

# Expanding Export Opportunities for Avocados

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The California Avocado Commission is working with the U.S. government on market-opening efforts for California avocados in China, Japan, and the European Union to help ensure export opportunities exist for California avocados in years when production and U.S. avocado imports are both high. On the import side, the Commission is working on keeping a provision in the new Trade Promotion Authority legislation, which would help ensure import-sensitive treatment for the U.S. avocado tariff in future U.S. trade agreements.

## China

The Commission's efforts with respect to China are about opening the Chinese market to California avocados for the first time. China prohibits entry of California avocados on the basis that it has not yet undertaken a pest analysis to determine what, if any, mitigation factors are needed to prevent California avocados from introducing harmful pests and diseases into China. The U.S. government, specifically the United States Department of Food and Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS), has been working on access for many U.S. commodities for more than a decade and for California avocados since May 2005. Although international law allows China to consider legitimate pest and disease concerns, China has been taking far too long to finalize market approval for a large number of U.S. commodities, including California avocados. China's large market and growing avocado consumption offer promising opportunities for California avocado exports once access is achieved. China currently allows avocados from Mexico, Chile, and Peru.

In response to California grower interest in finding new export opportunities, CAC intensified efforts to open the Chinese market this year. Earlier this year Ken Melban visited Washington, D.C., and met with APHIS Deputy Administrator Osama El-Lissy, along with personnel in charge of China issues. Recently, Tom Bellamore and Melban engaged directly with El-Lissy on China access before and after he led a U.S. team to the U.S.-China bilateral meeting held in China in early November. At the November bilateral meeting, China and the U.S. agreed, in writing, to a new concept of working on parallel tracks to open their markets for five fruit and vegetable products of importance to the U.S. and five of importance to China. Avocados are one of the five U.S. priority products. U.S. officials are cautiously optimistic that the new U.S.-China approach could result in access to China for California avocados within the next 18 months, provided that overall negotiations continue on a positive track.

In addition, at this year's Produce Marketing Association show in New Orleans, Bellamore and Melban met with im-



*Tom Bellamore and Ken Melban meet with importers and retailers from China*

port and retail representatives from China to discuss any actions they could take to assist with the CAC and APHIS effort. The meetings were positive and Chinese representatives indicated there would be tremendous consumer interest in China for California avocados if access were granted. They suggested, though, that ultimately any decision will have to overcome a challenging political climate, and cited China's prolonged attempt at gaining access to the U.S. market for apples and other products as a likely reason for the delay. The Commission will continue working closely with key U.S. government negotiators and may consider accompanying Deputy Administrator El-Lissy to China on his next trip in mid-2014, if it could possibly accelerate potential market access.

### **Japan**

Japan and the United States are two of 12 Asia-Pacific countries that are negotiating a regional free trade agreement known as the Trans-Pacific Partnership Agreement, or TPP. As part of the TPP, member countries will eliminate tariffs on most intra-FTA trade. The United States is negotiating tariff reductions with Japan and the four other TPP countries that do not already have free trade agreements with the United States (i.e., Brunei, Malaysia, Vietnam and New Zealand).

CAC is seeking immediate elimination of Japan's 3 percent duty on California avocados so the avocados would enter Japan duty-free once the regional FTA agreement (TPP) is signed and implemented. Japan is a \$15 million annual market for California avocados, but could be larger with duty-free access. The volume of Mexican avocado imports, which already enter Japan duty free under a free trade agreement arrangement, are almost 10 times greater than avocado imports coming from the United States.

The Commission submitted comments to the Office of the United States Trade Representative (USTR) and the United States International Trade Commission (ITC) in June urging immediate duty-free access into Japan for California avo-

cados, and is working closely with the U.S. negotiators responsible for negotiating agricultural tariffs with Japan. Because the TPP countries want to finalize a TPP agreement by the end of the year or in early 2014, the Commission will remain engaged with USTR and USDA Foreign Agricultural Service (FAS) negotiators in the final stages of the negotiations to ensure the best market access outcome for the California industry.

### **The European Union**

The United States and the European Union (EU) are negotiating a comprehensive free trade agreement known as the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP), which will cover the 28 countries of the EU and any country that may accede to the union in the future. As part of TTIP, the United States and European Union will be negotiating duty-free access for a large part of U.S.-EU trade. Not all products will receive duty-free access, however. Many products will be subject to multi-year tariff phase-out periods and some sensitive products may be exempt from tariff reductions altogether.

The Commission is seeking immediate elimination of the EU's 4 percent and 5.1 percent seasonal avocado tariffs. The European Union is the second largest avocado import market world-wide after the United States. Europe imported nearly \$400 million worth of avocados last year principally from South Africa, Peru, Chile, Israel, and Mexico. Those avocados already enter Europe duty-free under preferential trade arrangements. Spain produces avocados, but it fills only about one-third of EU's demand.

The Commission is working with U.S. negotiators responsible for negotiating the TTIP agriculture tariffs on its request for immediate duty-free access for California avocados. In June the Commission submitted written comments to USTR and the ITC. Because a TTIP agreement won't be finalized until the end of 2014 or later, the Commission expects to continue its advocacy for immediate elimination of the EU's avocado tariffs in 2014.

### **Trade Promotion Authority**

CAC has been working with key congressional trade staff on including an import-sensitive provision in new bipartisan Trade Promotion Authority (TPA) legislation that would allow only the smallest authorized cuts in the 11.2 cents per kilogram U.S. avocado tariff in future U.S. trade agreements with avocado producing countries. A similar provision was included in the prior TPA law that has expired. Because TPA renewal is not likely to get done this year and the TPA bill is expected to be changed frequently during the legislative process, the Commission will continue to monitor the process and provide oversight to safeguard the import-sensitive provision until TPA is enacted. 🥑