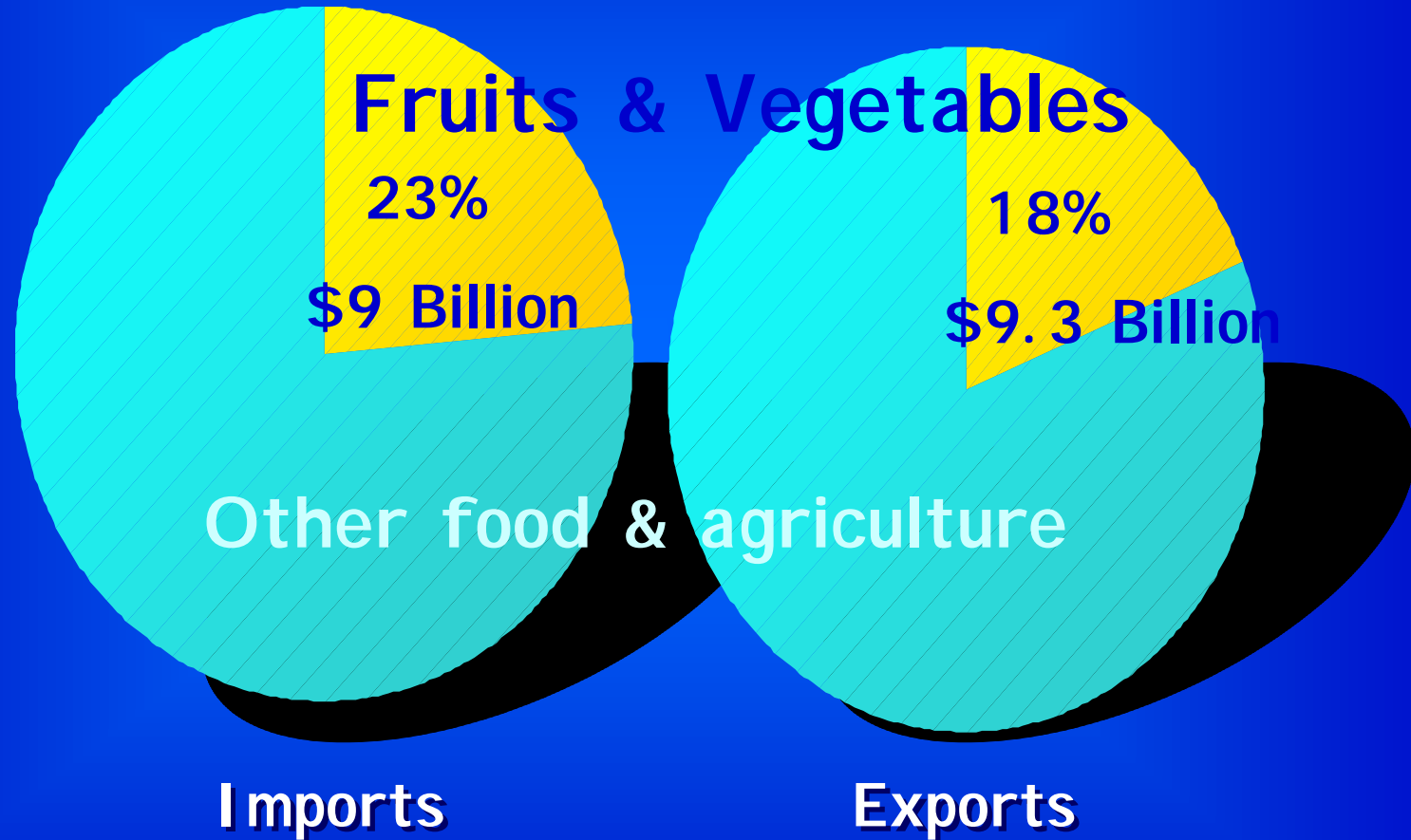
The Packer 4.30.01

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



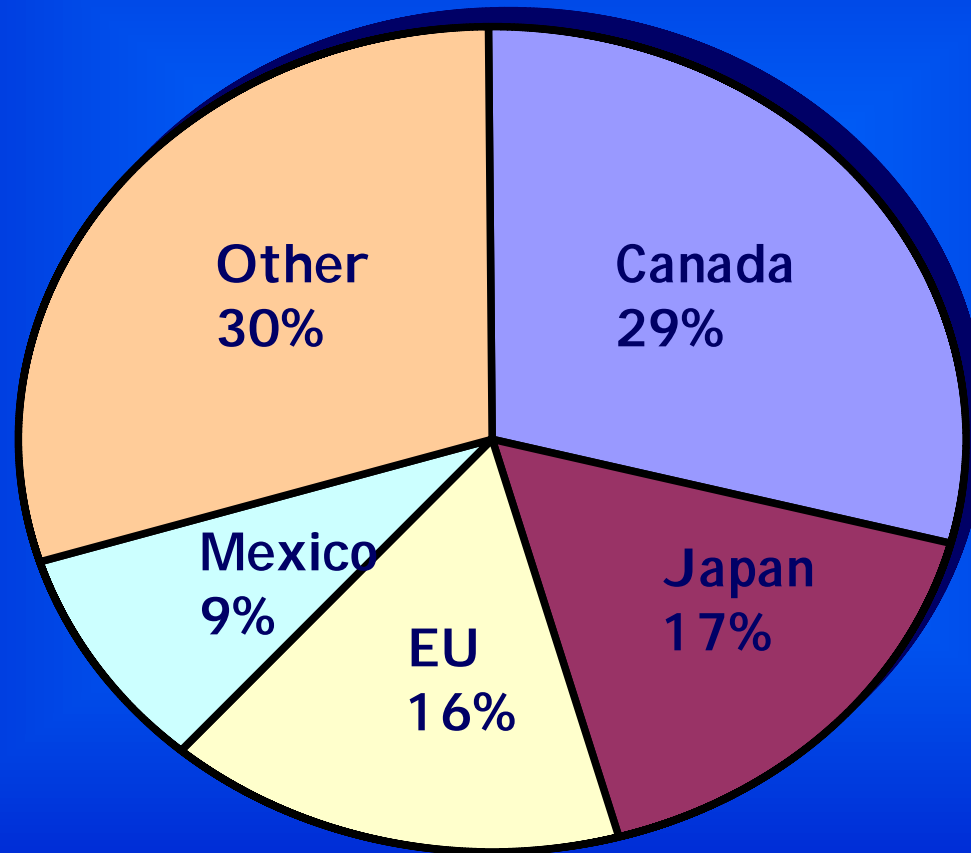
Source: FAO

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



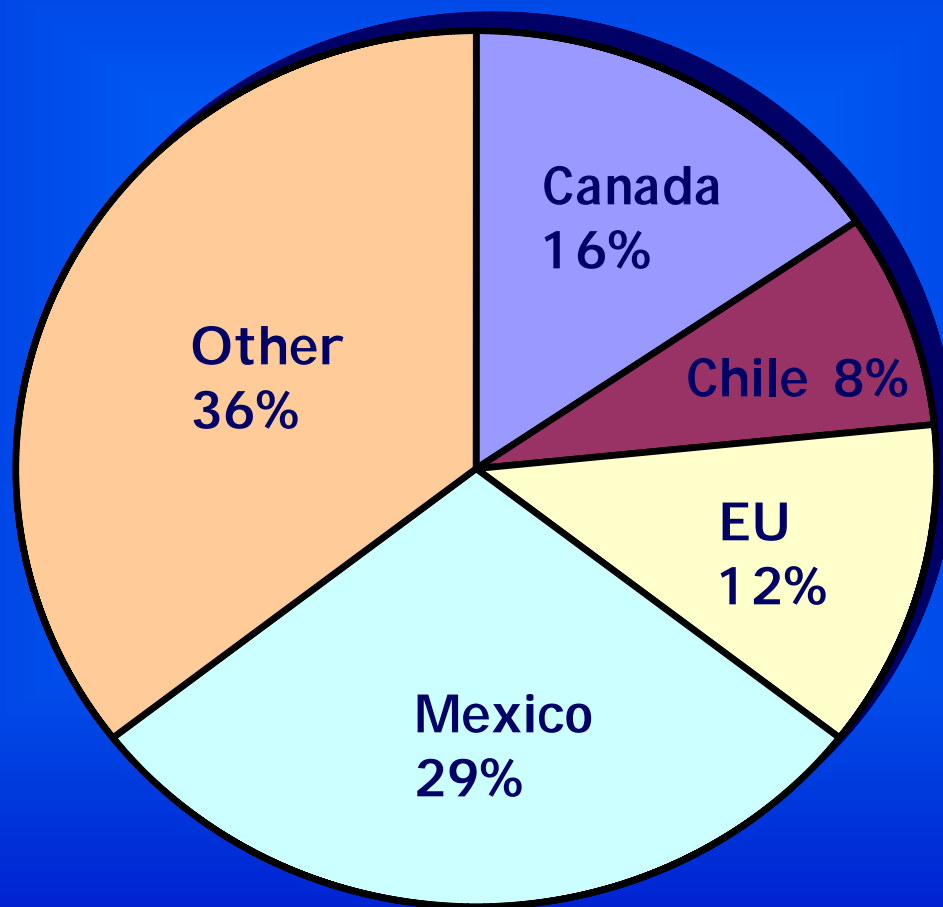
Source: Economic Research Service, USDA

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



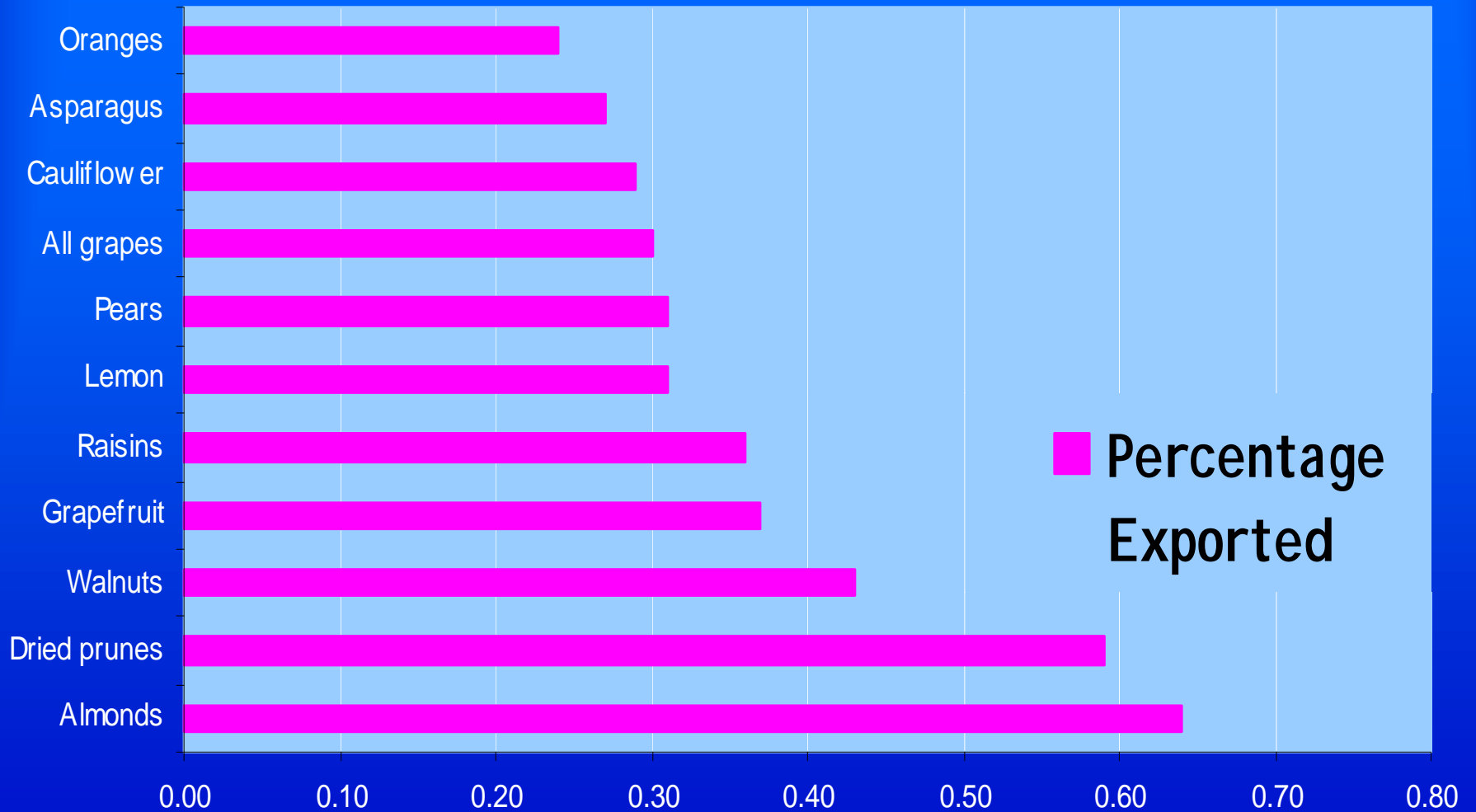
Source: Economic Research Service, USDA

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



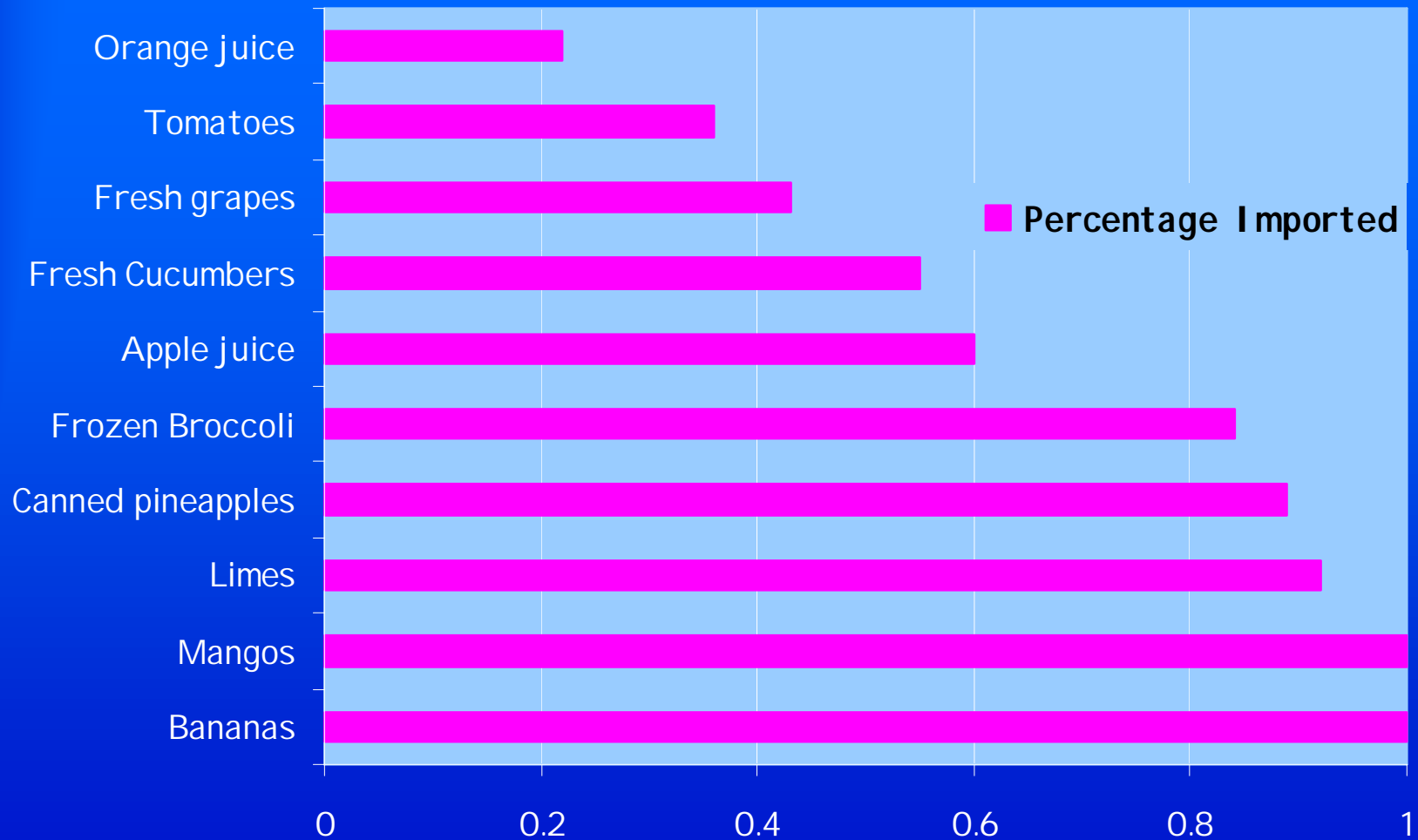
Source: Economic Research Service, USDA

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

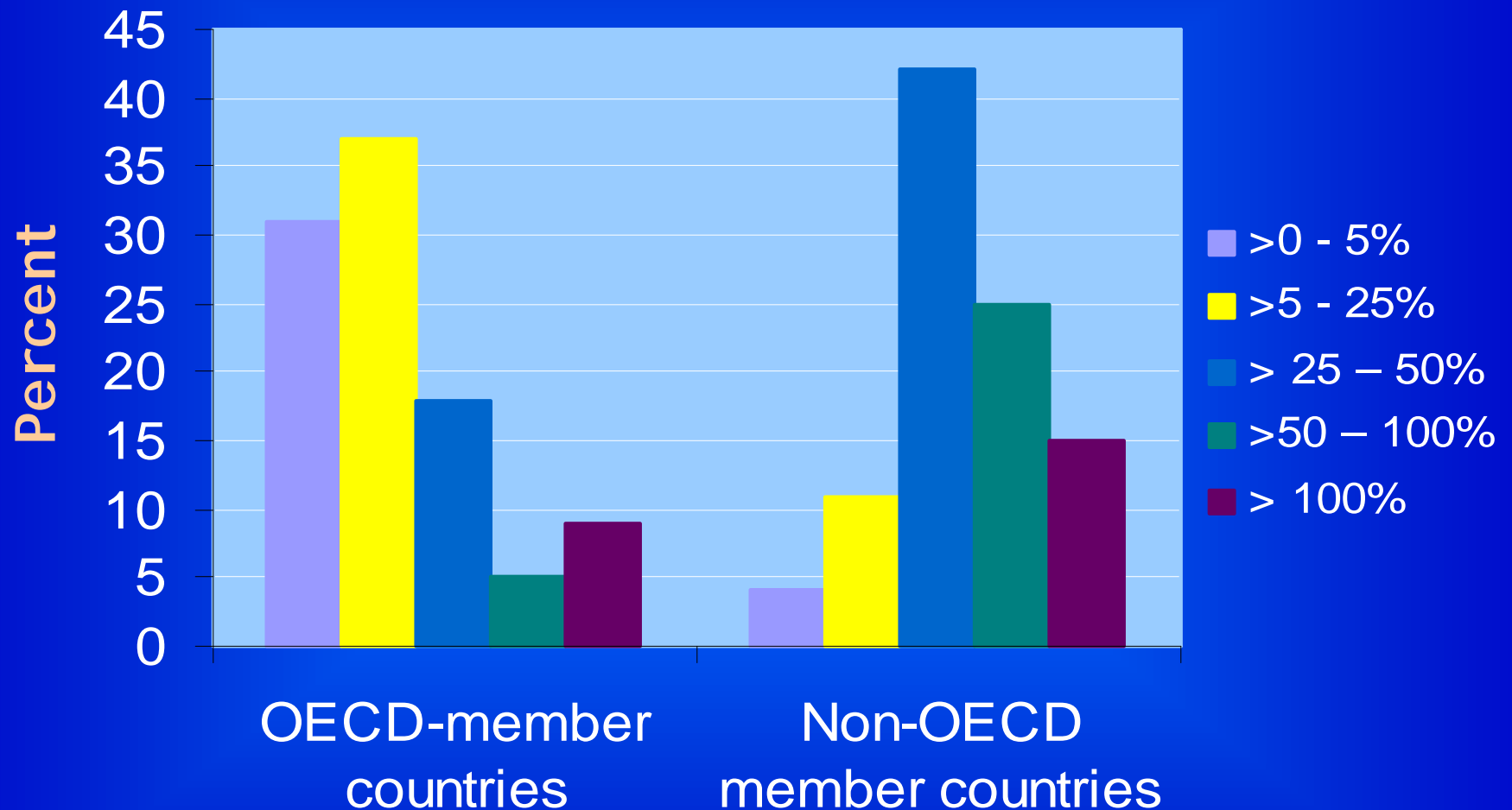


- Consumer demand
- Technological innovation
- Globalization of the grocery industry
- Global and regional trade liberalization



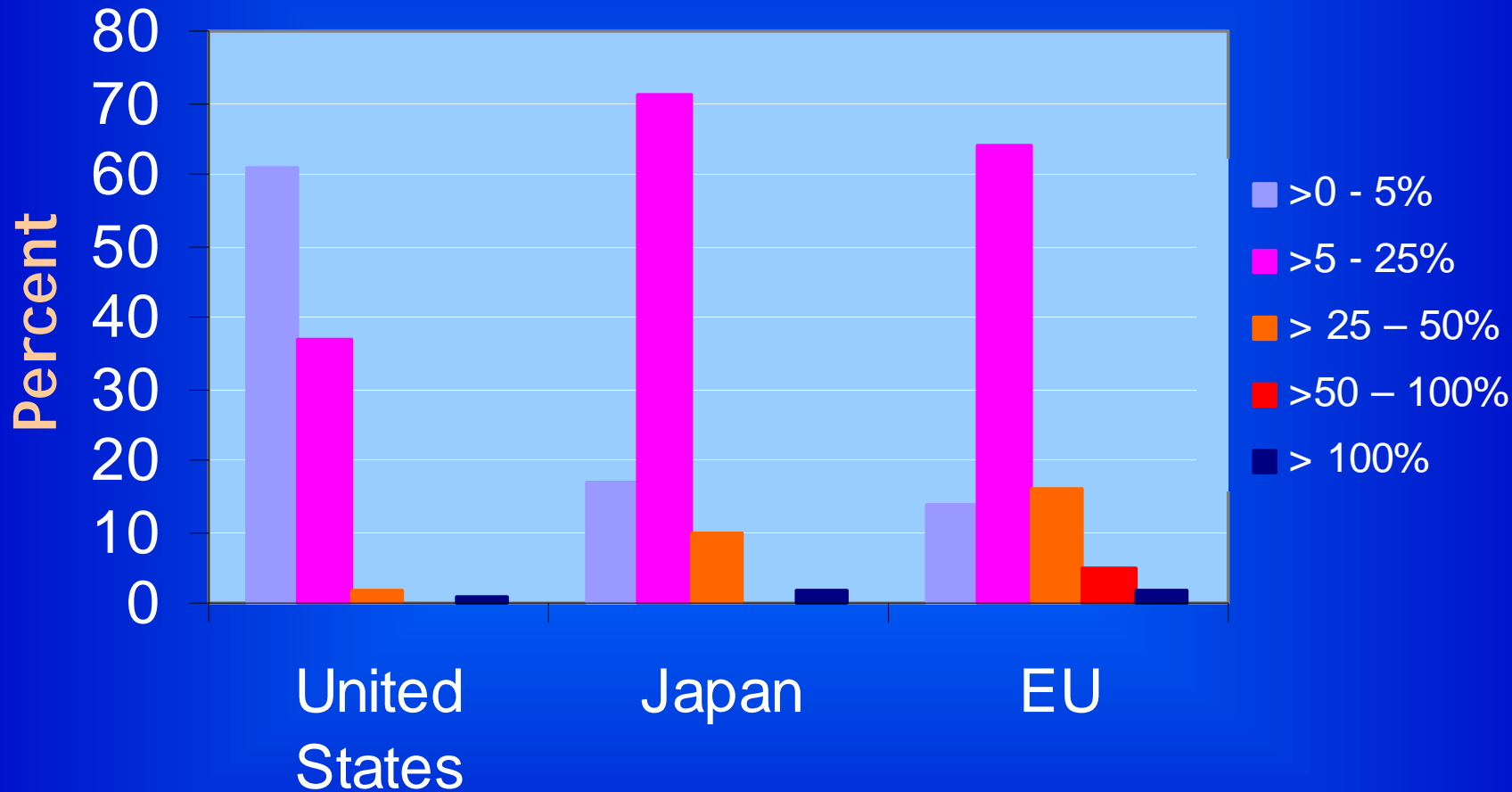
while there have been some reductions in tariffs, domestic support, and export subsidies, barriers often remain quite high.

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			

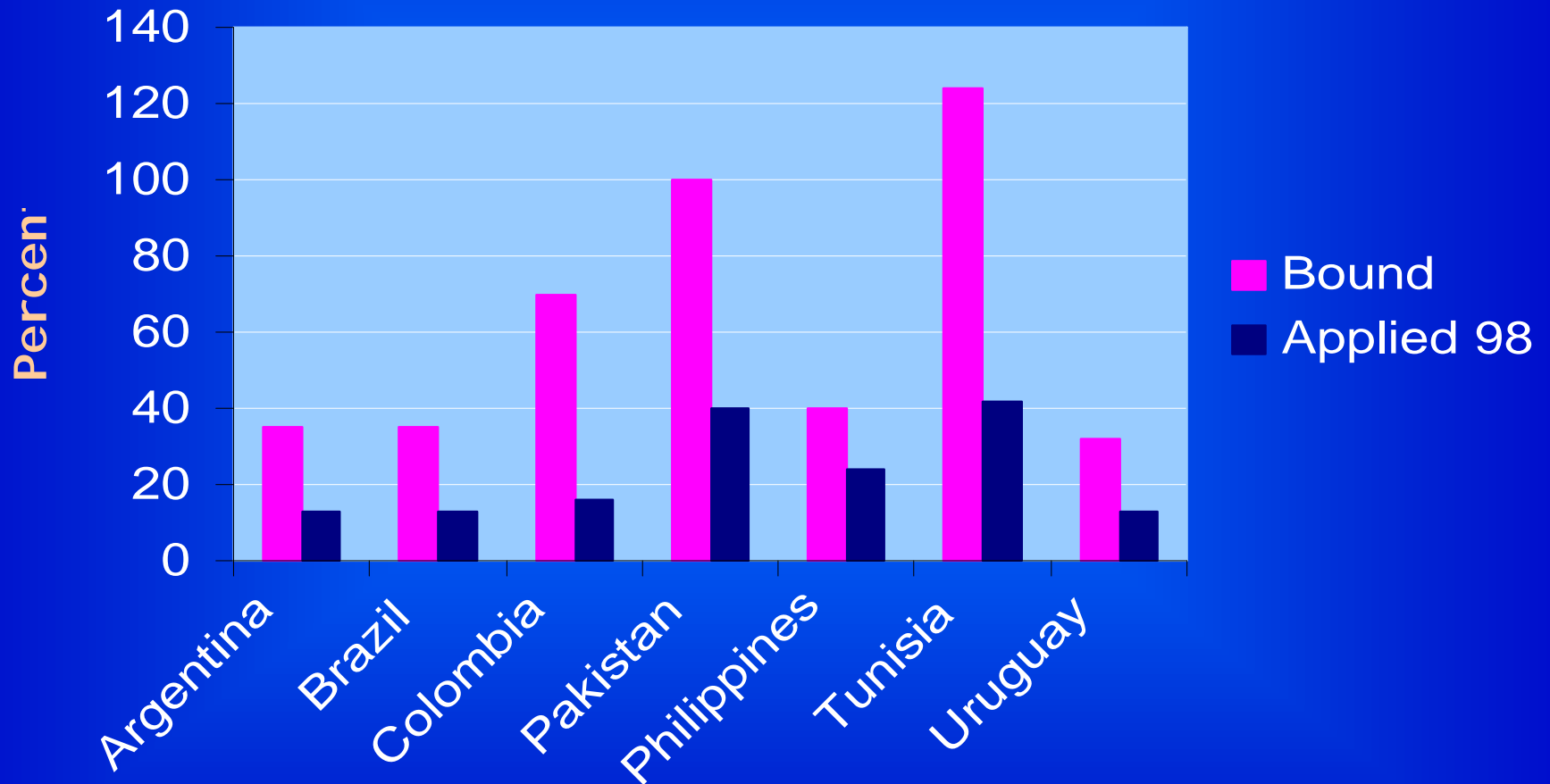
Source: Economic Research Service, USDA

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 producer organizations	282
Compensation for nuts	94
Compensation for bananas	246
Production aids for processed	692
Compensation for restructuring & 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/

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