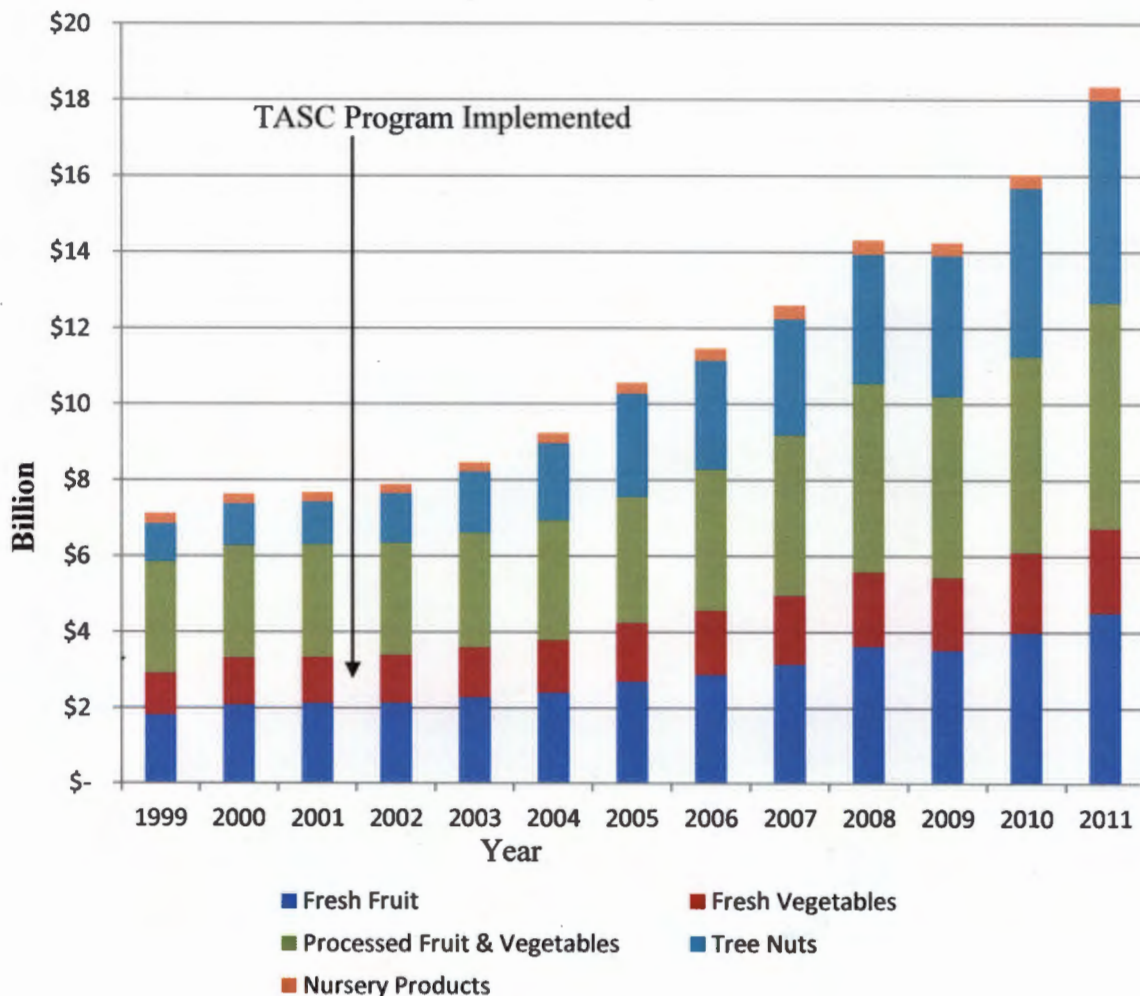




## U.S. Specialty Crops Trade Issues

### Value of U.S. Specialty Crop Exports Continues to Rise



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# **I. Introduction**

## **2008 Farm Bill, Trends in Trade Barriers to U.S. Specialty Crops**

The United States Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) annually submits to the appropriate committees of Congress a description of significant sanitary, phytosanitary (SPS), and other trade barriers that affect the export of U.S. specialty crops. This report is required under Section 3203 of the Food, Conservation, and Energy Act of 2008. For the purposes of this publication, "specialty crops" are defined in accordance with the Specialty Crops Competitiveness Act of 2004 (Sec. 3), as amended by Section 10109(a) of the 2008 Farm Bill – as fruits, vegetables, tree nuts, dried fruits, and horticulture and nursery crops (including floriculture).

The World Trade Organization's (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures ("the SPS Agreement") explicitly recognizes the right of governments to implement measures protecting human, animal and plant health, provided such policies are based on science and do not unjustifiably discriminate against sources of agricultural products. The WTO's Agreement on Technical Barriers to Trade ("the TBT Agreement") similarly recognizes that WTO Members have the right to take standards-related measures necessary to protect human health, safety and the environment at the levels they consider appropriate and to achieve other legitimate objectives. At the same time, the TBT Agreement imposes a series of disciplines regarding the development and application of those measures. Restrictions that fail to comply with international rules are actionable under U.S. trade law as well as the WTO.

This report presents trade barriers that adversely affect or threaten to disrupt U.S. specialty crop exports, and that may or may not be consistent with international trading rules. The report provides a review of significant barriers to trade impacting a broad spectrum of the U.S. specialty crop industry's interests. The omission of a particular trade issue or country does not imply that it is not of importance to the U.S. Government (USG).

Negotiating market access agreements addressing SPS-related trade barriers are frequently challenging and time-consuming because it often requires significant resources to develop pest lists, conduct research and implement risk assessments. In addressing trade barriers, the Administration uses several fora that include bilateral and multilateral negotiations, collaborative research, pre-clearance programs, technical exchanges and consultations under the WTO. In addition to bilateral negotiations on specific issues, negotiations on trade barriers may take place within the context of the WTO, Codex Alimentarius, Free Trade Agreements (FTA), Consultative Committees on Agriculture (CCA), or the International Plant Protection Convention (IPPC). Additionally, 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 USG has sufficient evidence that a trading partner has failed to address a trade issue within the terms and conditions of international trade rules, it may pursue consultations within the WTO.

The TASC program has funded successful research for developing pest mitigations, as well as technical visits by foreign officials to observe industry export practices and preclearance

programs that have assisted in addressing SPS barriers to trade. This report includes a list of TASC projects approved over the past year. Many of these projects would not likely have taken place without assistance from the TASC program.

This report also provides a summary of SPS and technical barriers to trade that impact U.S. specialty crop exports. In addition, summarized below are important SPS issues that have emerged in recent years impacting trade, which USDA is addressing on a broader scale.

**Citrus Greening:** Citrus greening (also called Huanglongbing or yellow dragon disease) is a serious disease impacting citrus production in the United States. The bacterial pathogen that causes the disease is primarily spread by two species of psyllid insects. In 1998, the Asian citrus psyllid (ACP) was first detected in Florida and has subsequently been found in Texas, Arizona, Louisiana, Alabama, Georgia, Mississippi, South Carolina and California. There are three strains of the bacteria (Asian, African and American). Since 2005, the Asian form of citrus greening has been detected in parts of Florida, Louisiana, South Carolina and Georgia. However, the bacterium has not been found to date in other states where the psyllid has been detected, notably Arizona. In March, 2012, the Animal and Plant Health Inspection Service (APHIS) confirmed the first detection of citrus greening in California. APHIS, in conjunction with U.S. State Government officials, has implemented regulatory programs and actions designed to control the movement of material considered to be vectors for the psyllid and citrus greening in an effort to protect uninfected areas. Commercially packed citrus fruit is not considered a pathway for the spread of citrus greening or the psyllid. However, U.S. citrus producers are concerned that if citrus greening becomes established in commercial production areas such as in California, it may cause trading partners to establish import restrictions on U.S. citrus. Currently, Australia has imposed overly-restrictive measures on exports of citrus from production areas in the United States where the psyllid has been found even though the disease has not been detected.

**Organic Standards:** The implementation of new organic regulations around the world that differ from those under the United States National Organic Program has created technical barriers for U.S. certified organic products. These foreign standards often do not follow Codex Alimentarius Commission guidelines or standards set by major producing countries and therefore require significant comparative work and analysis to enter into recognition or equivalence negotiations with another country to gain access for U.S. products. Many countries, including the United States, allow for equivalence determinations, where both countries determine they are meeting the same objectives of organic production in slightly different ways. The United States and Canada completed negotiations for a determination of equivalence in June 2009. This is the first equivalence determination reached with any country. The United States and the European Union (EU) began equivalence negotiations in May 2010 and tremendous progress was made in 2011, which set the stage for signing the agreement in February 2012. The detailed comparison documents created using TASC funds were vital in assisting negotiators to evaluate the critical differences in standards in order to reach recognition or equivalence determinations.

Currently the United States is working on implementation of the new EU organic arrangement, and is working to begin active discussions with Japan and South Korea. Several other countries have inquired about future equivalence discussions including Chile, India, New Zealand, and

Switzerland. In 2011, U.S. organic exports were estimated at \$1.9 billion by the Organic Trade Association. The bulk of this trade is to Canada, the EU, and Japan.

**Light Brown Apple Moth (LBAM):** LBAM is native to Australia and is found in New Zealand, the United Kingdom, California and Hawaii. LBAM was confirmed in California in March 2007. Quarantine regulations prevent the movement of nursery stock, cut flowers, host fruits, vegetables and plant parts within or from quarantined areas in nineteen counties. The range of host plants is broad, with more than 1,000 plant species and 250 crops known to be susceptible to attack by this pest. LBAM threatens California's environment – including cypress, redwood and oak trees – by destroying, stunting, or deforming young seedlings and damaging new growth in the forest canopy. LBAM also feeds on host plants favored by a number of endangered species, spoils the appearance of ornamental plants, and injures citrus, grapes and deciduous fruit tree crops.

If California becomes generally infested, the presence of LBAM could hinder export opportunities and interstate commerce due to quarantine restrictions. TASC funds are being used to address the LBAM problem and facilitate the export of stone fruit from California, Georgia and South Carolina to Mexico.

**European Grapevine Moth (EGVM):** EGVM is a pest of berries and berry-like fruits in Europe, the Mediterranean, Russia, Japan, the Middle East, the Near East and northern and western Africa. In October 2009, EGVM was discovered in California, the first detection in North America. EGVM has since been found in nine counties in California. APHIS, the California Department of Food and Agriculture, and county agriculture offices are working together to detect and control this pest before it has the opportunity to spread. APHIS has mandated safeguarding measures for the interstate movement of regulated articles from quarantine areas. TASC Program funds are used to assist in determining the extent of the EGVM presence in California and helping exporters comply with restrictions imposed by trading partners on California grapes.

**Spotted Wing Drosophila (SWD):** SWD is an emerging pest of cherries, blueberries, raspberries and blackberries in the United States. APHIS is currently working with its stakeholders to determine the extent of its geographical distribution. SWD was first confirmed on cherries in California in 2009, and has since been found in Oregon, Florida and Washington. SWD is a quarantine pest for many important markets for U.S. specialty crops and some countries are imposing enhanced import measures that are increasing the cost of exporting product. Integrated pest management systems including targeted use of pesticides and orchard sanitation have successfully controlled SWD in all commercial production. TASC Program funds are assisting exporters to comply with SWD-related restrictions imposed by countries like Australia and New Zealand.<sup>1</sup>

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<sup>1</sup> This report was prepared and compiled by the Office of Agreements and Scientific Affairs/Plant Division and the Office of Trade Programs of the Foreign Agricultural Service, with assistance from the U.S. specialty crop industry, the APHIS Phytosanitary Issues Management Office and Trade Support Team, the Environmental Protection Agency (EPA), the Agricultural Marketing Service (AMS), and the Office of the U.S. Trade Representative (USTR).

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The U.S. trade data presented in this report is available from the U.S. Global Agricultural Trade System (GATS), located at this web link: <http://www.fas.usda.gov/gats/default.aspx>. The system allows users to generate reports that provide trade information on one or more commodities for one or more countries over a user-specified time period. The FAS Production, Supply and Distribution data is also publicly available at: <http://www.fas.usda.gov/psdonline>. The online database contains current and historical official USDA data on production, supply and demand of agricultural commodities for the United States and key producing and consuming countries. Users may select from a menu of pre-defined tables categorized by commodity or commodity group, or customize trade tables to accommodate individual data requirements.

## II. U.S. Specialty Crop Trade Issues:

### Cross Reference of Trade Barriers by Commodity

<u>Commodity</u>	<u>Country</u>	<u>Page</u>
Almonds	European Union	8
Apples	Australia	8
Apples	China	9
Apples	South Korea	9
Apples	Taiwan	10
Apples and Pears	Israel	10
Avocados	Mexico	11
Cherries	Israel	11
Cherries	Japan	11
Fruits and Nursery Products	Mexico	12
Fruits and Vegetables	Indonesia	12, 13
Fruits and Vegetables (MRLs)	Canada	22
Fruits and Vegetables (MRLs)	China	23
Fruits and Vegetables (MRLs)	Hong Kong	23
Fruits and Vegetables (MRLs)	Japan	23, 24
Fruits and Vegetables (MRLs)	South Korea	25
Fruits and Vegetables (MRLs)	Taiwan	25, 26
Grapes	Australia	13
Nectarines	China	14
Organics	Japan	14
Organics	Mexico	14
Organics	South Korea	15
Organics	Worldwide	15
Pears	China	16
Pears	South Korea	16
Potatoes	China	16
Potatoes	Philippines	17
Potatoes	Mexico	17
Potatoes	Taiwan	18
Stone fruit	Australia	18
Stone fruit	Canada	19
Stone fruit	Mexico	20
Strawberries	China	20

## **Cross Reference of Trade Barriers by Country**

<u>Country</u>	<u>Commodity</u>	<u>Page</u>
Australia	Apples	8
Australia	Grapes	13
Australia	Stone fruit	18
Canada	Stone fruit	19
Canada	Fruits and Vegetables (MRLs)	22
China	Apples	9
China	Fruits and Vegetables (MRLs)	23
China	Pears	16
China	Potatoes	16
China	Nectarines	14
China	Strawberries	20
European Union	Almonds	8
Hong Kong	Fruits and Vegetables (MRLs)	23
Indonesia	Fruits and Vegetables	12, 13
Israel	Apples and Pears	10
Israel	Cherries	11
Japan	Cherries	11
Japan	Fruits and Vegetables (MRLs)	23, 24
Japan	Organics	14
Mexico	Avocados	11
Mexico	Organics	14
Mexico	Fruits and Nursery Products	12
Mexico	Potatoes	17
Mexico	Stone fruit	20
Philippines	Potatoes	17
South Korea	Apples	9
South Korea	Fruits and Vegetables (MRLs)	25
South Korea	Organics	15
South Korea	Pears	16
Taiwan	Apples	10
Taiwan	Fruits and Vegetables (MRLs)	25, 26
Taiwan	Potatoes	18
Worldwide	Organics	15



## Summaries of Barriers to Trade by Commodity

**Commodity:** Almonds  
**Country:** European Union  
**Barrier:** Sanitary Restrictions  
**Issue:** Destination Testing Requirements for Aflatoxin

On September 1, 2007, the European Commission (EC) implemented special measures (enhanced testing) on U.S. almond exports to the European Union (EU) in response to increased detections of aflatoxin. To address EC concerns, the U.S. almond industry, which uses private laboratories certified by AMS to pre-test shipments bound for the EU, adopted Hazard Analysis and Critical Control Point principles and implemented the Voluntary Aflatoxin Sampling Plan (VASP). The EU special measures mandated that 5 percent of VASP-certified almond shipments be tested on import. The VASP has proven effective in addressing the EC's concerns with regard to aflatoxin contamination in U.S. almond shipments to the EU while protecting access to this important market. In recognition of the efficacy of VASP and industry actions, the EU agreed to move to random inspection of VASP-certified almond shipments effective January 1, 2010. The almond industry continues to work with the EC to educate inspectors on the VASP to ensure the smooth trade of almonds.

In February 2010, the EU moved to adjust its maximum levels for aflatoxins in tree nuts to coincide with less restrictive Codex Alimentarius standards. Since 2007 U.S. almond exports to the EU have increased from \$867 million to \$919 million.

**Note: See Section titled “Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011” for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Apples  
**Country:** Australia  
**Barrier:** Phytosanitary Restrictions  
**Issue:** Fire Blight and Fungal Pathogens

Apple growers in the Pacific Northwest (PNW) states of Idaho, Oregon and Washington have sought market access to Australia since before 2000. However, Australia restricted access of apples from the United States and New Zealand due to concerns related to fire blight. Fire blight is a bacterial disease that is especially destructive to apple and is known to occur in the United States. After lengthy but unsuccessful efforts to address this issue with Australia during bilateral negotiations, New Zealand, with the support of the United States, took the issue to WTO SPS dispute resolution. In 2010, a WTO panel ruled in favor of New Zealand. In 2011, Australia authorized importation of New Zealand-origin apples. However, this was only a partial victory for the United States because Australia issued a notice to “stop the clock” on Import Risk Assessment (IRA) for US apples due to concerns related to three fungal pathogens unrelated to fire blight. Australia is unable to continue the IRA process until it receives the results of the

research on the three fungal pathogens currently taking place at USDA-Agricultural Research Service (ARS) facilities in Washington State. Australia could be a significant market to U.S. apple exports once access is authorized.

**Commodity:** Apples  
**Country:** China  
**Barrier:** Phytosanitary Restrictions  
**Issue:** Varietal Restrictions (Relating to Fire Blight)

China restricts access to two varieties of U.S.-origin apples (Red Delicious and Golden Delicious) from Idaho, Oregon and Washington, due to fire blight concerns. Fire blight is a bacterial disease that is especially destructive to apples. The current work plan authorizing export of these two apple varieties to China was signed in April 1995. In November 1999, APHIS requested approval for: (1) the export of additional apple varieties (Fuji, Granny Smith, Gala, Rome, Jonagold, and Braeburn) from approved states; and (2) the export of apples from California to China.

China continues varietal restrictions despite the 2004 World Trade Organization (WTO) ruling against Japan's fire blight-related import restrictions on U.S.-origin apples, where the findings of the WTO panel clearly demonstrate that fire blight is not transmitted via commercial trade of mature, symptomless apples.

In 2007, USDA submitted a pest list for more than 60 species of pests and diseases. While conducting its review of the pest list, China identified more than 90 pests of concern. While bilateral technical dialogue continues, USDA is exploring options to find a mutually acceptable resolution. At the 19<sup>th</sup> Plant Health Bilateral meeting (November 2011), APHIS once again stressed concerns with China's varietal restrictions on U.S. apples. In response, China indicated that it is actively screening the pest list for any U.S. origin apples and agreed to provide APHIS with a risk mitigation document in 2012. In 2011, the United States exported \$7.4 million of apples to mainland China which industry estimates may increase to \$60 million if additional U.S. apple varieties are authorized access.

**Commodity:** Apples  
**Country:** South Korea  
**Barrier:** Phytosanitary Restrictions  
**Issue:** Fire Blight

APHIS requested access for apples produced in the Western United States (California and the PNW) in 1994. In response, Korea identified a number of quarantine pests related to apples, including fire blight. APHIS has provided specific information to Korea on the pests of concern. At the July 2011 phytosanitary bilateral, Korea confirmed that a pest risk assessment (PRA) had not yet been initiated. However, Korea indicated willingness to initiate a PRA and move forward on this issue in accordance with mutually established priorities determined at the July 2011 bilateral meeting. APHIS will continue to follow up with Korea on the status of the PRA

to ensure progress on this market access request is taking place. Potential US apple exports to South Korea are likely to be significant if the current restrictions are removed.

**Commodity:** Apples  
**Country:** Taiwan  
**Barrier:** Phytosanitary Restriction  
**Issue:** "Three-Strikes" Sanction Policy

Under the current apple export work plan, Taiwan imposes a strict "three strikes" penalty structure for codling moth (CM) detections, which can result in a complete market closure for U.S. apples for the remainder of a shipping season. APHIS and Taiwan have met on numerous occasions to discuss this issue and the work plan has been modified to include a 2-week grace period following a CM detection. This means that any CM detections that occur within the 2-week grace period does not count as an additional "strike." However, each year the U.S. apple trade is faced with the possibility that the third largest market for U.S. apples may suddenly close, creating significant uncertainty among U.S. producers.

In October 2006, APHIS provided Taiwan with research demonstrating that the risk associated with CM transmission and establishment in Taiwan via U.S.-origin apples is extremely low. This research document was to support discussions with Taiwan in 2011 as additional modifications to the current "three strikes" penalty structure were negotiated. APHIS will continue discussions with Taiwan on the technical aspects of CM risk and modifications to the penalty structure of the work plan in order to eliminate the threat of market closure in 2012. U.S. apple exports to Taiwan totaled \$76.4 million in 2011.

**Commodity:** Apples and Pears  
**Country:** Israel  
**Barrier:** Phytosanitary Restriction  
**Issue:** Cold Treatment Restrictions

In March 2009, Israel informed the United States that U.S. apples and pears would have to meet new cold treatment requirements to mitigate the risks of apple maggot and plum curculio. Although Israel has not conducted a pest risk assessment, Israel has granted the United States an exemption from this requirement until September 1, 2012. USDA officials worked with industry and state officials on a proposed cold treatment. Israel requested the treatment be modified to address the most tolerant phase of the apple maggot life cycle. APHIS is currently conducting this research to address Israel's concerns and ensure the market remains open. The United States shipped \$11.5 million of apples and pears to Israel in 2011.

**Commodity:** Avocados  
**Country:** Mexico  
**Barrier:** Phytosanitary Restriction  
**Issue:** Legal Review

U.S. avocados are subject to limited distribution within Mexico, and prohibited from being shipped to Mexican avocado-producing states. Under the terms of the 2005 operational work plan for exporting avocados to Mexico, both countries agreed to revisit the existing import measures to determine whether the terms could be extended to allow U.S. avocados to be shipped to all areas of Mexico.

During October 2008, Mexico indicated that a risk evaluation was being conducted to determine the phytosanitary import measures that could be adopted to allow Mexico to lift this prohibition. In November 2008, the proposed necessary changes to Mexico's regulation to allow U.S. avocado distribution to all Mexican States were submitted for legal review in Mexico. Mexico anticipated that the regulatory modifications would be effective within one year. However, despite APHIS efforts to address this issue with Mexico, the modifications have yet to be implemented due to a lengthy legal review. APHIS continues to prompt Mexico for a resolution. California avocado exports to Mexico were \$588,000 in 2011 and would increase significantly if current restrictions are removed.

**Commodity:** Cherries  
**Country:** Israel  
**Barrier:** Phytosanitary Ban  
**Issue:** Pest Concerns

Israel prohibits imports of U.S. sweet cherries citing various plant pests and diseases of concern. Since requesting market access in 2002, APHIS has been working with Israel to complete a risk analysis on cherries to resolve this issue. In February 2012, due to the lack of progress on this issue, USTR raised this issue as part of the U.S.-Israel Free Trade Agreement Joint Commission discussions emphasizing the importance of completing the risk analysis for cherries and resolving this market access request. U.S. industry believes Israel can be an important market for US cherries when this ban is removed.

**Commodity:** Cherries  
**Country:** Japan  
**Barrier:** Phytosanitary Restriction  
**Issue:** Varietal Issue

Currently, sweet cherries are approved for export to Japan on a varietal basis. At this time, 12 varieties of U.S.-origin cherries are approved for export to Japan under the fumigation protocol work plan; an additional 6 varieties are approved if fumigated under special conditions (these 18 varieties represent over 95 percent of U.S. sweet cherry production). All U.S. sweet cherries in production have very similar characteristics.

There are no unique varietal characteristics that would justify the exclusion of varieties based on such characteristics. APHIS has requested approval of all U.S. sweet cherry varieties (2.0 cm in diameter or larger) for export to Japan under the fumigation protocol, without the requirement for additional fumigation testing. APHIS provided all the data requested by Japan in April 2007 in order to consider treating all cherries as a single commodity. As a result of technical discussions that occurred at the July 2011 phytosanitary bilateral meeting in Japan, APHIS provided Japan with updated data to evaluate treatment efficacy on cherries for review by Japan. APHIS will continue to follow up with Japan in hopes of resolving this issue in the near term which will allow the U.S. to introduce new varieties of cherries to this market without undertaking costly and time-consuming research. The United States exported \$80 million of cherries to Japan in 2011.

**Commodity:** Fruits and Nursery Stock  
**Country:** Mexico  
**Barrier:** Phytosanitary Restriction  
**Issue:** Light Brown Apple Moth

The light brown apple moth (LBAM) is a pest of significant economic concern for the United States. Since March 2007, LBAM has been found in 22 counties of California (16 counties are federally regulated), from which Mexico imports approximately \$1 billion annually in LBAM-host material.

When LBAM was first detected in California, Mexico refused shipments of all host crops from California. However, U.S. efforts to eradicate LBAM convinced Mexico to relax some inspection requirements and accept potential LBAM-host crops from non-infested California counties, without restrictions. As USDA continues to actively implement LBAM eradication efforts and prevent this pest from spreading APHIS will continue to work with Mexico to adjust its inspection procedures accordingly in order to protect this valuable export market.

**Commodity:** Fruits and Vegetables  
**Country:** Indonesia  
**Barrier:** Technical Barrier to Trade  
**Issue:** Port Closure

In December 2011, FAS was informed of Indonesia's intent to close the Port of Jakarta to horticulture imports, citing an interest in reducing imports and preventing the entry of harmful pests/diseases. The closure of the Port of Jakarta has been postponed until June 19, 2012 but if implemented would jeopardize 90 percent of U.S. fresh fruit and vegetable exports to Indonesia.

FAS and USTR have communicated to Indonesian officials the serious impact the closure of the Port of Jakarta would have on U.S. fresh produce exports. FAS and USTR are working closely with U.S. industry and Indonesian importers to resolve this issue through suspension of the regulation and other means. In 2011, the United States shipped \$111 million of fresh fruits to Indonesia.

**Commodity:** Fruits and Vegetables  
**Country:** Indonesia  
**Barrier:** Sanitary Restrictions  
**Issue:** Food Safety Certification

In April 2007, Indonesia issued Decree 27 proposing new maximum residue limits (MRLs) for heavy metals, mycotoxins, and pesticides as well as food certification requirements for imports of fresh foods of plant origin. In the absence of a food safety certificate or recognition of the host country's food safety system, imported agricultural products are subject to 100 percent testing to ensure compliance with the new MRL standards.

In November 2009, Indonesia granted recognition of the U.S. food safety system for fresh foods of plant origin for two years. This recognition eliminated the food safety certification requirement for U.S. food products under Decree 27. In November 2011, Indonesia informed FAS that the recognition would be extended until Indonesia conducts a re-verification visit, which is tentatively scheduled June 2012. In 2011, the United States shipped \$111 million of fresh fruits to Indonesia.

**Commodity:** Grapes  
**Country:** Australia  
**Barrier:** Phytosanitary Restriction  
**Issue:** Spotted Wing Drosophila

Australia requires the application of methyl bromide (MB) to U.S. grapes due to the presence of Spotted Wing Drosophila (SWD) in California. This requirement was removed in 2009 after the U.S. presented research demonstrating that the U.S. table grape industry's standard for sulfur dioxide treatment is an effective mitigation for phylloxera crawlers and spiders. In 2011, the U.S. table grape industry supported research conducted by USDA, demonstrating that treatment with sulfur dioxide followed by a 6-day cold treatment is efficacious in mitigating SWD. APHIS will present this research to Australia in 2012, and request Australia's approval of this treatment as an alternative to MB for SWD in 2012. In 2011, the United States exported \$18 million in grapes to Australia.

**Note:** See Section titled "Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011" for information on TASC projects addressing trade barriers related to this issue.

**Commodity:** Nectarines  
**Country:** China  
**Barrier:** Phytosanitary Ban  
**Issue:** Pest Risk Assessment

APHIS first submitted a market access request to China for fresh California-origin nectarines in February 2002. The market access request for nectarines was made in conjunction with California-origin plum access and was accompanied by a pest list. Both plums and nectarines have similar pests and require similar pest management practices. China granted access for plums in 2006. However, negotiations on access for nectarines stalled temporarily while China updated the pest list. APHIS is currently reviewing the new pest list provided by China in November 2011. China is likely to be a valuable market for US nectarines if the current import ban is removed.

**Commodity:** Organic Products  
**Country:** Japan  
**Barrier:** Technical Barrier  
**Issue:** Organic Equivalence

USDA analyzed Japan's materials list for organic production in Japan. This analysis was used for official comments to Japan and during Economic Harmonization Initiative meetings with Japan regarding the potential impact of the revisions in limiting U.S. and Japanese trade. While Japan has recognized the USDA National Organic Program standards as equivalent, technical issues such as limits on production materials, a zero tolerance for pesticide residues, and restrictions on organic labeling have limited U.S. use of this recognition. A meeting with Japanese officials is planned in early 2012 to attempt to resolve these issues on a technical level. The Japanese organic market is estimated at \$1.3 billion by the International Federation of Organic Agricultural Movements (IFOAM).

**Commodity:** Organic Products  
**Country:** Mexico  
**Barrier:** Technical Barrier  
**Issue:** Organic Equivalence

Mexico's organic regulations have been drafted but have not been officially published or notified to the international community via the World Trade Organization. cursory reviews of the regulations by U.S. organic industry experts have noted significant differences that could affect U.S. exports of organic trade if the regulations are implemented in their current state. Mexico's Organic Guidelines were analyzed and compared with the National Organic Program (NOP) standards to develop an understanding of the trade limiting and technical barriers posed in the Guidelines. This analysis was used to develop formal comments and recommendations to Mexico, as well as for negotiators at FAS, NOP and USTR. These analyses provided the background for discussions and talking points in preparation for, and during, meetings with Mexico in Washington, DC and hosting an organic farm tour for the delegation in May 2011.

Mexico has yet to finalize its regulations, and therefore it is still unclear if the U.S. recommendations will be included in the final document. Once Mexico finalizes the regulations, the United States will consider moving forward with equivalence negotiations.

**Commodity:** Organic Products  
**Country:** South Korea  
**Barrier:** Technical Barrier  
**Issue:** Organic Equivalence

In 2011, USDA analyzed and commented on Korea's revised Environment-Friendly Agriculture Act, which includes a provision allowing for equivalence negotiations with other countries. In August 2011, in Washington, DC and in September 2011 in Seoul, Korea, USDA held technical discussions with Korea. Korea submitted the revised Act to the Korean National Assembly, but a vote was delayed and the Act is still awaiting passage. The United States is prepared to begin negotiations with Korea when the Act is passed.

**Commodity:** Organic Products  
**Country:** Worldwide  
**Barrier:** Technical Barrier  
**Issue:** Organic Equivalence

The implementation of new organic regulations around the world that differ from U.S. standards has created technical barriers for U.S. certified organic products. In order to maintain trade and eliminate these barriers, the United States may enter into recognition agreements and/or equivalence negotiations, which requires a comparative analysis of standards. Neither the Agricultural Marketing Service/National Organic Program (AMS/NOP) nor FAS has the resources to address the increasing number of organic trade issues and negotiations. Therefore the use of TASC funds has been vital for allowing industry experts to complete the comparative analysis necessary to enter into negotiations.

The AMS/NOP was fully implemented in 2002 and is one of the first domestic standards for organic production. The NOP allows foreign organic products access to the U.S. market if they are certified by USDA accredited certifiers. Because of the size of the U.S. organic market, many countries became interested in exporting to the United States and began certifying products to the NOP. However, as markets develop around the world, more countries are developing their own organic standards, which often require a separate certification. The cost to organic producers is significant when they are required to receive several different certifications in order to export. For example, in some cases, it is necessary to fund foreign certifiers' travel to the United States. Prior to developing their own standards, most foreign markets recognized the AMS/NOP and allowed U.S. certified organic products to be sold as organic.

Many countries, including the United States, allow for an equivalence determination, where both countries determine that they are meeting the same objectives of organic production in slightly different ways. Detailed comparison documents are required to assist countries and negotiators



in evaluating the critical differences in standards to reach equivalence determinations. The global organic market is estimated at over \$60 billion.

**Commodity:** Pears  
**Country:** China  
**Barrier:** Phytosanitary Ban  
**Issue:** Fire Blight

China prohibits the importation of U.S. pears due to quarantine concerns with respect to fire blight. U.S. pear producers have sought access to China since the early 1990s. APHIS provided China with a pest list in 1995 and 2000 along with a request that China complete the pest risk assessment. However, due to China's concerns with fire blight and the absence of pear-related fire blight research in the scientific literature, little progress had been made in achieving market access. In May 2007, APHIS supplied China with research confirming that mature asymptomatic pear fruit is not a pathway for fire blight. In November 2011, APHIS and China outlined a general framework that could facilitate agreement on mitigation measures for shipment of pears from California, Oregon and Washington to China in 2012. In April 2012, APHIS provided recommendations in response to China's proposed operational workplan. If these recommendations accepted, it will allow for access of U.S. pears to China, which is likely to be an important market for this industry.

**Commodity:** Pears  
**Country:** South Korea  
**Barrier:** Phytosanitary Ban  
**Issue:** Fire Blight

South Korea prohibits imports of U.S. pears due to fire blight and other pests. South Korea is concerned that this bacterial plant disease may be transmitted to domestic crops. During the July 2011 bilateral meeting, Korea confirmed that a pest risk assessment had not yet been initiated. However, Korea stated it will initiate an evaluation and move forward on this issue in accordance with mutually established priorities. APHIS will continue to follow up with Korea on the status of the PRA to ensure progress on this market access request is taking place. Potential US pear exports to South Korea are likely to be significant if the current restrictions are removed.

**Commodity:** Potatoes (table stock)  
**Country:** China  
**Barrier:** Phytosanitary Ban  
**Issue:** Pest Risk Assessment

In 2001, APHIS requested market access for fresh potatoes from the Pacific Northwest (Washington, Oregon, and Idaho). China has yet to share the results of a pest risk analysis (PRA) for table stock potatoes. In September 2003, China agreed to make immediate progress to complete the PRA. In 2008, China verbally informed APHIS that the PRA was complete, but

did not share the PRA with APHIS. In July 2009 and 2010, APHIS reiterated the importance and high priority of this issue without any reported progress by China. In November 2011, China provided an overview of the PRA process and again committed to speed up the procedure for market access for potatoes. The U.S. potato industry estimates it could export between \$10 and \$20 million annually if China authorizes access to the United States.

**Commodity:** Potatoes (table stock)  
**Country:** Philippines  
**Barrier:** Phytosanitary Ban  
**Issue:** Pest Risk Assessment

In February 2009, the United States officially requested market access for U.S. fresh potatoes to the Philippines. In November 2011, APHIS provided comments on Philippines' pest risk assessment (PRA). APHIS continues to engage with the Philippines on this issue to determine the next steps required to open the market to U.S. potatoes. The U.S. potato industry is utilizing TASC funds for a site visit in 2012 by a Philippine team to review potato growing and shipping practices in the United States. The U.S. potato industry expects the Philippines to grow into an important market if access is granted.

**Note: See Section titled "Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011" for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Potatoes (table stock)  
**Country:** Mexico  
**Barrier:** Phytosanitary Restriction  
**Issue:** Market Access Expansion

In March 2003, Mexico agreed to the Table Stock Potato Access Agreement laying out a path toward full access for U.S. table stock potatoes over three years. In the first year, Mexico would remove its prohibition on the sale of U.S. potatoes inside a 26-kilometer border zone. In the second year, Mexico would authorize access to seven Northern States. In the third year, Mexico would grant full market access. However, Mexico did not authorize access beyond the 26-kilometer border zone, citing concerns related to high pest interceptions at the border.

In December 2010, USDA and Mexico agreed to a mediated process under the North American Plant Protection Organization to resolve this longstanding issue. The findings reduced the number of pests of concern, but an agreement was not reached on the mitigation language, so technical teams have continued to discuss. APHIS believes that Mexico has sufficient information to expand access, but Mexico is still seeking more data on the risk of potential diversion to planting and a risk mitigation package to address this concern. The United States exported over \$30 million in table stock potatoes to Mexico in 2011, which could double if full access is authorized.

**Note: See Section titled “Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011” for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Potatoes (table stock)  
**Country:** Taiwan  
**Barrier:** Phytosanitary Ban  
**Issue:** Access for Colorado Potatoes

Taiwan prohibits access for potatoes produced in Colorado due to plant health concerns. Taiwan is an important market for U.S. potatoes and currently authorizes imports of table stock potatoes from Alaska, California, Idaho, Oregon, Montana and Washington that are produced in areas free of various quarantine pests. Taiwan has addressed each state as a separate market access request due to potential variation of pest profiles between states. APHIS has requested that Taiwan provide access for table stock potatoes from Colorado. APHIS provided Taiwan sufficient information to support the market access request for Colorado. In turn, Taiwan conducted a site visit to Colorado October 11-14, 2011. APHIS raised this issue during the December 2011 technical bilateral meetings to determine next steps. Taiwan informed APHIS that the request is proceeding through the regulatory process and progress can be expected in 2012. Colorado could increase the current level of exports if access is authorized. The United States exported \$4.3 million in table stock potatoes to Taiwan in 2011.

**Note: See Section titled “Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011” for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Stone fruit  
**Country:** Australia  
**Barrier:** Phytosanitary Ban  
**Issue:** Spotted Wing Drosophila

Australia bans imports of U.S. stone fruit (peaches, nectarines, plums and apricots) due to phytosanitary concerns. During Free Trade Agreement (FTA) discussions with the United States, and in a plant health bilateral meeting with APHIS in January 2004, Australia agreed to initiate an import risk assessment (IRA) in July 2004. However, due to a restructuring of the import risk analysis procedure, Australia’s review of market access for California and Pacific Northwest (PNW) stone fruit failed to make significant progress for several years.

Since 2006, the United States and Australia have made extensive efforts to advance this issue. Australian officials visited stone fruit production areas in California and Washington in 2006. Australia published a draft IRA for public comment in April 2008 including concerns regarding four pests. The United States responded with formal comments in June 2008. In March 2010, Australia issued the provisional final IRA report for fresh stone fruit from the United States. In

July 2010, following a review of two appeals on the provisional final IRA, Australia finalized market access conditions for stone fruit from California and the PNW.

However, Australia's concerns about the Spotted Wing Drosophila (SWD) continue to restrict access for U.S. stone fruit. APHIS is working with the California and PNW stone fruit industries and with the Agricultural Research Service to develop a mitigation for SWD and gain Australia's approval of the mitigation for the 2012 export season. Exports of US stone fruit to Australia could be significant if the current ban is removed.

**Note: See Section titled "Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011" for information on TASC projects addressing trade barriers related to this issue.**

<b>Commodity:</b>	Stone fruit
<b>Country:</b>	Canada
<b>Barrier:</b>	Phytosanitary Restriction
<b>Issue:</b>	Light Brown Apple Moth

The light brown apple moth (LBAM) is a pest of significant economic concern for which both Canada and the United States regulate host materials from off-continent sources to mitigate the possibility of its establishment in North America. First detected in California in 2007, LBAM has been found in 22 counties of California (16 counties are federally regulated). Canada imports approximately \$1 billion annually in LBAM host material from California. Since June 2007 Canada has placed regulatory requirements on the importation of LBAM host material to prevent the introduction of LBAM into Canada from California and other countries.

As a result, imports of LBAM-host material from California, including produce, cut flowers, greenhouse plants, and nursery stock, are subject to more restrictive inspection measures. The Canadian directive includes special restrictions on importation of fresh produce from California to British Columbia. While Canada's inspection procedures for LBAM in host material are thorough, LBAM has not been intercepted in shipments from California. However, these mitigation measures imposed by Canada are extensive and time-consuming.

APHIS will maintain survey, regulatory and control activities in 2012 and will continue to partner with California to control and suppress this pest. APHIS is currently evaluating commodities for exemption from consideration as a host for LBAM and will coordinate with Canada in order to maintain access to this market.

**Commodity:** Stone fruit  
**Country:** Mexico  
**Barrier:** Phytosanitary Restriction  
**Issue:** Overly-Restrictive Import Measures

In 1997, APHIS and Mexico developed a systems approach for mitigating phytosanitary risk for shipping U.S. stone fruit to Mexico. The systems approach serves as an alternative to fumigation with methyl bromide and was developed primarily to address oriental fruit moth. Although U.S. stone fruit access to Mexico has been maintained since the implementation of the preclearance program, APHIS and Mexico have been in continuous negotiation over the appropriate level of oversight and the number of pests of quarantine concern.

During October 2008 discussions between APHIS and Mexico, an agreement was reached to review the current bilateral operational work plan applied to the export of California stone fruit to Mexico, including the list of quarantine pests and level of direct oversight by Mexican inspectors in production areas and packing facilities. The objective of the review was to determine whether a reduction in the number of quarantine pests and level of direct oversight could be achieved. However, no significant concessions were made by Mexico benefiting California stone fruit exports.

In January 2009, Mexico added several new pests of concern (including LBAM) and inspectors to oversee the systems approach program. Mexico is in the process of completing the pest risk assessment (PRA) for stone fruit and in November 2011, participated in a site visit to the Pacific Northwest to further work on the PRA. Mexico is the second largest export market for U.S. stone fruit and 2011 exports totaling \$48.2 million in 2011 would likely increase if overly restrictive and costly inspection measures are removed.

**Note: See Section titled “Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011” for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Strawberry (California Fresh)  
**Country:** China  
**Barrier:** Phytosanitary Ban  
**Issue:** Pest Risk Assessment

China continues to restrict access for California fresh strawberries. In 2008 the California strawberry industry requested access to China for the Olympic and Paralympic Games in Beijing. APHIS officials agreed to all of China’s certification requirements and California successfully shipped nearly a ton of strawberries for these events.

In early 2010, China granted a special permit to again allow temporary access for a small amount of California strawberries as “samples” at the Shanghai World Expo. However, the permitted quantity was too small to be commercially viable and access was restricted to the U.S. pavilion, so the U.S. industry declined to ship strawberries to the Expo. During the November 2011 U.S.-

China bilateral, China confirmed that the pest list and risk mitigation measures finalized for temporary access in 2008 would also be considered as part of the final pest risk assessment for California-origin strawberries, which remains under review. In November 2011, China stated that it is screening the pest list for California strawberries and agreed to have regular technical exchanges on this issue. China could become a significant importer of California strawberries if the current ban is removed.

## **Summary of Trade Barriers Related to Maximum Residue Limits (MRLs) or Tolerances for Pesticides**

The regulation of MRLs for pesticides on agricultural products by trading partners presents an increasing challenge to the U.S. specialty crop industry. Due to increased awareness among consumers of food safety issues, many important trading partners have taken a greater interest in establishing and monitoring MRLs in food. As a result, the regulation of MRLs can vary among trading partners, which presents significant challenges to producers for ensuring products comply with each country's food safety standards and maintaining market access. Below is a summary of the most significant MRL-related trade barriers impacting the export of U.S. specialty crops and efforts taken by USDA, USTR and EPA to address these issues with U.S. trading partners to protect access to these markets. The work to mitigate the MRL issues described below often depends heavily on accessing data in the USDA/EPA MRL database that was developed using TASC funding. The database can be found at <http://www.mrldatabase.com>. Rutgers University's IR-4 program is also using TASC funding to support the establishment of science-based MRLs at both the national and international (Codex) level.

**Note: See Section titled "Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011" for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Fruits and Vegetables  
**Country:** Canada  
**Barrier:** Sanitary Barrier  
**Issue:** Removal of MRL Default Tolerance

Canada is preparing to revoke the general default tolerance of 0.1 parts per million (ppm) for pesticides not currently registered in Canada. Thereafter any food product containing a residue for a pesticide that does not have an established MRL will be in violation of Canada's Food and Drug Regulation. Canada's intent in removing the default tolerance is to implement a positive list system that regulates pesticide residues for which Canada has performed a risk assessment and established a MRL.

The EPA and FAS are working with the U.S. agricultural industry in consultation with Canada's Pest Management Regulatory Agency (PMRA) to identify and establish MRL priorities of both countries in order to minimize potential disruption to trade. FAS funded the development of a database ([www.mrlharmonization.com](http://www.mrlharmonization.com)) that serves as a tool for agricultural industries from the United States and Canada to identify pesticides that are of high priority for each commodity sector. The database provides direction in establishing MRLs in a systematic method as Canada transitions to a positive list system.

Additionally, under the U.S.-Canadian Regulatory Cooperation Council, EPA and PMRA are working to align MRLs whenever possible, by encouraging joint submissions, developing joint guidelines and aligning data collection processes. The United States shipped \$3.6 billion of fresh fruits, vegetables and tree nuts to Canada in 2011.

**Commodity:** Fruits and Vegetables  
**Country:** China  
**Barrier:** Sanitary Restriction  
**Issue:** Reevaluation of MRLs

China is undertaking an extensive pesticide re-evaluation process for existing MRLs in which China will eliminate some pesticide registrations and revise its MRL list. Elimination of certain pesticides or restrictive revisions to MRLs could cause disruption of U.S. agricultural products exported to China. FAS and EPA are engaging with China to participate in the MRL prioritization process, the establishment of new MRLs, and to contribute comments and input into the MRL evaluation process. Additionally, China has set a goal of establishing 5,000 new MRLs over the next three years. In 2011, the United States shipped \$303 million of fresh fruits, vegetables and tree nuts to China.

**Commodity:** Fruits and Vegetables  
**Country:** Hong Kong  
**Barrier:** Sanitary Trade Barrier  
**Issue:** Adoption of New MRL Regulatory Framework

Hong Kong, which currently defers to Codex MRLs, is in the process of implementing a pesticide MRL positive list system in early 2014. Hong Kong is preparing to continue to adopt MRLs developed by Codex that will be supplemented with MRLs from China, the United States and Thailand. While Codex standards will be closely followed, the MRLs of referenced countries would be considered based on risk assessments and practicality. Hong Kong will also continue to incorporate updates of Codex's MRLs after the enactment of this regulation. FAS and EPA are monitoring this situation closely to minimize potential for disruption to U.S. trade. The United States shipped \$1.2 billion of fresh fruits, vegetables and tree nuts to Hong Kong in 2011.

**Commodity:** Fruits and Vegetables  
**Country:** Japan  
**Barrier:** Sanitary Restrictions  
**Issue:** MRL Sanctions Policy

Both Japan's sanctions policy and its MRL-setting process pose significant risks for U.S. exporters of fresh fruits and vegetables. In the event that Japan has a more stringent MRL than the United States, Japan increases testing to 30 percent of all similar products originating from the United States following a pesticide MRL violation. If a second violation occurs within a year



of the first violation for the same commodity, Japan imposes a 100 percent test-and-hold policy against the entire U.S. industry. Japan's slow and overly restrictive approval process for new pesticides continues to discourage agro-chemical companies from applying for import tolerances in Japan. This policy delays the establishment of new MRLs and places U.S. growers at greater risk of a MRL violation when shipping to Japan. FAS is working closely with agro-chemical companies experienced in submitting applications to provide Japan with practical suggestions for improving its MRL approval process. USTR and FAS continue to press for changes to Japan's MRL enforcement activities. In 2011, the United States shipped \$777 million of fresh fruits, vegetables and tree nuts to Japan.

**Note: See Section titled "Summary of New Projects Funded under the Technical Assistance for Specialty Crops During Fiscal Year 2011" for information on TASC projects addressing trade barriers related to this issue.**

**Commodity:** Fruits and Vegetables  
**Country:** Japan  
**Barrier:** Sanitary Restriction  
**Issue:** Food Additive Classification for Post-Harvest Fungicides

Unlike other countries, Japan classifies post harvest fungicides (PHF) as food additives. Japan's designation of PHFs as food additives has a negative impact on U.S. specialty crop (especially citrus) exports in two respects. First, Japan requires U.S. suppliers to label the names of the PHF treatments at the point of sale (POS), which needlessly discourages some consumers from purchasing U.S. fruit and vegetables, as Japanese-produced fruits and vegetables treated with the same PHF prior to harvest are not required to bear any such information label. U.S. industries must apply PHFs after harvest to protect perishable products from spoiling en route to Japan. Japanese products avoid the POS labeling requirement because the chemical is applied prior to harvest, which is MHLW's point of differentiation for classifying the same chemical as a pesticide. Pesticides are not subject to the same labeling requirements as food additives. Secondly, Japan also discourages U.S. producers from using safer and more effective PHFs because registrants are deterred by the expense and time required to perform two risk assessments (one for pesticides and a second for food additives) in order to register the PHFs in Japan. As a result, producers are effectively discouraged from taking advantage of the latest crop protection pesticide technology.

During discussions on this issue, USTR has requested that Japan adopt international standards by classifying PHFs as pesticides regardless of the point of application. Japan has indicated a willingness to streamline the risk assessment process but any change to the classification of PHFs will require a modification to Japan's law. USTR and FAS continue to raise this issue with Japan. In 2011, the United States shipped \$777 million of fresh fruits, vegetables and tree nuts to Japan, a figure which stands to increase if inequities in the PHF labeling requirements and review process are rectified.

**Commodity:** Fruits and Vegetables  
**Country:** South Korea  
**Barrier:** Sanitary Restrictions  
**Issue:** Reevaluation of MRLs

In January 2011, Korea issued a WTO notification initiating a process for updating its MRL regulatory system. The notification proposes to delete all existing MRLs for pesticides not registered for domestic use in Korea. The impact of this action may be significant, although Korea has yet to provide a complete list of MRLs slated for deletion. Korea justifies this action by asserting that risk assessments that would support maintaining these import MRLs have not been conducted. Although Korea will defer to Codex MRLs during the transition, there is a significant gap between the number of U.S. pesticide MRLs currently approved in Korea and those established by Codex. In response to concerns from exporting countries, Korea has agreed to put the rule on hold indefinitely and to provide additional information to trading partners. FAS and EPA continue addressing this issue through bilateral discussions. Additionally, EPA is engaged in technical dialogues with the Korean Food and Drug Administration to support the retention and establishment of Korean MRLs. The United States shipped \$440 million in fresh fruits, vegetables, and tree nuts to Korea in 2011.

**Commodity:** Fruits and Vegetables  
**Country:** Taiwan  
**Barrier:** Sanitary Restrictions  
**Issue:** MRL Backlog

Taiwan's unwillingness to recognize Codex MRLs while reducing a backlog of over 1,500 MRL applications created significant uncertainty within the U.S. agricultural export industry. Taiwan's inability to keep pace with requests to establish MRLs for pesticides has resulted in an extraordinary imbalance between pesticides registered for use in the United States compared with those in Taiwan. Since 2006, this disparity has resulted in increased rejections of various U.S. agricultural shipments (e.g., apples, wheat, barley, strawberry, corn and cherries) due to reported pesticide MRL violations involving commonly used pesticides not approved in Taiwan. In response to interventions by FAS and USTR, Taiwan has increased the pace of reviews of pesticide applications that are important to U.S. agriculture, which has significantly reduced the MRL backlog. However, an imbalance remains for pesticides registered for use in the United States compared to those in Taiwan. FAS, EPA and USTR continue to work with Taiwan to address priority MRLs to U.S. agriculture in order to minimize the risk associated with shipping to Taiwan. The United States shipped \$282 million of fresh fruits, vegetables and tree nuts to Taiwan in 2011.

**Commodity:** Fruits and Vegetables  
**Country:** Taiwan  
**Barrier:** Sanitary Restrictions  
**Issue:** MRL Sanction Policy

Taiwan's sanction policy for penalizing exporters that have been found in violation of an MRL standard is very restrictive. After a single MRL violation, Taiwan imposes 20 percent country-wide inspections on all similar product shipped to the same importer. Therefore, despite a lack of evidence of a pesticide MRL violation, exporters may find their product subject to increased inspection. The importer is required to accumulate five clean shipments (i.e., sampled and pass the lab tests) with at least three times the quantity of the original shipment to resume the normal inspection rate of 2.5 percent. Exporters that are not responsible for the violation and are supplying product to the importer in question are also subject to these enhance inspections. In addition, if Taiwan detects three MRL violations within six months, Taiwan imposes 100 percent country-wide test and hold on all similar products from the same country. FAS is pressing Taiwan to develop a sanction policy that protects exporters from unwarranted inspections. The United States shipped \$282 million of fresh fruits, vegetables and tree nuts to Taiwan in 2011.

### **III. The Technical Assistance Program for Specialty Crops**

The TASC program is designed to assist U.S. organizations by providing funding for projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops. Activities that may be undertaken with TASC grants include seminars and workshops, study tours, field surveys, pest and disease research and pre-clearance programs.

The Farm Security and Rural Investment Act of 2002 created the TASC program and authorized the use of \$2 million of Commodity Credit Corporation (CCC) resources in each fiscal year from 2002 through 2007. The Food, Conservation, and Energy Act of 2008 continued the TASC program through 2012 and authorized the use of CCC funds according to the following schedule:

<b>Year</b>	<b>CCC Funds</b>
2008	\$4,000,000
2009	\$7,000,000
2010	\$8,000,000
2011	\$9,000,000
2012	\$9,000,000

## Summaries of New Projects Funded under the Technical Assistance for Specialty Crops Program (TASC) During Fiscal Year 2011

**ORGANIZATION:** Agricultural Research Service

**AMOUNT:** \$84,800

**PROJECT TITLE:** Evaluating the Efficacy of Systems Approach Components for the Western Cherry Fruit Fly

**ACTIVITY DESCRIPTION:** This project is developing efficacy data for a systems approach (as an alternative to methyl bromide (MB) fumigation) for mitigating the Western Cherry Fruit Fly (WCFF) that encompasses all the steps involved in cherry production, including pest detection and management at the orchard level and pest detection at the packing house level. The development of data documenting the efficacy of a systems approach will allow us to provide scientific evidence to trading partners to support the removal of mandatory MB fumigation, and thus increase our total export volume. The acceptance of a systems approach for WCFF is a goal in three of the top seven export markets with a value of approximately \$34.8 million. Currently, MB fumigation of sweet cherries against WCFF larvae is required by South Korea, New Zealand and Australia. The cherry industry is actively seeking an alternative to MB because MB-treated fruit do not store as well as untreated fruit and need to be flown to foreign markets. There potentially will be large savings in shipping costs if fumigation is eliminated, because non-fumigated cherries could safely be sent by ocean vessel (without losing quality), reducing costs to consumers in Asian Pacific markets. A systems approach encompasses all the steps involved in cherry production, including pest detection and management at the orchard level and pest detection at the packing house level.

**ORGANIZATION:** Agricultural Research Service

**AMOUNT:** \$183,037

**PROJECT TITLE:** Supporting the Submission of a European Deregulation Dossier for "HoneySweet" plum: Development of Critical Molecular Data and Transfer of Regulatory Data Submission Expertise

**ACTIVITY DESCRIPTION:** This activity facilitates the bioinformatic analysis of Honeysweet ribonucleic acid (RNA) by a scientist from the Czech Republic to assess the possibility of animal toxicity. The data collected is being used for regulatory approval and market acceptance in order to facilitate international approval of other gene silencing and virus resistance traits that are either on the U.S. market or under development. The result will be a more rapid movement towards the deregulation of Honeysweet plum. California produces 99 percent of the U.S. plum supply (150M tons) and nearly 60 percent of the world supply of dried plums (prunes). The export value is \$200 million. The U.S. stone-fruit industry is under threat from *Plum pox virus* (PPV). Researchers have developed a PPV-resistant plum tree cultivar "*HoneySweet*", which has remained PPV-free after over 15 years of field testing in infested regions of Europe. It is now critical that we resolve export barriers so that U.S. growers maintain international market access in the event of more widespread PPV outbreaks in U.S. stone fruit growing regions. If PPV were to enter into California and resistant varieties could not be exported, countries including Chile and Argentina would quickly expand into the U.S. export market, eroding its dominance. "*HoneySweet*" plums offer an opportunity to engage positively with international regulators to promote the long-term goal of regulatory, market and social

acceptance of biotech crops, by focusing discussion on the benefits of biotechnology to growers and consumers.

**ORGANIZATION:** Agricultural Research Service

**AMOUNT:** \$21,606

**PROJECT TITLE:** Phosphine Fumigation Treatment for Postharvest Insect Control on Lettuce

**ACTIVITY DESCRIPTION:** This project seeks to increase exports of U.S. lettuce to Japan through development by the Agricultural Research Service of low temperature phosphine fumigation to control pests on lettuce. Currently, export of lettuce to Japan is minimal because of interception of live lettuce aphid and leafminer, for which there is no safe treatment. Successful development and use of low temperature phosphine fumigation to control the pests will lead to increased lettuce exports to Japan. The potential market in Japan for U.S. lettuce was estimated to be over \$100 million a year; current annual exports total about \$5 million. Taiwan is another key market for many U.S. fresh commodities and Taiwan has indicated that it may require quarantine treatment of imported fresh commodities to control western flower thrips before products arrive there. The export of many fresh products from U.S. could decline drastically if no solution can be found and implemented – the phosphine treatment under development through this activity could secure Taiwan market access.

**ORGANIZATION:** Agricultural Research Service

**AMOUNT:** \$85,000

**PROJECT TITLE:** Development of Irradiation Treatments for High Impact Invasive Species and Evaluation of Commodity Tolerance to Irradiation Treatments

**ACTIVITY DESCRIPTION:** This project involves developing irradiation treatments for specialty crops that will combat three high impact pests. The pests include the light brown apple moth (Apple, Apricot, Cherry, Citrus, Lettuce and leafy greens, Nectarine, Peach, Plum, Pluots), the spotted wing drosophila (Apricot, Boysenberries, Blueberries, Blackberries, Cherry, Grape, Nectarine, Peach, Plum, Pluot, Raspberries, Strawberries) and the European grape vine moth (Apricot, Cherry, Grape, Nectarine, Peach, Plum, Pluot, Persimmon, Pomegranate). Expanding the commercial use of irradiation phytosanitary treatments will expand variety and export quantity of U.S. specialty crops. The project will provide technology transfer, training and technical expertise to the irradiation industry, grower groups and exporters to enhance their understanding of irradiation treatments, the effects of irradiation on the quality of specialty crops of interest and the use of irradiation for exports of specialty crops of interest. The annual value of U.S. exports of specialty crops comprised of fruits, tree nuts, vegetables, greenhouse and nursery crops and other crops during the five calendar years (2004-2008) has averaged \$11 billion, representing 18 percent of cash receipts from specialty crop sales. The economic value of a mere five percent increase in the five-year average value of U.S. specialty crop exports would amount to over one-half billion dollars annually. Expanding the commercial use of irradiation phytosanitary treatments will expand variety and export quantity of U.S. specialty crops.

**ORGANIZATION:** Almond Board of California

**AMOUNT:** \$23,820

**PROJECT TITLE:** India Food Safety Import Standards

**ACTIVITY DESCRIPTION:** Industry members are traveling to India to consult with Indian importers, Indian government officials, and USDA in New Delhi to request a delay of full implementation of the Prevention of Food Adulteration Act (PFAA) that recently established general commodity standards. From discussions with Indian officials, there does not appear to be an understanding of the difference between commercial grade standards (which is what the PFAA standards address) versus food safety criteria. Importers have also stressed the fact that standards do not reflect that inshell almonds are not "ready-to-eat" while kernels are for immediate consumption. Both almond handlers and importers are concerned that implementation of these standards will result in significant rejections and disruptions to almond trade in California's 4th largest export market. Almond shipments to India in calendar year 2009 totaled 78.6 million pounds, with a total value of \$174.5 million.

**ORGANIZATION:** Almond Board of California

**AMOUNT:** \$29,656

**PROJECT TITLE:** European Union Health and Port Authorities Seminar and Tour

**ACTIVITY DESCRIPTION:** This project sets up a tour and a seminar that includes visits to USDA-approved laboratories that perform aflatoxin analysis for the Voluntary Aflatoxin Sampling Plan (VASP) program as well as visits with almond handlers. This enables the participants to see first-hand the effort put into food safety and quality by industry members in general, and in particular how sampling for VASP is done. California almonds represent the U.S.' second largest agricultural export to the EU in value at \$736.6 million, and as a region is the California almond industry's largest export destination with 43 percent of all exports going to the EU, supporting 10,757 U.S. jobs. Due to changes in EU mycotoxin requirements resulting from the visits, there has been a decrease in the number of erroneously detained and/or rejected consignments, reflecting a combined effect of a 40 percent decrease in aflatoxin rejections in 2010 as compared to 2009.

**ORGANIZATON:** Animal and Plant Health Inspection Service

**AMOUNT:** \$71,131

**PROJECT TITLE:** A Prototype Electronic Identification Resource to Support Agricultural Commodity Trade: California Table Grapes

**ACTIVITY DESCRIPTION:** This project develops and delivers an interactive, media-rich, identification resource of spiders and weed seeds that could be associated with harvested table grapes from California's Central Valley. This reduces the demands on the identification capabilities of the system now required by the certification processes for New Zealand (an \$18 million market) and Australia (a \$63 million market). It also enhances the technological capability of pest identifiers for phytosanitary certificates and pre-clearance quarantine inspections. The objective of this project is to help eliminate delays, losses and potential errors in pest identification which limit potential export volume. Export volume for several commodities has increased and shipments are expedited by quarantine and phytosanitary pre-clearance inspections for importing countries. For example, the California table grape pre-clearance program for Australia has seen a volume increase over the seven years of the program from 120,000 boxes in the first year of shipping to over 1.9 million boxes in 2008. Volume in future

years is expected to continue to grow. The prospects for other commodities and destination countries are equally positive. Inadequate pest identification capabilities have resulted in losses and delays, which have limited full realization of market potential.

**ORGANIZATION:** Animal Plant and Health Inspection Service (*in conjunction with the Agricultural Research Service and Chapman University*)

**AMOUNT:** \$ 25,000

**PROJECT TITLE:** Development of Irradiation Treatments for High Impact Invasive Species and Evaluation of Commodity Tolerance to Irradiation Treatments

**ACTIVITY DESCRIPTION:** This project develops treatments for specialty crops that will combat three high impact pests and transfer this knowledge to the specialty crop industry.

APHIS will identify potential specialty crops for quality assessment research. Additional investigation is needed to compile and prioritize a list of commodities for further investigation. APHIS' Phytosanitary Issues Management Division, states, grower groups and others will collect information regarding export potential for specific crops. The annual value of U.S. exports of specialty crops comprised of fruits, tree nuts, vegetables, greenhouse and nursery crops and other crops during the past five calendar years (2004-2008) has averaged \$11 billion, representing 18 percent of cash receipts from specialty crop sales. The economic value of a mere five percent increase in the five-year average value of U.S. specialty crop exports would amount to over one-half billion dollars annually. Expanding the commercial use of irradiation phytosanitary treatments will expand variety and export quantity of U.S. specialty crops.

**ORGANIZATION:** Bryant Christie, Inc.

**AMOUNT:** \$172,781

**PROJECT TITLE:** Maximum Residue Level Database Funding for Specialty Crops

**ACTIVITY DESCRIPTION:** The purpose of this project is maintaining, updating and auditing the Maximum Residue Level (MRL) Database. The objectives of the MRL Database are to first, provide U.S. growers, farmers, ranchers, shippers and exporters with accurate and up-to-date information on chemical residue and food safety regulations in their major export markets, which will help ensure that U.S. product arriving destined for foreign markets meets foreign requirements. The MRL Database is widely recognized as containing up-to-date MRL information. The second goal of the MRL Database is to provide USDA and the Environmental Protection Agency officials a resource they can use to access and compare foreign standards, which in turn aids in the development of U.S. government policy and official comments on foreign proposed standards, responses to constituent inquiries and identification of foreign MRLs that are inconsistent with international norms and could constitute a trade barrier. Since the MRL database came on line, the value of U.S. horticultural exports has increased 44%. The MRL Database helps ensure that these exports – to key markets including Japan, the EU, Canada, Taiwan, China, Indonesia and many others – meet often changing foreign regulatory requirements.

**ORGANIZATION:** California Grape and Tree Fruit League

**AMOUNT:** \$242,500

**PROJECT TITLE:** Addressing the Effects of New Invasive Pests on Mexican Oversight of California stone fruit Industry

**ACTIVITY DESCRIPTION:** This program seeks to use resources to work with USDA/APHIS, USDA's Foreign Agricultural Service (FAS), and other government offices as



necessary to negotiate the removal of Mexico's excessive oversight requirements and to eliminate the new quarantine pests from the work plan. Mexico continues to restrict the import of California stone fruit using an exaggerated quarantine pest list, onerous penalties for pest interceptions and protocol infractions, and by requiring excessive Mexican oversight of U.S. officials and the stone fruit industry in California. The introduction of new pests into California in the past few years, including light brown apple moth (LBAM) and European grapevine moth (EGVM, *Lobesia botrana*) has resulted in increased oversight of the California stone fruit export program by Mexican officials. The new inspectors and increased complexity of its regulations has led to mounting difficulties and higher costs associated with the California stone fruit export program to Mexico. While the projected number of Mexican inspectors was to decrease to three in 2010, there are currently six inspectors overseeing the export program due to the new quarantine pests introduced into California. Rather than reducing inspectors and fees related to the program, in 2009 Mexico increased the costs of its oversight by 14 percent, from \$392,000 to \$445,000. In 2010, Mexico has further increased costs to over \$465,000, despite USDA/APHIS's continuing requests that Mexico phase-out its oversight in California.

**ORGANIZATION:** California Grape and Tree Fruit League and the Northwest Horticultural Council

**AMOUNT:** \$691,711

**PROJECT TITLE:** Designation of Fruit Host Preference in Commercial Production of stone fruits (Peaches, Plums, Nectarines and Apricots) for *Drosophila Suzukii* (SWD) and Development of Orchard Management Guidelines for SWD for Export to Australia – Systems Approach

**ACTIVITY DESCRIPTION:** Host trials are being performed to demonstrate SWD status in peach, plum, nectarine and apricot and to designate categories of host preference (such as, stage of maturity, commercial export grade or physical condition of the fruits) in stone fruits to support the assertion that firm/mature fruit is not a suitable SWD host. The primary benefit of this activity is that it will assist growers in more accurately characterizing risk within commercial stone fruit production for SWD. This will help determine appropriate mitigations for a recently detected invasive insect in the United States. Additionally, it will provide research to meet an importing country's request for data to support a systems approach and address emerging concerns in other export markets. Australia has agreed to consider more suitable measures to mitigate the risks associated with SWD on stone fruits.

**ORGANIZATION:** California Olive Oil Council

**AMOUNT:** \$366,884

**PROJECT TITLE:** Data Gathering for a Composite Chemical Picture of U.S. Olive Oil: Removal of Potential Trade Barriers

**ACTIVITY DESCRIPTION:** This project consists of a significant amount of chemical data from the various regions and varieties throughout the United States and is effectively collecting data on a wide range of olive oil samples. The full spectrum chemical and DNA analysis is establishing the first-ever U.S. chemical composite database. This database will be instrumental in showing the wide variations by region and varieties across the United States and is being used by the U.S. Codex committee to more forcefully push for olive oil standards more favorable to U.S. producers. U.S. production of olive oil is growing dramatically, with California production alone predicted to exceed 20 million gallons by 2020, up from current 2009-2010 production of

only 850,000 gallons. With production growing rapidly, the quantity of U.S. olive oil that could be exported will also grow, but could be hindered by foreign market access barriers. Australia is an example of a country with an olive oil industry that grew rapidly but whose export ability was limited because of naturally occurring higher levels of Linolenic acid and Campesterol. When shipments of Australian olive oil reached Europe they were downgraded from extra virgin olive oil to vegetable oil because of these higher values. The continuation of this project will help ensure that U.S. olive oil does not encounter similar problems when exported. California currently exports about one percent of its current production. Exports have been mainly to Japan, Germany and Canada. Programs to date have been successful, especially to Germany and Japan. Exports are expected to double by the end of 2011.

**ORGANIZATION:** California Specialty Crops Council

**AMOUNT:** \$111,500

**PROJECT TITLE:** Pilot Project to Coordinate Maximum Residue Level Prioritization for Specialty Crop Exports to Japan

**ACTIVITY DESCRIPTION:** This project is seeking to identify U.S. pesticide/commodity combinations that are at risk of violating Japanese pesticide regulations. This project is also initiating and supporting registration activities to establish 12-15 Maximum Residue Levels in Japan. In 2009 the United States exported \$1.7 billion worth of fruits, vegetables and nuts to Japan, making Japan the most import foreign market for U.S. specialty crop producers; California is the leader in US specialty crop exports to Japan. Every year this trade, and the thousands of U.S. jobs supported by this trade, is put at risk by the asynchronicity of U.S. approvals for dozens of pesticides that are not approved for use in Japan. Focusing efforts on the development of a priority list that anticipates problems and capitalizes on Japan's Ministry of Health Labor and Welfare's willingness to proceed on a priority ranked basis is a proactive solution that will prevent millions of dollars of lost trade opportunities. The establishment of MRLs in Japan for needed chemicals will allow growers to minimize trade uncertainties while meeting quality standards and expectations of Japanese buyers.

**ORGANIZATION:** California Specialty Crops Council

**AMOUNT:** \$18,000

**PROJECT TITLE:** Global MRL Workshop

**ACTIVITY DESCRIPTION:** The California Specialty Crops Council, with input from additional U.S. specialty crop entities, regulatory officials, and the registrant community, will conduct one workshop and one webinar to identify specific ways in which stakeholders can improve their own internal processes related to research, development and registration strategies. This activity will also improve coordination among specialty growers, packer/shipper organizations, registrants, regulators, trade experts, trade negotiators, etc., on registration needs related to successful trade of U.S. specialty crops with regard to specific crop/commodity combinations, countries or regions of interest. The pesticide MRL issue affects all export destinations for U.S. specialty crops, which total more than eighty countries and include Canada, Asia, and the European Union. The objectives of this project are to reduce trade disruptions associated with MRL asynchronicity and to increase awareness of the importance of only using approved products for specific markets. In addition, this project also seeks to increase U.S. specialty crop producers' ability to use crop protection tools required to produce export quality horticultural products.

**ORGANIZATION:** California Table Grape Commission

**AMOUNT:** \$363,500

**PROJECT TITLE:** Postharvest Treatments to Eliminate Invasive Pests of Concern to the California Table Grape Industry Using Methyl Bromide, Alternative Fumigants and Cold Treatments and Evaluating their Impact on Grape Quality

**ACTIVITY DESCRIPTION:** The California Table Grape Commission is undertaking a research project to identify postharvest treatment protocols that will eliminate invasive pests of concern for table grape exports. The project is being carried out over three years to test the efficacy of various postharvest treatments and to evaluate their impact on grape quality. The goal is to secure expanded access to international markets for California table grapes. The value of the 2010 U.S. table grape crop was \$1.25 billion, representing 842,142 metric tons.

**ORGANIZATION:** California Walnut Board

**AMOUNT:** \$538,533

**PROJECT TITLE:** Optimization of "Horn" Phosphine Fumigations to Retain California Walnut Exports

**ACTIVITY DESCRIPTION:** New insecticidal efficacy and residue data is being collected for Vaporphos treatment of walnuts and the technique is being tailored to the rapidly changing needs that make the California walnut industry unique from a technical perspective. Increasing production has contributed to the walnut industry's export growth. In fact, exports now account for 53 percent of the crop utilization. Production yields have grown considerably in the last three years. 2010 was a record crop year for the industry, with nearly 502,000 short tons produced, following 436,000 tons in 2009 and 435,000 tons in 2008. From 2007 to 2010 California production has grown 53.9 percent. Phosphine MRLs for walnuts in eight of the top ten export markets are currently more restrictive than current EPA levels. This project seeks to ensure pest-freedom and food safety of walnuts in postharvest marketing channels via the development of efficient, economical and environmentally benign chemical treatments to retain and expand export of California-grown walnuts.

**ORGANIZATION:** Chapman University (*In conjunction with the Animal and Plant Health Inspection Service and the Agricultural Research Service*)

**AMOUNT:** \$350,000

**PROJECT TITLE:** Development of Irradiation Treatments for High Impact Invasive Species and Evaluation of Commodity Tolerance to Irradiation Treatments

**ACTIVITY DESCRIPTION:** Working with the Animal and Plant Health Inspection Service and the Agricultural Research Service, Chapman University will seek to develop irradiation treatments for specialty crops that will combat three high impact pests. The research performed by Chapman University, as part of this project, will provide an important opportunity for growers, exporters and the irradiation industry to interact and will allow all the players to assess irradiation as a treatment option and integrate irradiation into commodity export systems. The annual value of U.S. exports of specialty crops comprised of fruits, tree nuts, vegetables, greenhouse and nursery crops and other crops during the past five calendar years (2004-2008) has averaged \$11 billion representing 18 percent of cash receipts from specialty crop sales. The economic value of a mere five percent increase in the five-year average value of U.S. specialty crop exports would amount to over one-half billion dollars annually. Expanding the commercial use of irradiation phytosanitary treatments will expand variety and export quantity of U.S. specialty crops.

**ORGANIZATION:** Florida Department of Citrus

**AMOUNT:** \$287,000

**PROJECT TITLE:** Development of Residue Databases for Fresh Florida Grapefruit Products to Determine Compliance with European Union (EU) Maximum Residue Levels - A Pilot Study

**ACTIVITY DESCRIPTION:** The Florida Department of Citrus and its collaborators are initiating a pilot project to evaluate pest and nutritional control practices currently in place for Florida grapefruit with respect to those practices' impact on pesticide residues. This evaluation is being constructed from two major approaches. One approach/goal evaluates the impact of current commercial pest control practices with respect to their effects on pesticide residues, and to report those findings to the Florida grapefruit growers. The second goal evaluates controlled field trials utilizing current and emerging pest control practices with respect to their effects on pesticide residues. These evaluations are needed to support the development of models for evaluating new protocols and communicating results to Florida grapefruit growers. The Florida citrus industry is a vital component of the Florida economy, and it consists of two segments, with fresh fruit accounting for about 10 percent, and processed citrus products accounting for about 90 percent, of economic values. According to a report by the University of Florida, during the 2007-08 crop season the total economic impact of the industry was about \$9 billion, including \$8 billion from processed citrus juice and byproducts, and \$1 billion from fresh market citrus fruit, including exports. Florida producers export significant amounts of citrus products to European, Canadian, and Asian markets. The total value of U.S. fresh grapefruit being exported to Europe was reported at greater than \$50 million for each of the last three years.

**ORGANIZATION:** Georgia Peach Council/South Carolina Peach Council

**AMOUNT:** \$ 102,300

**PROJECT TITLE:** Initiation of Preclearance Program Utilizing Irradiation Treatment of Peaches for Export to Mexico

**ACTIVITY DESCRIPTION:** The Georgia Peach Council and South Carolina Peach Council are working closely with peach growers and exporters, irradiation facilities, state agriculture departments, USDA Animal and Plant Health Inspection Service, Land Grant Universities, and the Mexican National Plant Protection Organization to perform preliminary program work to initiate an irradiation preclearance program, and operate the program through the course of the 2011 peach season. Georgia and South Carolina peach growers have identified irradiation as a leading candidate for use in a preclearance export program to Mexico. The key reasons for this are: competitive treatment cost, minimal or no quality impact, efficient logistics and flexibility to address a wide range of pest threats. The peach market in Mexico is estimated to be worth \$4.25 million and peach growers in Georgia and South Carolina are well positioned to take a significant portion of this market if these barriers can be removed.

**ORGANIZATION:** Idaho Potato Commission

**AMOUNT:** \$343,712

**PROJECT TITLE:** Mexican Export Survey Soil Sample Collection

**ACTIVITY DESCRIPTION:** The Idaho Potato Commission is sending three survey crews consisting of 5 to 6 people to collect soil samples from 10,455 acres in the United States so that Idaho potatoes qualify for entry into Mexico next season. Without testing of the fields immediately, there will be no Idaho fields certified to ship to Mexico. Mexico is Idaho's largest export market for fresh potatoes. Fresh Idaho potato exports to Mexico for the 2010-2011 crop year (as of April 9, 2011) totaled 143,084 cwt for the crop year that began in August 2010.

Idaho's total exports of fresh potatoes are 203,449 cwt, so Mexico represents almost 70 percent of the total. Without the requisite survey, this market will be lost. In dollar terms, the value of this crop is estimated at about \$1.5 million just for this year's crop, which was harvested in the fall of 2010.

**ORGANIZATION:** Indian River Citrus League/ Agricultural Research Service

**AMOUNT:** \$ 860,040

**PROJECT TITLE:** An Assessment of the Viability of Black Spot-Blemished Citrus Fruit as a Pathway for Disease Dispersal via Domestic and International Trade and Methods to Mitigate any Risk of Disease Spread on Harvested Fruit

**ACTIVITY DESCRIPTION:** This project develops a non-regulatory motivated risk assessment and assessment models to examine if fruit are a viable pathway for dissemination to and establishment of *G. citricarpa* in areas currently free of Citrus Black Spot (CBS). Further establishing that fresh fruit pose extremely small (or no) risk to the spread of CBS and/or establishing the efficacy of sufficient mitigating orchard and packingline treatments, will ensure that all export markets will be open to CBS-exposed, contaminated and/or infected fruit provided they have been treated to ensure that lesion activity is terminated. Replication of data and further testing of our hypothesis should help ensure that these markets remain open to fruit from CBS-infected areas in the future.

**ORGANIZATION:** Indian River Citrus League

**AMOUNT:** \$80,000

**PROJECT TITLE:** Best Postharvest Handling Practices to Assure Canker-free Fresh Citrus Fruit

**ACTIVITY DESCRIPTION:** The overall project objective is to develop science-based Best Postharvest Handling Practices (BPHPs) that provide the greatest assurance of both killing all canker bacteria on the surface of asymptomatic fruit, and removing all fruit with canker symptoms before export. These BPHPs would be technologically and economically feasible for adoption by the commercial fresh citrus industry. The establishment of citrus canker (caused by *Xanthomonas citri* subsp. *citri*, Xcc) in Florida, has had a dramatic impact on fresh fruit shippers and the over \$400 million fresh citrus industry. Over 40 percent of all fresh Florida citrus is exported and those shipments are governed by the receiving country, many of which still require the fruit to be inspected for canker before shipment.

**ORGANIZATION:** Iowa State University

**AMOUNT:** \$415,571

**PROJECT TITLE:** Standardization of Seed Health Tests to Facilitate Seed Exports through the National Seed Health System (NSHS)

**ACTIVITY DESCRIPTION:** This project establishes and maintains standard seed health test protocols that are internationally accepted, under the authority of the NSHS. The specific objectives for meeting that goal are to evaluate the effectiveness of existing seed health tests for major seedborne pathogens in export crops. In addition, this project is seeking to validate and improve existing seed health tests and develop new tests as needed to facilitate phytosanitary certification of seed for export and liaison with international organizations and regulatory bodies to coordinate procedures and promote recognition and acceptance of NSHS-approved seed health tests. The U.S. is the world's largest seed exporter, with seed exports exceeding \$1.2 billion

annually. Vegetable seed exports from the United States are the second largest in the world, with annual exports of \$458 million. The U.S. seed industry is a vital component of American agriculture, and the ability to efficiently and safely ship seeds internationally is critical to seed industry success. The development and approval of accepted standard seed health tests will facilitate the rapid issuance of phytosanitary certification for export of seedlots tested under these methods, and these approved methods will be accepted globally by importing countries.

**ORGANIZATION:** North Carolina State University

**AMOUNT:** \$ 84,701

**PROJECT TITLE:** Host Status Of Eggplant And Pepper To The Plant Pathogen: Peronospora Tabacina

**ACTIVITY DESCRIPTION:** The goal of this project is to collect and examine published reports of disease occurrence on eggplant and pepper. North Carolina State University is documenting reports of disease observations from U.S. plant pathologists and agricultural workers in the field where eggplant and pepper are grown in the vicinity of tobacco with blue mold. In addition they are inoculating fruit of U.S. varieties of eggplant and pepper having the potential to be exported to Japan to determine their host status.

**ORGANIZATION:** Oregon Department of Agriculture

**AMOUNT:** \$378,405

**PROJECT TITLE:** Oregon Christmas Tree Mitigation Process for Phytosanitary Export Market Barriers

**ACTIVITY DESCRIPTION:** The goal of the activity is to develop the best management practices on the handling of Christmas trees after shaking to ensure that trees do not become re-infested while waiting for loading. The Oregon Department of Agriculture (ODA) provides inspection and certification services for Oregon's Christmas tree growers that ship to other states and foreign countries, as most countries require each shipment to be inspected, found free of pests and diseases of regulatory concern and to be accompanied by a phytosanitary certificate. In 2009, ODA issued about 2,000 phytosanitary certificates for foreign bound Christmas tree shipments. Of these shipments Mexican authorities rejected about 40 shipments due to presence of pests and diseases that are of regulatory concern to Mexico. Oregon is the national leader in Christmas tree production, representing approximately 40% of the national total Christmas tree supply or a total sales value of \$110 million. The Mexican market has emerged as an increasingly important international market for Oregon's Christmas tree industry, now representing 16 percent of total sales. A total of 23 percent of all Oregon Douglas-fir are exported to Mexico. This project will address the Mexican phytosanitary barriers to a US specialty crop following mitigation requirements as stated in the Mexican PRA for Christmas tree importation into Mexico and other related activities.

**ORGANIZATION:** U.S. Hop Industry Plant Protection Committee (USHIPPC)

**AMOUNT:** \$188,560

**PROJECT TITLE:** Addressing the Remaining Four Most Critical Hop Maximum Residue Limits Needs in the European Union and Japan

**ACTIVITY DESCRIPTION:** USHIPPC will: evaluate existing data and collect and compile the necessary missing data needed for registration applications; review prior foreign government regulatory reviews to identify and address potential concerns with hop applications in advance of

submission; and petition for import tolerances for the European Union and Japan for four additional high priority products that have been identified as candidates for the hop industry's international harmonization efforts. The European Union is the largest market for US hops with over \$100 million in hop products exported in 2011. Japan is the ninth largest customer country for US hops, and is the major destination for several specific varieties of hops that are grown in the US (nearly \$12 million in 2010 export value). It is a growing market, with much potential for increasing exports. Both countries are extremely sensitive to MRL issues and have in the last decade overhauled their MRL systems, with Japan implementing a positive list system and EU implementing its new community-wide set of standards. The United States is the second largest producer of hops in the world, and the largest producer of alpha acid. With over 70 percent of the crop exported annually, any interruption in shipments will cause severe hardship on growers and merchants, along with those customers who rely on a steady supply of US raw materials.

**ORGANIZATION:** U.S. Hop Industry Plant Protection Committee (USHIPPC)

**AMOUNT:** \$30,000

**PROJECT TITLE:** Continuation of Canada Hop Maximum Residue Level Harmonization Project

**ACTIVITY DESCRIPTION:** The project continues to seek the establishment of hop import tolerances in Canada so U.S. hop exports are not at risk for rejection. The United States has over 50 pesticides tolerances approved for hops, with about 35 of these products registered for domestic use. These pesticides allow U.S. hop growers to safely and responsibly address pest issues that emerge during the growing season. Canada now has seven approved maximum residue levels (MRLs) for hops (two established many years ago and five approved in 2008). Even with the seven recently approved and proposed tolerances, there remain at least 25 products which are registered for hop use in the United States that lack tolerances in Canada. Therefore, U.S. hops shipped to Canada have been at risk of rejection because of this lack of tolerances. The United States exports over 60 percent of its annual hop crop. Canada is among the largest export customers for U.S. whole or powdered hop products, with \$9 million in sales in 2009. The United States exports another \$1.4 million in hop extract to Canada. Without the use of these pesticides, U.S. hops would face a variety of pests and diseases that would significantly reduce yields and quality.

**ORGANIZATION:** U.S. Hop Industry Plant Protection Committee (USHIPPC)

**AMOUNT:** \$91,000

**PROJECT TITLE:** Establishment of Acceptable Critical Use Hop Maximum Residue Level in Europe (Quinoxifen)

**ACTIVITY DESCRIPTION:** This project is seeking to establish an acceptable quinoxifen hop tolerance in Europe, which will allow U.S. growers to use the product to control major pests facing the industry. Exports are critical to the US hop industry. In 2009, over \$255 million worth of hops and hop products were exported, representing over 60 percent of the U.S. crop. The largest export market is the European Union, with \$91 million in export value, representing 37 percent of annual hop exports. The European MRL on quinoxifen, a critical use fungicide for the U.S. hop industry, presents challenges for U.S. hop producers; at the current EU level, residues on U.S. hops have a high probability of exceeding the EU MRL. As a result, U.S. hop shippers risk rejection if they allow growers to apply the product at the rate, frequency, and pre-harvest interval allowed on the label.

**ORGANIZATION:** U.S. Potato Board (USPB)

**AMOUNT:** \$ 150,000

**PROJECT TITLE:** Prevention of Rot in Fresh Chipping Potato Exports

**ACTIVITY DESCRIPTION:** This project is working to minimize the presence of rot in U.S. chipping potato shipments, and determine processes from harvest through storage, handling and shipment that eliminate or greatly reduce the occurrence of rot in U.S. chipping potato shipments. The United States currently ships chipping potatoes for processing to a number of countries in Latin America and Asia, as well as Canada. As market access work progresses, it is hoped that additional markets such as China and Mexico will open up to U.S. chip-stock potatoes. The USPB carries out market development projects for chip-stock in Central America, Thailand, the Philippines, Korea, Japan, Taiwan, Malaysia and Vietnam. All of these markets have two to three major chip processors that are or could be importing U.S. chip-stock.

**ORGANIZATION:** U.S. Potato Board (USPB)

**AMOUNT:** \$129,548

**PROJECT TITLE:** U.S.-Mexican Mediations to Expand Market Access for U.S. Fresh Potatoes for Consumption beyond the 26-kilometer (km) Border Region (Mexican Potato Mediation Project)

**ACTIVITY DESCRIPTION:** This project supports and funds mediation between the United States and Mexico under the auspices of the North American Plant Protection Organization. The ultimate goal of the mediation is to open the Mexican market for U.S. consumption potatoes beyond the 26-km border region. Despite a 2003 agreement designed to facilitate full market access in three years, U.S. fresh potatoes for consumption can only be exported to the 26-km border region of Mexico. This area has grown to the second largest export market for U.S. potatoes (after Canada) with \$31 million in annual sales. The U.S. potato industry is seeking the fulfillment of the signed agreement in 2003 for Mexican market for U.S. potatoes beyond the border region. This effort is the U.S. potato industry's highest international priority.

**ORGANIZATION:** U.S. Potato Board (USPB)

**AMOUNT:** \$80,000

**PROJECT TITLE:** Official Visits for U.S. Fresh and Seed Potato Market Access

**ACTIVITY DESCRIPTION:** This project consists of visits to the United States by foreign plant health officials from various countries including Mexico, Taiwan and Japan to review the U.S. potato industry prior to opening the market. In addition, U.S. potato specialists are travelling to the foreign markets as part of the market access negotiations. Since the Phytosanitary Initiative was implemented, the U.S. potato industry, with the essential assistance of USDA's APHIS and FAS, has successfully opened and maintained market access in the Mexican border region, Japan, Korea, Taiwan, Brazil, Uruguay, Panama, Nicaragua, Honduras, El Salvador, Russia, Vietnam and Thailand. Exports to these affected markets were \$12 million in 2001 when the Phytosanitary Initiative began; by 2009, they were worth \$42 million, a 250 percent increase. Despite this success, significant market access challenges remain.

**ORGANIZATION:** Washington Tree Fruit Research Committee

**AMOUNT:** \$1,256,693

**PROJECT TITLE:** Pest Risk Analyses for Temperate Fruit Flies in Exported Fruits - Ability



to Survive in Tropical Climates

**ACTIVITY DESCRIPTION:** A wide range of studies are being conducted under this project to address the problem of risk assessment for apple maggot and cherry fruit flies. This project seeks to evaluate potential fly distributions through modeling, evaluate attractants for flies, evaluate methods to discriminate closely related fly species, and to develop collaborations for modeling risk of infestations in orchards. The strategy is to include a wide range of studies to address the problem of risk assessment for apple maggot and cherry fruit flies. We plan to incorporate risk assessments of apple maggot and cherry fruit fly establishing in foreign countries during years 1 and 2. Experimental work to support models will be conducted in years 2 and 3. We plan to determine optimal attractants and identification methods for apple maggot flies so that quarantining areas are justified, which are directly tied in with risks of flies threatening orchards, during years 1 and 2. Successful implementation as a whole will benefit apple and cherry industries by maintaining and increasing their access to export markets.

**ORGANIZATION:** Wine Institute

**AMOUNT:** \$500,000

**PROJECT TITLE:** Government of Japan Approval of Additives for Use in Wine Processing

**ACTIVITY DESCRIPTION:** The goal of the project is to convince the government of Japan to accept current U.S. wine additives, enabling exporters to ship wine produced for the U.S. market without changing wine-making methods. Japan is the third largest export market for U.S. wine sales, valued at \$79 million. If the additives are approved, it is estimated that these exports will increase by about \$10 to \$15 million a year. This proposal furthers the goals of the National Export Initiative, by creating opportunities for the U.S. wine industry to expand sales to Japan.