



United States
Department of
Agriculture

U.S. SPECIALTY CROPS TRADE ISSUES REPORT

2017 ANNUAL REPORT TO CONGRESS

2017 U.S. SPECIALTY CROPS

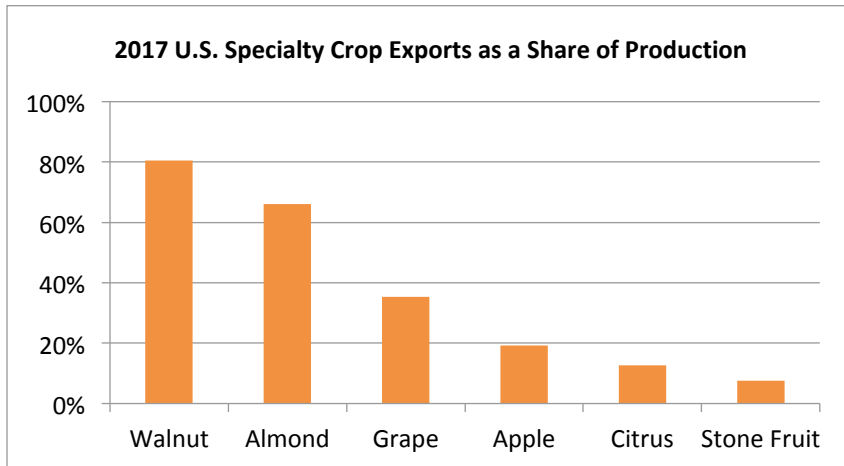
TRADE ISSUES REPORT

TABLE OF CONTENTS

Foreword	3
U.S. Specialty Crop Exports	4
Export Challenges	4
USDA’s Role in Facilitating Trade in U.S. Specialty Crops	6
FOREIGN AGRICULTURAL SERVICE (FAS)	6
ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)	6
AGRICULTURAL MARKETING SERVICE (AMS)	6
AGRICULTURAL RESEARCH SERVICE (ARS)	7
Interagency Response to Technical Non-Tariff Barriers	7
Technical Assistance for Special Crops (TASC)	8
2017 Success Stories	11
2017 Trade issues	12
Pesticide Maximum Residue Limits	12
Other Trade Issues (by Region)	14
AFRICA AND THE MIDDLE EAST	14
ASIA AND THE PACIFIC	14
EUROPE	18
THE AMERICAS	19

FOREWORD

Since 2002, annual U.S. exports of specialty crops have nearly tripled. In fiscal year (FY) 2017, the United States exported \$23.6 billion in specialty crops, which accounted for more than 17 percent of total U.S.



agricultural exports. Tree nuts represented nearly one third of FY 2017 specialty crop exports.

Access to foreign markets helps the U.S. specialty crop industry grow while supporting the livelihood of those on farms and in related industries. The Foreign Agricultural Service (FAS) and its U.S. Department of Agriculture (USDA) partners are

committed to expanding export opportunities for the U.S. specialty crop sector. This report provides an overview of specialty crop trade, identifies market access barriers confronting producers and exporters, and highlights the efforts and resources used by USDA and the U.S. agricultural industry to facilitate the export of U.S. specialty crops. In addition, this report describes partnerships between USDA and involved stakeholders, and initiatives taken to address trade barriers to U.S. specialty crops.

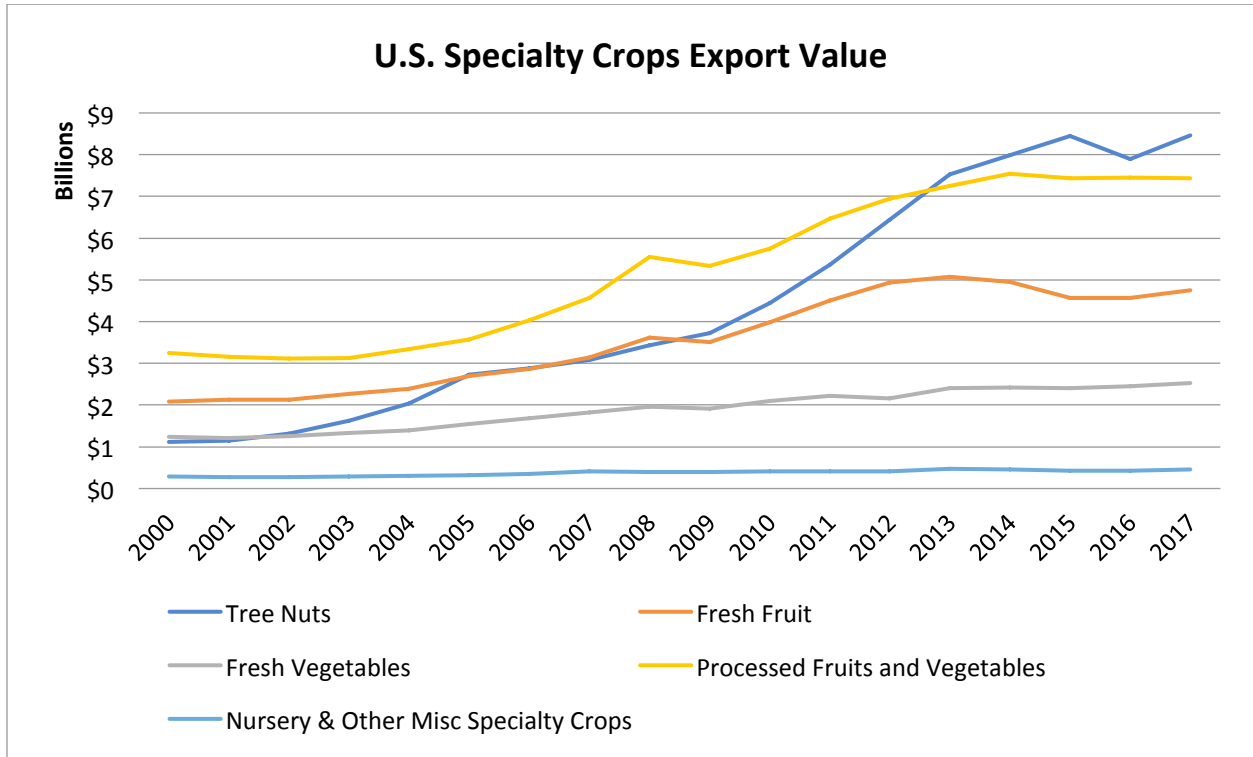
FAS works with U.S. agricultural industry groups, U.S. regulatory agencies, and the Office of the United States Trade Representative (USTR) to open, expand, and maintain access for U.S. specialty crop products to export markets. Cooperation between USDA and the U.S. agricultural industry is not only important for maintaining existing export markets, but also for establishing new markets for U.S. products.

Trade barriers such as burdensome requirements related to pre-export plant health inspections, labeling, or quality certification may discourage some U.S. specialty crop producers from shipping products overseas. However, with USDA's commitment to assist U.S. agricultural stakeholders, the United States is well positioned to overcome many of the barriers that deter U.S. specialty crop exporters, thereby increasing their ability to compete in the global marketplace.

USDA is pleased to provide the 2017 *U.S. Specialty Crops Trade Issues* report to the U.S. Congress. This report is provided as required under Section 3203 of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill), extended in the Agricultural Act of 2014. For this publication, "specialty crops" are defined as fruits, vegetables, tree nuts, dried fruits, horticultural crops, and nursery crops.

U.S. SPECIALTY CROP EXPORTS

In 2017, export volumes increased above 2016 levels for most U.S. specialty crops. The U.S. tree nut, fresh fruit, and vegetable sectors experienced growth in 2017, while the processed fruit and vegetable sector maintained steady exports.



Source: USDA/FAS Global Agricultural Trade System (GATS)

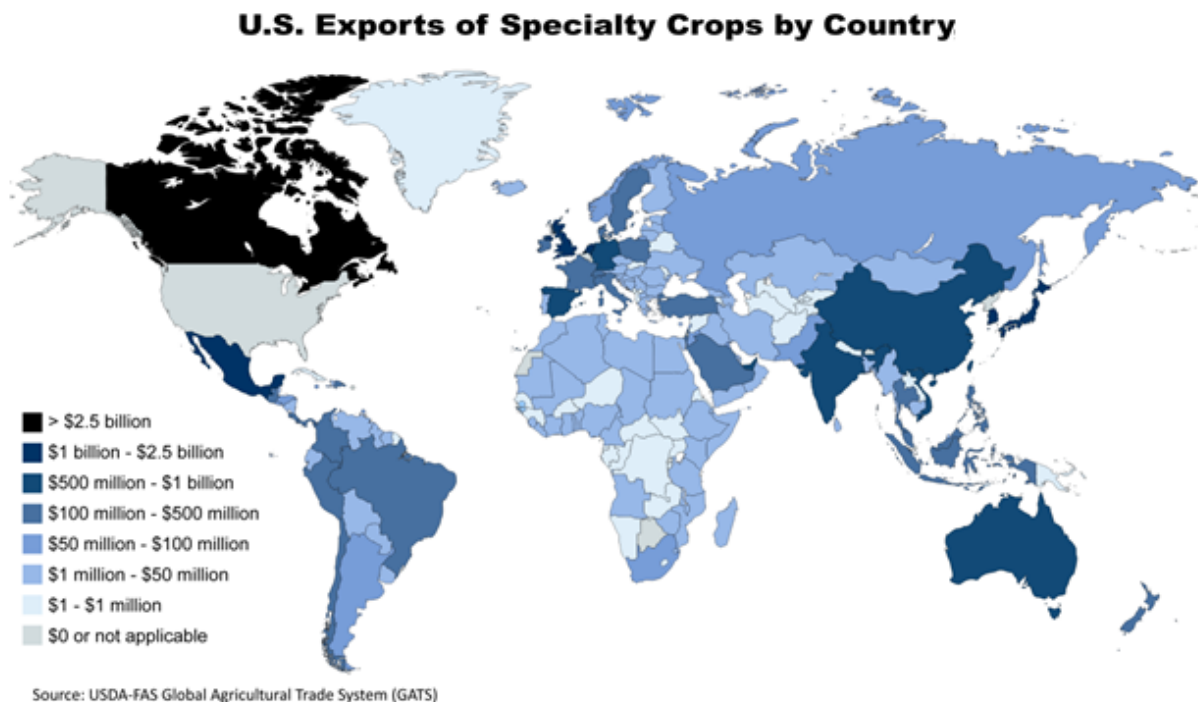
While our North American neighbors remain the United States' largest customers, increasing consumer purchasing power among the middle class in other markets around the world is spurring demand for high quality specialty crops grown in the United States. Technological innovations in production methods and improved transportation systems have made U.S. specialty crop exports more affordable. Improving transportation infrastructure and supply chain facilitates the efficient distribution of highly perishable products such as fruits, vegetables, and floriculture, further benefitting prospects for continued export growth.

EXPORT CHALLENGES

Export markets present opportunities for U.S. specialty crop producers, but before exports to new markets can occur, many countries require risk analyses and export protocols to be in place to protect producers from the transmission of quarantine pests and diseases before authorizing access. Foreign governments may also implement food safety measures to protect consumers. In some cases, aspects of a risk analysis, export protocol, or food safety measure unfairly restrict market access for U.S.

commodities. As an example, some countries have or are considering establishing new pesticide residue standards or maximum residue limits (MRLs), which are maximum acceptable levels of pesticides in or on food and agricultural products for commodities. The MRLs may differ from those in the United States resulting in exporters facing additional commercial risks in cases where foreign standards or regulations are more restrictive than those in the United States. Such measures can serve as a trade barrier designed to limit U.S. agricultural exports that compete with domestic production in foreign markets.

To help increase U.S. agricultural exports, the U.S. Government seeks to address unfair barriers to trade through a number of bilateral and multilateral mechanisms, including technical dialogues with foreign governments that support the establishment of international standards as well as formal consultations with foreign governments under the framework of trade agreements. Numerous U.S. Government agencies participate in these efforts, as appropriate, to ensure a concerted and strategic approach is implemented to resolve trade issues.



FAS, as the primary USDA agency for representing U.S. agricultural industry interests overseas, has over 90 offices located around the globe. Coordination between FAS and other USDA agencies is critical for developing and implementing strategies to facilitate exports. Several U.S. Government agencies outside of USDA also play a critical role in international trade policy. USTR has the overall responsibility for developing and coordinating U.S. international trade and investment policy as well as enforcing trade agreements through an interagency consultative process. The Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA), like their USDA regulatory counterparts, develop and implement national standards, participate actively in international organizations that establish international food safety, plant health and animal health standards that impact trade, and provide

technical expertise on trade issues. EPA establishes pesticide MRLs to ensure the safe production of food, promote the use of safe pest control methods, and implement science-based standards and requirements related to pesticide management. FDA ensures the safety of the U.S. food supply and assists in assessing foreign food safety measures implemented by U.S. trading partners.

USDA'S ROLE IN FACILITATING TRADE IN U.S. SPECIALTY CROPS

Within USDA, several agencies play key roles in facilitating exports of U.S. specialty crops.

FOREIGN AGRICULTURAL SERVICE

FAS maintains a global network of 93 offices in 74 countries around the world covering 173 countries. These offices provide unbiased public information on foreign markets, develop strong relationships with foreign governments to solve emerging problems, and advise Washington agencies on strategies to support U.S. exports. Washington-based commodity analysts provide objective intelligence on foreign market opportunities and regulatory requirements, prepare market forecasts, and address foreign policies affecting U.S. agricultural trade. In responding to potential threats to U.S. agricultural exports, FAS plays a unique role in analyzing technical and policy actions taken by trading partners and in coordinating resources within the U.S. Government and with the U.S. agricultural industry to address trade issues.

FAS leads the interagency review of new foreign regulations, participates actively in trade negotiations, and partners with USTR to enforce U.S. rights under existing trade agreements. FAS manages several private sector advisory committees, including the Agricultural Policy Advisory Committee and the Agricultural Technical Advisory Committees for trade in fruits and vegetables and trade in processed foods. These committees help keep USDA well informed about issues affecting the U.S. agricultural industry.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Animal and Plant Health Inspection Service (APHIS) safeguards the health of U.S. agriculture in the international trade arena and advances science-based policies among trading partners through technical negotiations, thereby ensuring that U.S. agricultural exports are protected from unwarranted barriers. The APHIS Plant Protection and Quarantine (PPQ) program also directs U.S. phytosanitary export policies and export protocols implemented by PPQ and by state and county regulators, which results in successful exports of U.S. agricultural products around the world. APHIS supports U.S. specialty crop exports with an on-the-ground network of agricultural attachés in key export markets abroad, and by maintaining offices at key U.S. export facilities.

AGRICULTURAL MARKETING SERVICE

The Agricultural Marketing Service (AMS) programs facilitate the efficient marketing of U.S. agricultural products. AMS certification, auditing, inspection, and laboratory analysis services are effective tools for demonstrating that exported products comply with food safety requirements in foreign markets. AMS also plays a key role in regulating and providing guidance on the certification, production, handling, and

labeling of USDA organic products. Organic equivalence arrangements eliminate additional certification burdens on producers and facilitate the trade of organic specialty crops.

AGRICULTURAL RESEARCH SERVICE

By understanding the biology and ecology of insects and noxious weeds, the Agricultural Research Service (ARS) is able to develop technology to manage pest populations with the integration of environmentally compatible strategies. By developing efficacious pest mitigation methods (such as fumigation treatments and irradiation) ARS continues to help open and maintain access to export markets for the U.S. specialty crops industry.

INTERAGENCY RESPONSE TO TECHNICAL NON-TARIFF BARRIERS

Trade barriers to U.S. specialty crop exports can be complex and the U.S. Government's response is generally formulated within an interagency context. FAS representatives overseas, or their APHIS counterparts, may be the first to learn of a potential barrier to trade. If the issue is recent and a shipment has arrived at the destination port, USDA overseas staff is well positioned to facilitate the rapid release of perishable products from customs, thus minimizing storage costs and spoilage. USDA's presence overseas facilitates communication with foreign governments and helps keep U.S. concerns high on their priority list.

USDA representatives abroad often receive information on pending regulations before those measures are formally notified to the World Trade Organization (WTO) for international public consultation and are in a good position to advise stakeholders on emerging issues. This enables USDA and other relevant agencies to engage with trading partners on proposed regulations at an early stage. When trading partners notify proposed regulations to the WTO, FAS leads an interagency review process to provide formal comments on proposed measures to minimize disruptions to U.S. agricultural trade.

The participation in the interagency process of scientific experts from regulatory agencies, such as APHIS, EPA, and FDA, ensures that the U.S. positions are scientifically sound and persuasively articulated. USTR evaluates foreign measures for consistency with international obligations and to hold our trading partners accountable. USTR and FAS lead the interagency team addressing measures that appear to be in violation of international trade agreements, while APHIS, EPA or FDA may often take the lead on the technical issues affecting trade. These interactions can occur at many levels, from informal meetings with government officials to formal consultations in the WTO.

U.S. regulatory agencies may also be involved in establishing international standards related to food safety and plant health that directly impact U.S. specialty crop exports. FAS coordinates with them to ensure U.S. policy positions relating to international standards are science-based and reflect U.S. agricultural export interests. Delegations of U.S. officials participate in the development of trade-related standards by international bodies, with FAS providing diplomatic expertise to build support for U.S. policy positions. Standards set by the United Nations' Codex Alimentarius Commission or included in the International Plant Protection Convention often serve as the basis for national regulations adopted by many trading partners. FAS and USTR encourage U.S. trading partners to adopt conforming

standards to facilitate trade. FAS capacity building programs reinforce this message and help countries build the technical capacity needed to meet their international obligations.

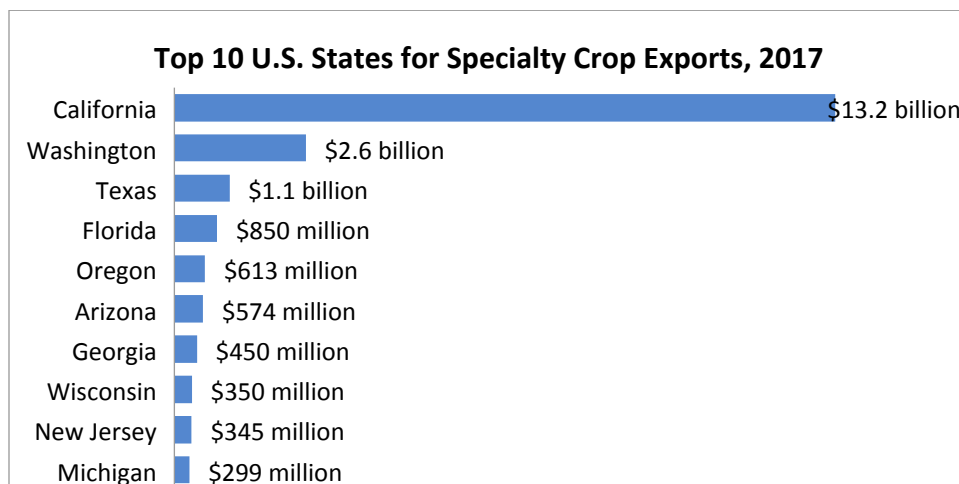
TECHNICAL ASSISTANCE FOR SPECIAL CROPS

The Technical Assistance for Special Crops (TASC) program, which is administered by FAS, has been instrumental in addressing market access issues since it was authorized by Congress in 2002. FAS integrated the program into its strategic efforts to maintain and grow foreign markets, working in close consultation with the U.S. specialty crop industry, to establish and improve foreign market opportunities by addressing sanitary and phytosanitary (SPS) issues and other related trade barriers.

The TASC program was established under the Farm Security and Rural Investment Act of 2002, which directed the Secretary of Agriculture to operate the program through FY 2018 using funds from USDA's Commodity Credit Corporation. The Agricultural Act of 2014 reauthorized the program and expanded its goals to address technical barriers to trade (TBT) such as restrictions related to labeling or quality certification. The program was included in the Agriculture Improvement Act of 2018 as well.

The TASC program assists U.S. agriculture by funding projects to address SPS and TBT issues that threaten exports of U.S. specialty crops. Activities must benefit the industry at large rather than a specific company, and applicants must provide a clear strategy for overcoming trade barriers and market access issues. FAS awards funds on a competitive basis. Any U.S. organization, private or public, with a demonstrated role or interest in exporting U.S. specialty crops may apply for funding under the program. Eligible projects may receive funding for up to five years and a project's funding may not exceed \$500,000 per year.

With annual funding available in 2017 of \$9 million dollars, TASC program grants have produced positive results in pest and disease research, food safety workshops, study tours, pesticide field trials, and pre-clearance programs. In FY 2017, TASC awards were \$2,739,911 (some awards are for multiyear projects). A table showing the FY 2017 awards is found on page 9.



Source: Global Agricultural Trade System (GATS)

2017 TASC AWARDS

Organization	Activity	Award
California Fresh Fruit Association (CFFA)	Breaking Insect-Related Trade Barriers for the California Stone Fruit Industry	\$382,913
ScanTech Sciences	Treatment of Pecan Weevil with ScanTech ECP, a Green Alternative, to Remove Trade Barriers with Mexico	\$150,000
Wine Institute	International Exchange of Technical Information Related to Winemaking	\$912,074
USDA-Agricultural Research Service (ARS)-Washington	Host Status of Temperate and Tropical Fruits for Apple Maggot Fly	\$70,638
Organic Trade Association (OTA) and Sustainable Strategies LLC	Taiwanese Port of Entry Procedures	\$132,000
Organic Trade Association (OTA) and Sustainable Strategies LLC	Argentina GAP Analysis	\$169,226
USDA-Agricultural Research Service (ARS)-Hawaii	Phytosanitary Irradiation Treatments and Equipment	\$37,000
USDA-APHIS-Plant Protection and Quarantine (PPQ)	Data Improvements to Support Exports of U.S. Specialty Crops	\$289,008
Northwest Horticultural Council (NHC)	Rapid Response to Address Myanmar's Newly Modified Plant Health Import Regulations to Maintain Market Access for Pacific Northwest (PNW) Apples, Pears, and Cherries	\$11,500
University of Hawaii College of Agriculture (UOH)	Insecticide Residues in Coffee Green Bean When Used for Coffee Berry Borer (CBB) Control in Hawaii - Prevention of Shipment Rejections in Foreign Markets for Violating Maximum Residue Levels (MRLs)	\$68,108
Almond Board of California (ABC)	China Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) Technical Assistance and Audit for Stabilized Almond Meal Market Access	\$57,700
USDA Agricultural Research Service-Pacific West Area (ARS-PWA)	Nitric Oxide Fumigation for Postharvest Pest Control	\$110,000
US Highbush Blueberry Council (USHBC)	Breaking Insect-Related Trade Barriers for the Eastern USA Blueberry Industry	\$349,744

\$2,739,911

2017 SUCCESS STORIES

European Union (EU)–CITRUS: In April 2017, after concerted effort by FAS, APHIS, and USTR to demonstrate that citrus fruits are highly unlikely to be vectors of citrus canker, the EU voted to amend import regulations to remove a requirement that U.S. citrus be sourced from groves displaying no symptoms of citrus canker, restoring market access for many Florida citrus groves. Full implementation of the amended regulations across all EU Member States began on January 1, 2018. Because of the amended regulations, grove surveys are no longer required, saving U.S. producers an estimated \$5.6 million dollars per year. Florida producers grow 25,000 acres of grapefruit, of which 70 percent is intended for shipment to the EU market, and citrus exports are expected to increase by 25 percent (about \$15 million) during the first year of the new regulations.

JAPAN–IDAHO POTATOES: In September 2017, Japan lifted the ban on fresh imports of chipping potatoes from Idaho. USDA has been working with Japan to restore market access for Idaho potatoes for multiple years and especially after discovering potato cyst nematode in Japan. In 2016, FAS provided TASC program funds for a technical visit by Japanese officials to observe U.S. potato industry practices in Idaho. In February 2006, Japan permitted imports of Idaho potatoes, but suspended access two months later after potato cyst nematode was detected in two Idaho counties. Currently, 16 states are approved to export chipping potatoes to Japan.

KOREA–CHERRIES: In April 2017, U.S. cherries were restored to Korea’s preferential inspection list after a pesticide MRL violation from 2011. FAS and USTR worked closely with Korean regulators to ensure that this action took place in time for the 2017 shipping season. U.S. cherries, which have a strong record of compliance with Korea’s food safety regulations, will now receive a lower inspection rate and document-only review upon arrival. U.S. cherries have a premium reputation among Korean consumers. Korea was a \$145 million market in 2017, the second largest worldwide. Cherries are a highly perishable product with a very short shelf-life and shipping season, therefore, any unwarranted delay in reaching the retail market has significant negative impact.

KOREA–HOPS: In April 2017, Korea established a permanent MRL for propionic acid, a naturally occurring substance in hops, which is considered a food additive in other products. In the fall of 2016, Korea became the first known country to reject a hop shipment due to propionic acid. After significant engagement by FAS with Korean food safety regulators, Korea expedited its evaluation of propionic acid and established an interim MRL. The 2017 permanent MRL facilitated \$8 million U.S. hop exports to Korea.

KOREA–POTATOES: In September 2017, USDA and Korea reached an agreement that restored Pacific Northwest (PNW) table stock potato market access. In August 2012, Korea suspended imports of potatoes from Idaho, Oregon, and Washington due to reported detections of zebra chip disease in production areas. After years of engagement by USDA and USTR, emphasizing that zebra chip is only

transmitted via an insect vector that is not known to occur in Korea, an agreement to lift the suspension of PNW table stock potatoes by the end of 2017 was reached, allowing shipments to resume during the 2018 growing season. In 2017, the United States exported nearly \$8 million of fresh potatoes to Korea.

MYANMAR—PEST RISK ANALYSIS REQUIREMENTS: In November 2017, Myanmar approved pest risk analyses (PRA) for U.S. potatoes, grapes, and apples, authorizing continued access of these products. In September 2017, after a series of FAS interventions with assistance from EPA and FDA, Myanmar removed the food safety component from the PRA requirements. Initially, Myanmar planned to impose the new PRA requirements on January 1, 2017. However, in response to USDA efforts to demonstrate the robust U.S. food safety regulatory system and concerns regarding the potential negative impact the PRA restrictions would have on U.S. agricultural exports, Myanmar granted the United States an extension for historically traded commodities through August 31, 2017. In 2017, the United States exported almost \$18 million in plant products including seeds, grains, fruits, vegetables, hops, tree nuts, and nursery products to Myanmar.

2017 TRADE ISSUES

PESTICIDE MAXIMUM RESIDUE LIMITS

The U.S. agricultural industry benefits from having available the latest and most effective crop protection technologies approved for use in the United States. Access to these technologies enables U.S. agricultural producers to safely and effectively mitigate threats of pests and diseases. However, new pesticides are often authorized for use in the United States before other countries, resulting in asynchronous approvals that can be barriers to U.S. agricultural exports in markets where those pesticides have not yet been approved. FAS coordinates with EPA, the U.S. specialty crop industry, the U.S. chemical industry, and foreign chemical regulatory agencies to address MRL issues to reduce the potential for MRL violations.

CHINA: In December 2017, after several rounds of technical engagement between EPA and China's Institute for the Control of Agrochemicals, Ministry of Agriculture (ICAMA) facilitated by FAS, ICAMA announced intentions to draft regulations for implementing import MRLs. This is a significant step forward in facilitating trade with China. FAS also continues to engage China on the pesticide registration process, MRL establishment transparency, and Good Laboratory Practices compliance issues as well as monitoring China's efforts to meet its goal of establishing more than 10,000 MRLs by 2020.

EU: FAS continues to address several challenges for U.S. specialty crop exports to the EU. In 2017, the TASC program funded residue data generated by the U.S. blueberry industry for submission to the EU in early 2018 to support the establishment of a permanent MRL for phosphonate-based residues to protect over \$2.7 billion in U.S. trade. A similar project, FAS provided FY 2016 TASC program funding to the U.S. almond industry to generate residue data in support of a permanent tree nut MRL. This project was aimed to address a European Commission action modifying the residue definition for fosetyl-aluminum (fosetyl-Al) such that phosphonate-based fertilizers would result in false positive test readings for fosetyl-Al, potentially jeopardizing U.S. exports.

At the December 2017 WTO Ministerial in Argentina, the United States led a coalition of countries to put forth a joint statement reaffirming the importance of scientifically-sound, risk-based measures to enable trade of safe food. FAS has coordinated with other U.S. Government agencies and third countries to take a strong stance against the EU's hazard-based pesticide regulations, which could threaten over \$5 billion of U.S. horticultural products exports. EU regulations allow for the banning of pesticides based solely on hazard identification and does not consider science-based risk assessments. The EU states that it does not intend to establish MRLs or grant import tolerance requests for banned substances, which potentially threatens MRLs for over 50 commonly used pesticides.

HONG KONG: FAS continues to press Hong Kong to update its positive list system (PLS) for pesticide MRLs to ensure U.S. agricultural trade continues without disruption. During 2017, FAS worked with the U.S. agricultural industry to identify and establish MRLs in Hong Kong for pesticides that are critical to U.S. trade. Hong Kong implemented a PLS in August 2014, so any food containing a residue for an unapproved pesticide is prohibited from import unless it can be shown that consumption of the food is not dangerous to human health. Under this system, Hong Kong supplemented MRLs developed by Codex with those from China, the United States, and Thailand.

JAPAN: In 2017, FAS worked closely with Japan and U.S. stakeholders to successfully harmonized numerous MRLs up for review by providing technical science-based information to justified U.S. established MRLs. In the early 2000s, Japan successfully implemented a PLS with minimal disruption to trade. Japan established provisional MRLs, many of which were based on Codex standards, while completing corresponding risk assessments for permanent MRLs. FAS continues to liaise with U.S. stakeholders to monitor Japan's actions in establishing permanent MRLs to ensure exports of U.S. specialty crops continue without disruption.

KOREA: In May 2017, in response to FAS's request, Korea postponed the deletion of existing MRLs for substances not registered in Korea until the end of 2021. In February 2017, a TASC program funded workshop was held in Seoul for FAS, U.S. stakeholders, and Korean regulators to exchange information on Korea's MRL review procedures and to discuss options for ensuring successful implementation of Korea's PLS in January 2019 with minimal disruption to trade. FAS continues to work with Korean regulators, U.S. growers, pesticide registrants, and EPA to ensure a smooth transition. Korea's implementation of a PLS for pesticide MRLs by the end of 2018 has the potential to disrupt U.S. agricultural exports if MRLs for critical pesticides are not established in a timely manner. The first phase of Korea's PLS transition was implemented on December 31, 2016 for tropical fruits, oilseeds, and tree nuts. The second phase will be implemented on December 31, 2018 for all remaining agricultural commodities.

TAIWAN: In July 2017, FAS pressed Taiwan during a high-level trade policy meeting to reform its review process and data requirements for establishing import pesticide tolerances on agricultural products. In February 2017, a workshop funded by the TASC program on MRL requirements was held in Taipei where FAS, U.S. stakeholders, and Taiwanese regulators discussed challenges to establish tolerances and develop strategies to address the outstanding 116 MRLs from the 2014 priority list that contained 250 MRLs. However, Taiwan's system for reviewing and approving pesticide MRL applications has been

slow, unpredictable, and nontransparent. In 2014, FAS reached an agreement with Taiwan to prioritize setting MRLs for a list of chemicals of interest to U.S. agricultural exporters. FAS and EPA worked extensively with U.S. producers and pesticide registrants to develop the list. Outreach was facilitated by the TASC funded MRL Grower Priority Database (www.mrlpriority.com), which provides a convenient, systematic process for developing MRL priority lists. In 2017, the United States exported over \$3.3 billion in agricultural products to Taiwan.

OTHER TRADE ISSUES (BY REGION)

AFRICA AND THE MIDDLE EAST

EGYPT—SEED POTATOES: In 2017, USDA continued negotiations to gain market access for U.S. seed potatoes to Egypt. USDA continues to press Egypt through high-level policy engagements and at the technical level to make progress on this issue. Egypt assured the United States that it would give written approval of seed potatoes from California and Idaho but has not submitted it to-date. Egypt has stalled USDA efforts by repeating technical objections previously addressed by visits to U.S. potato producing areas and scientific data. In 2013 and 2014, Egyptian regulatory officials visited the United States to observe potato production sites but did not sign an export protocol, citing additional plant health concerns. In 2016, FAS provided TASC program funds to support a third visit to observe the cultivation of U.S. seed potatoes contingent on signing a market access agreement, but Egypt did not accept the invitation. The EU is the sole potato seed supplier to Egypt with annual imports of 90-110 thousand metric tons.

ASIA AND THE PACIFIC

AUSTRALIA—APPLES: In 2017, USDA provided technical information and continued to press Australia to finalize a PRA for apples from the PNW. Currently, Australia prohibits U.S. apples due to concerns with the potential introduction of postharvest rot. Australia requires a PRA be completed within 6 months to consider a proposal for market access. In 2010, Australia formally ceased the regulatory review (or “stopped the clock”) process of this market access request. During the following four years, Washington State University scientists were awarded TASC program funds to conduct and publish research on the efficacy of new pre- and post-harvest control measures for fungal pathogens on apples. USDA provided this research to Australia in December 2014.

AUSTRALIA—BLUEBERRIES: In 2017, FAS and APHIS pressed Australia to make progress on blueberry market access. During the March 2017 plant health bilateral meeting APHIS pressed Australia to make for progress on this market access issue. In March 2016, APHIS provided additional PRA information to support the mitigation of key pests and again. APHIS continues to engage Australia in technical discussions. In 2014, USDA requested market access to Australia for U.S. blueberries from California, Oregon, and Washington.

AUSTRALIA—PNW CHERRIES: In 2017, USDA continued to press Australia for approval of an alternative treatment for spotted wing drosophila (SWD), a quarantine pest in Australia. USDA has been working with Australia to approve an alternative fumigation method for SWD since 2014. APHIS has developed

and provided necessary pest efficacy data to Australia. The United States exported over \$20 million in cherries to Australia under the current fumigation protocol in 2017.

AUSTRALIA—CALIFORNIA CITRUS: During 2017, TASC program funds were used by the California citrus industry to continue research on developing efficacy data for an alternative treatment for bean thrips (a quarantine pest in Australia) in citrus. In August 2016, Australia reported numerous interceptions of bean thrips during the shipping season for California citrus and threatened to close the market access unless action was taken to address this quarantine pest. USDA continues to work with Australia to improve mitigation techniques for this pest.

AUSTRALIA—PISTACHIO: In 2017, the U.S. pistachio industry requested that USDA seek approval from Australia to use of sulfuryl- fluoride (SF) as a post-harvest treatment. USDA is working with Australia to gain approval to expand mitigation options to include SF to increase pistachio exports to Australia. Currently, Australia requires methyl bromide or aluminum phosphide fumigation for imports of U.S. pistachios. In 2017, \$34 million of U.S. pistachios were exported to Australia.

AUSTRALIA—OFFSHORE PRE-SHIPMENT INSPECTION (OPI) PROGRAM: During 2017, USDA worked with Australia to develop options to replace the OPI program. Australia plans to remove all inspectors from the United States under the OPI program by 2020. The cost of the inspectors was initially funded under the TASC program beginning in the early 2000s until industry assumed financial responsibility for the program. The California and PNW fruit industries value the OPI program to facilitate prompt clearance of fruit upon arrival in Australia, as it reduces the risk of rejections at destination ports. In 2017, the United States exported over \$100 million in fresh fruit to Australia.

CHINA—AVOCADOS: During 2017, the California avocado industry invited Chinese officials to conduct a site visit to inspect U.S. industry export facilities that was funded under with TASC program. The first site visit took place in May 2016, where China observed California avocado groves and packinghouses which was also funded under the TASC program. Following the visit, USDA provided China with information on inspection measures for groves and packinghouses, and a list of pests associated with avocados. USDA continues to press China to finalize a PRA for avocados so that an export protocol may be developed. USDA requested market access for California avocados to China in 2016.

CHINA—CALIFORNIA NECTARINES: In December 2017, APHIS pressed China to finalize the PRA for California nectarines and committed to providing a draft protocol to China. The protocol cannot be finalized until China completes the PRA. In June 2016, USDA facilitated the visit of Chinese officials to observe nectarine production in California. Following this visit USDA provided additional technical data to China to support the nectarine market access request. USDA has been seeking access for nectarines to China since 2002.

CHINA—CHIPPING POTATOES: In August 2017, TASC program funds facilitated a visit of Chinese officials to observe U.S. chipping potato industry practices. During trade policy discussions, FAS continued to press China to expedite the market access of U.S. chipping potatoes. APHIS is developing the export mitigation measures for potatoes for processing which will be the basis of China's draft protocol. In 2016,

APHIS provided China with technical information related to chipping potato pest management. Negotiations for gaining access of U.S. potatoes to China have been ongoing since 2002.

INDIA—CHERRIES: FAS continues to press India in high-level policy discussions for progress on market access request for U.S. cherries. In July 2017, India officials visited cherry orchards and packing facilities in Washington State and agreed to provide a response to APHIS within 3 months. However, APHIS has not received a response from India. In June 2017, USDA emphasized the importance of approving a systems approach for U.S. cherries to India during India's Prime Minister's visit to the United States.

INDONESIA—POTATOES: In 2017, after several rounds of trade policy and technical exchanges with FAS and APHIS, Indonesia provided a draft market access agreement for U.S. potatoes. Indonesia is assessing the need to conduct a site visit to U.S. industry prior to authorizing market access. Although limited amounts of U.S. fresh potatoes are currently being exported to Indonesia under a complex import permit system, APHIS is seeking to simplify entry requirements. In December 2016, APHIS provided responses to Indonesia on 59 pests of potential quarantine significance and is working to reduce the number of pests to six pests.

JAPAN—APPLES: FAS continues to press Japan to approve a systems approach and oversight reduction for the export of U.S. apples to Japan. In April 2017, USDA requested approval for a systems approach option in lieu of the cold treatment and methyl bromide fumigation pest mitigation requirements. In April 2016, USDA requested a reduction in oversight for the export of U.S. apples to Japan. Currently, apples exported to Japan are required to undergo a cold treatment and methyl bromide fumigation that require the presence of a Japanese official.

JAPAN—STONE FRUIT: In May 2017, USDA requested market access to Japan for a new plum variety and that Japan apply the fumigation protocol currently approved for other U.S. plum varieties. APHIS will continue to work with Japan on developing the required technical plant health data needed to justify expanding market access to new plum varieties.

JAPAN—CHERRIES: In May 2017, exports of U.S. cherries to Japan under a systems approach program were suspended from California and the PNW due to a single detection of codling moth (CM) larva in a California cherry grove. Japan classifies a single larva detection in a cherry grove as a systemic failure in the implementation of the systems approach program. APHIS determined the CM larva detection was an isolated incident and is not indicative of a wide-scale problem with the systems approach. Despite this finding Japan did not immediately remove the suspension. USDA continues to press Japan to revise the protocol to prevent the suspension of the entire U.S. industry due to a single codling moth larva detection.

JAPAN—POTATOES: During 2017, USDA pressed Japan to remove unwarranted phytosanitary restrictions that limits market access for U.S. chipping potatoes. FAS and APHIS have engaged Japan in high level policy and technical meeting expressing concerns that the import restrictions on chipping potatoes are not based on science. Japan restricts the shipping season of U.S. chipping potatoes to six months (February to July) and overland transportation to a single inland processing facility to prevent the introduction of potato cyst nematode (PCN). In 2016, PCN was discovered in Japanese potato

production areas but Japan has yet to lift import restrictions on U.S. potatoes. In 2017, Japan temporarily expanded the shipping window by 45 days when a 20-percent reduction in Japanese potato production was caused by a devastating typhoon.

KOREA—APPLES AND PEARS: In November 2017, FAS pressed Korea during Free Trade Agreement SPS meeting discussions for progress on U.S. market access for apples and pears. Korea has been slow to address USDA's longstanding market access request due to concerns from the Korean apple industry. Market access for California and PNW apples and pears to Korea in the mid-1990s. APHIS has provided requested information to Korea on numerous occasions, but political sensitivities surrounding these commodities have prevented progress. Korea does not import apples or pears from any country due to commercial competition concerns by Korean producers.

KOREA—BLUEBERRIES: Currently, only blueberries from Oregon have market access to Korea. In September 2017, APHIS requested that California and Washington pest complexes for blueberries be treated like Oregon's to expedite the approval process. USDA also requested that Eastern U.S. states be treated as a separate market access request. In May 2017, APHIS provided scientific justifying expanded market access for blueberries to China. In addition, FAS provided TASC program funds to the U.S. blueberry industry to develop alternative mitigation methods to address Korea's pest concerns.

KOREA—CALIFORNIA CITRUS: In September 2017, Korea agreed to exempt California citrus from mandatory on-arrival fumigation once these alternative controls are in place and the U.S. risk mitigation measures are agreed upon. Korea currently requires on-arrival methyl bromide fumigation to control two quarantine pests (Fuller Rose Beetle and California red scale). In 2016, FAS awarded TASC program funds to assist the California citrus industry in developing alternative postharvest treatments to control these pests.

KOREA—POTATOES: USDA continues to press Korea to accept scientific data demonstrating that the Potato Spindle Tuber Viroid is not present in U.S. production areas and does not pose a threat to Korean potato production. In July and November 2017, FAS and USTR raised the issue with Korea during high-level trade policy discussions. Despite technical engagement over several years by APHIS, Korea has been unwilling to accept an export protocol that would restore market access for U.S. potato from multiple states.

KOREA—STONE FRUIT: FAS continues to press Korea to expedite market access for stone fruit. While there is forward-movement on the issue on this high priority issue, progress is slow. In 2017, APHIS provided Korea technical information to support market access for California stone fruits. During the September 2017 Plant Health Bilateral meeting, Korea agreed to complete the PRA.

TAIWAN ORGANIC: In March 2017, Taiwan notified FAS of pesticide residue findings on certified organic products exported to Taiwan. As a result, Taiwan is considering that all originating product from the "violating" USDA organic certifier be subject to enhanced inspections. Despite production-focused language certifying that "zero prohibited substances" were used, U.S.-certified organic products are routinely subject to testing requirements by Taiwan. While Taiwan maintains an acceptable tolerance, in many cases, they are significantly lower than EPA's five-percent tolerance level established under

USDA organic regulations which results in a hold and test requirement that hampers exports of perishable fresh produce. In 2017, FAS funded a TASC program project for the Organic Trade Association to analyze Taiwan's complicated import process for organic products to assist U.S. suppliers in navigating the process and reducing the possibility of having product held at Customs. In addition, USDA's National Organic Program and FAS will continue to address this issue with Taiwan during ongoing equivalence discussion.

TAIWAN–POTATOES: In September 2017, the potato industry reported that Taiwan importers canceled multiple containers of French fries due to greening. Greening is a natural process in potatoes but may indicate the presence of glykoalkaloids, including solanine which is toxic. The FAS raised the issue with Taiwan on the side of the WTO Sanitary and Phytosanitary meeting in October 2017. In November 2017, Taiwan issued a WTO notification proposing a favorable 200 ppm standard for glykoalkaloids in potatoes. FAS continues to engage Taiwan's Food and Drug Administration in policy discussions to fast track implementation of the proposed glykoalkaloids standard.

TAIWAN–TEXAS CITRUS: USDA is seeking access to Taiwan for interstate transit of Texas-origin grapefruit and sweet oranges through other U.S. citrus producing states. During the September 2017 Plant Health bilateral meeting, Taiwan requested clarifying information regarding quarantine fruit fly-related safeguards used for export of fresh Texas-origin citrus to Japan, Korea and China. APHIS is developing data for mitigating the two fruit fly species in Texas and other citrus producing states to provide to Taiwan.

TAIWAN–GINSENG: USDA continues to press Taiwan to authorize access for U.S. ginseng. During the September 2017 bilateral, Taiwan acknowledged receipt of the proposed protocol and has confirmed that the document has been forwarded to external experts for review and will inform APHIS if any additional information is required. On August 3, 2017, APHIS provided Taiwan with a draft protocol for burrowing nematode (a quarantine pest for Taiwan) pest free production sites.

VIETNAM–BLUEBERRY: In 2017, FAS and APHIS pressed Vietnam in high-level policy and technical bilateral meetings to approve access for blueberries. In June 2016, Vietnam provided APHIS with its draft pest risk analysis on blueberries. USDA continues to exchange technical information and press for a finalized draft PRA as Vietnam continues to make minimal progress. Market access was initially requested in 2015.

VIETNAM–CITRUS: In 2017, FAS and APHIS pressed Vietnam, in high-level policy and technical bilateral meetings, to resume the import of U.S. citrus while Vietnam completes PRAs for oranges, mandarins, grapefruit and lemons. In 2015, Vietnam initially agreed to allow U.S. citrus exports to continue while PRAs were being conducted but later retracted this commitment. In October 2016, Vietnam ceased issuing import permits for U.S. citrus.

EUROPE

RUSSIA–IMPORT BAN: USDA continues to assess its trade relationship with Russia that has been stalled by sanctions imposed by both countries. In August 2014, Russia imposed an embargo on most U.S. and EU agricultural products. The ban, initially announced for one calendar year, has been extended until the

end of 2018. The embargo halted exports of several U.S. horticultural products to Russia including tree nuts (except almonds), apples, pears, grapes and citrus. In 2013, U.S. exports to Russia included \$32.8 million in tree nuts (except almonds), \$12.3 million in apples, \$12.1 million in pears, \$2.7 million in grapes, and \$1.2 million in citrus.

THE AMERICAS

ARGENTINA—APPLES AND PEARS: Since 2009, Argentina has blocked all U.S. apple and pear exports over concerns regarding the efficacy of postharvest treatments for fire blight. In May 2017, FAS provided technical briefings to U.S. Department of Commerce to raise access for U.S. apples and pears during high-level trade policy discussions with Argentina. USDA continues to follow up with Argentina in policy and technical level discussions. In November 2016, USDA requested Argentina resume issuing import certificates while Argentina conducts a PRA. In March 2016, APHIS submitted technical information documenting that mature, symptomless apple and pear fruit are not a vector for fire blight. FAS and APHIS continue to press Argentina to resume issuing import permits for U.S. apples and pears.

ARGENTINA—ORGANIC PRODUCTS: The United States and Argentina have different organic standards. Only U.S. organic products that are certified to Argentina's organic standard have access to the Argentine market, and USDA maintains several accredited certifiers for Argentinian products to access the U.S. market. In 2017, Argentina applied for U.S. organic equivalence, and FAS funded a TASC program project for the Organic Trade Association to compare the two countries' standards. The report will assist USDA in discussions toward an equivalence arrangement with Argentina beginning in 2018. A reciprocal equivalence arrangement will provide a unified standard that is accepted in either market.

BRAZIL—DRY PEAS: In March 2017, USDA requested that Brazil establish import requirements specifically for dry peas and eliminate a superfluous additional declaration requirement that shipments are free of certain diseases and viruses that are irrelevant to dry peas. USDA is coordinating with U.S. stakeholders to provide Brazil with technical information that will facilitate U.S. dry pea access. Currently, imports of U.S. dry peas are required to comply with fresh pea import requirements and shipments must be accompanied with additional declaration requirement on the phytosanitary certificate. FAS continues to press Brazil for progress on this issue.

BRAZIL—APPLES: In 2017, APHIS provided technical information to convince Brazil recognize the U.S. proposed systems approach for mitigating apple pest and disease risks. USDA is planning for Brazil to participate in a 2018 site visit to observe the U.S. systems approach, including orchards and packing facilities. In 2013, USDA requested enhanced market access for U.S. apples under a systems approach.

BRAZIL—FRESH FRUITS: Brazil restricts exports of U.S. fresh fruits (grapes, cherries, peaches, pears, apples, nectarines, strawberries, apricots, and prunes from the states of Washington, Oregon, California, Idaho, and Arizona) to five ports of entry due to quarantine pest concerns. In 2017, FAS and APHIS coordinated with industry stakeholders to identify ports of entry in Brazil that do not accept U.S. fruit shipments. APHIS provided to Brazil necessary technical information justifying access of U.S. fresh fruit products to these ports. FAS continues to press Brazil in trade policy discussions for access to all of Brazil's ports of entry.

BRAZIL—SEED POTATOES: Brazil inspects 10 percent of U.S. seed potato shipments which unnecessarily increases cost of product to importers. Brazil imposes lower inspection rates on European seed potatoes. In 2017, Brazil indicated a willingness to review technical data supporting a methodology that justifies removal of Brazil's overly-restrictive import requirements for U.S. seed potatoes. APHIS is developing technical data to support lower inspection rates.

CHILE—GINSENG: In November 2017, APHIS provided PRA information to Chile to begin the process of demonstrating that U.S. ginseng seeds are free of invasive species to support market access. Chile completed the PRA and notified its import requirements to the WTO. Per USDA's request, Chile agreed to case-by-case resolutions for special shipments in the interim until the final regulation becomes effective. FAS is monitoring Chile's follow through on this issue.

CHILE—BLUEBERRIES: In 2017, FAS continued to press Chile in trade policy discussions for blueberry market access. Chile restricts market access due to SWD and mummy berry pathogen are pests of concern. However, SWD is known to exist in Chile and mitigation methods are available for mummy berry. FAS and USTR continue to press Chile in high level trade policy forums to make progress on this issue.

COSTA RICA—POTATOES: In December 2017, USDA formally requested that Costa Rica conduct a PRA to facilitate market access and identify import criteria under for U.S. table stock potatoes to Costa Rica. USDA also requested the process for market access be expedited and is preparing to submit supporting technical information to Costa Rica to support this market access request.

DOMINICAN REPUBLIC—SEED POTATOES: In 2017, U.S. potato industry used TASC program funds to support a site visit by Dominican Republic officials to several U.S. states to observe U.S. potato production. The visit is intended to provide Dominican Republic information to reduce the frequency of on-site inspections of U.S. seed potato production areas in 48 states from five to ten years. A reduction in inspections would reduce the cost of exporting to the Dominican Republic. USDA continues to press the Dominican Republic for a resolution on this issue. The United States exported \$210,000 of seed potatoes to the Dominican Republic in 2016.

MEXICO—APPLES: In 2017, after numerous trade policy interventions by FAS and technical negotiations by APHIS, Mexico and USDA successfully completed year three of a five-year agreement to reduce oversight of apples from California shipped to Mexico that began in March 2015, when USDA and Mexico agreed to an oversight reduction plan for apples from California, Virginia, and Michigan. In 2018 and 2019 Mexico will conduct a one-week audit visit during the export season. Thereafter, Mexico will conduct audits every three years starting in 2022. Exports of apples from California, Virginia, and Michigan, to Mexico are facilitated by a work plan that requires a complex, two-stage cold treatment inspection program. California apples are also required to undergo a methyl bromide fumigation treatment that includes Mexican verification at origin. Currently, Mexico conducts audits once a year for the Washington program, which operates under a cold treatment protocol. The United States is Mexico's largest supplier of apples, with exports valued at \$169 million in 2016.

MEXICO—STONE FRUIT: In the 2017 growing season, year three of the oversight reduction for California stone fruit was implemented. Mexico imposed costly and burdensome requirements on California stone fruit as a condition for market access due to the presence of the oriental fruit moth and other pests. In 2015, after numerous trade policy interventions by FAS and technical negotiation by APHIS, Mexico and USDA agreed to a program that transfers full responsibility for export certification activities to USDA over a three-year period. APHIS is working with Mexico to prepare for the 2018 season which will have no Mexican oversight. Regarding Pacific Northwest stone fruit, USDA is working with Mexico to complete a PRA in 2018 to reduce burdens associated with exporting to Mexico.

MEXICO—POTATOES: In January 2017, after numerous trade policy interventions by FAS and technical negotiations by APHIS, Mexico and USDA agreed to sign a work plan granting U.S. exporters full market access despite strong opposition from Mexico's potato industry. In response, Mexico's potato industry filed a lawsuit that has restricted Mexico's ability to enter into a new market access agreement with USDA. In 2016, USDA and Mexico met with potato industry representatives from both countries to develop a plan to remove import restrictions, which dates back more than 15 years, for expanding access to U.S. potatoes. However, the meetings failed to produce significant results. In 2016, FAS provided TASC program funds to the U.S. potato industry to address legal challenges in Mexico. Mexico is the second-largest export market for U.S. fresh potatoes, after Canada, exporting \$40 million in 2017. USDA continues to press Mexico to remove the import restrictions that prevent expanding access of U.S. potato that dates back more than 15 years.