

---

**BEFORE THE OFFICE  
OF  
THE UNITED STATES TRADE REPRESENTATIVE**

---

**REQUEST FOR PUBLIC COMMENT WITH RESPECT  
TO THE  
U.S.-EU HIGH LEVEL WORKING GROUP  
ON JOBS AND GROWTH**

---

**SUBMISSION  
OF  
BLUE DIAMOND GROWERS**

---

**BLUE  
DIAMOND<sup>®</sup>**

**Susan Brauner  
Director of Public Affairs  
Blue Diamond Growers  
PO Box 1768  
Sacramento, California 95812**

**Counsel:**

**Julian B. Heron  
Tuttle, Taylor & Heron  
Suite 300  
1725 I St., NW  
Washington, DC 20006  
(202) 349-3859**

**Date Submitted: January 31, 2012**

**BEFORE THE OFFICE  
OF  
THE UNITED STATES TRADE REPRESENTATIVE**

---

**REQUEST FOR PUBLIC COMMENT WITH RESPECT  
TO THE  
U.S.-EU HIGH LEVEL WORKING GROUP  
ON JOBS AND GROWTH**

---

**SUBMISSION  
OF  
BLUE DIAMOND GROWERS**

---

The following is submitted by Blue Diamond Growers in response to the United States Trade Representative's request announced in the Federal Register on January 11, 2012 (FR DOC # 2012-329). This information will provide ways in which the economic relationship between the United States and the European Union can be strengthened and developed. There are significant barriers to U.S. exports of goods to the European Union at the present time and it is only with the elimination of these barriers that an increase in transatlantic trade and investment will take place. It is noted that there is no specific mention of agriculture.

Blue Diamond Growers is a non-profit farmer-owned marketing cooperative. It markets almonds for its members. The almonds are grown exclusively in California and are the largest tree crop in the state. Almonds are the number one agricultural export from California. In fact, over \$2 billion of almonds were exported from California to the world last year.

Blue Diamond Growers export for the majority of the almond growers in the state of California. Almond production continues to expand in order to supply the world. Over 87% of the world's supply of almonds is produced in California.

Blue Diamond Growers is the world's largest processor and marketer of almonds. It is headquartered in Sacramento, California. The company obtains its supply of almonds from its members/owners and sells them to retail chains and food processing, confectionery and food service companies in nearly 100 nations around the world.

The products covered by this submission are as follows:

Almonds:  
Inshell – 0802.11.00  
Shelled – 0802.12.00  
Prepared or preserved – 2008.19.40  
2008.19.13  
2008.19.19  
2008.19.93  
Almond meal – 1106.30.90

### **I. ELIMINATION OF ALL ALMOND DUTIES**

The primary objective for shelled, inshell, prepared or preserved almonds and almond meal during the upcoming U.S.–EU negotiations should be to eliminate all almond duties. Almonds lend themselves to accomplishing this. Over 85% of the world's production is produced in California.

The other almond producing countries border the Mediterranean and are all importers of U.S. almonds. Chile has a small amount of production and also imports U.S. almonds. Australia produces approximately one half its domestic needs and imports the rest from California.

Due to the trade patterns for almonds, it should be possible to achieve a zero duty with the European Union. The European Union would benefit from such an elimination of the existing duties. For this reason, it is urged that careful consideration and attention be given to eliminating all European Union duties on almonds and almond products.

### **II. EUROPEAN UNION**

The European Union is the largest importer of almonds in the world. It is the largest export destination for California almonds. The tariff on almonds should be reduced to zero due to the continued enlargement of the European Union. It has grown from 6 countries to 27 countries presently.

The duty on almonds has increased in several of the newer members as they began to use the European Union Common External Tariff. To date, there has been no relief from these duty increases. The European Union TRQ for almonds is no longer sufficient due to the continued enlargement of the European Union. This will become an even greater barrier as the European Union continues to expand.

The following is a brief summary of when each country in the European Union joined:

<b>1950s</b>	<b>1970s</b>	<b>1980s</b>	<b>1990s</b>	<b>2000-2010s</b>
Belgium	Denmark	Greece	Austria	Bulgaria
France	Ireland	Portugal	Finland	Cyprus
Germany	United Kingdom	Spain	Sweden	Estonia
Italy				Czech Republic
Luxembourg				Hungary
Netherlands				Latria
				Lithuania
				Malta
				Poland
				Romania
				Slovakia
				Slovenia

1910 2010

The following is a list of present Candidates for the European Union:

- Croatia
- Former Yugoslav Republic of Macedonia
- Ireland
- Montenegro
- Turkey

The European Union market for almonds continues to grow as a result of the continued enlargement of the European Union. U.S. trade has been at a disadvantage because it does not have duty free access to the newer members as other European Union countries have. This is particularly true for the Czech Republic, Poland and Hungary, which previously allowed almonds to enter at a lower duty rate. For each of these countries, the present tariff on shelled almonds is 3.5% and the tariff on inshell almonds is 5.6%. The in-quota tariff on each of these products is 2%. The tariff on prepared or preserved almonds for these countries is at a high rate of 10.2%.

Spain, in some years, has been the largest importer of California almonds in the world. It has duty free access to European Union members, while the U.S. does not. Therefore, it is essential to achieve a zero duty for almonds in all countries becoming members of the European Union. The European Union has subsidized Spanish almond production for a number of years. It has tried to discontinue this subsidy, but Spain has succeeded in maintaining it. This subsidy, as well as subsidies granted to other nations in the European Union for the production, processing and marketing of almonds, should be eliminated.

The following is data on the exports of shelled, inshell and prepared or preserved almonds to the European Union over the past six years:

#### **A) Shelled Almonds**

Shelled almonds are the largest almond category exported to the European Union. Shelled almonds are subject to a tariff rate quota, which was expanded as a result of the 1987 enlargement negotiation. The MFN rate for shelled almonds was reduced in the Uruguay Round to the level of 3.5%. This rate is applied after the 90,000-ton tariff rate quota at 2% is filled. With the continued enlargement of the European Union this small tariff rate quota is quickly filled. It now acts to distort imports as buyers rush to buy within the quota. One can see from the table below that the 90,000 quota is regularly exceeded.

The following table<sup>1</sup> shows the significant export of shelled almonds to the European Union from 2005-2010:

Shelled:	<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1000 dollars)</u>
	2005	141,762.0	919,337
	2006	176,167.2	924,798
	2007	186,199.8	867,004
	2008	194,637.2	818,535
	2009	192,208.6	637,325
	2010	185,671.7	777,968

<sup>1</sup> Data Source: United States Department of Agriculture, Foreign Agriculture Service, Foreign Trade Statistics

## B) Inshell Almonds

The following table<sup>2</sup> shows the significant export of inshell almonds to the European Union from 2005-2010:

Inshell:	<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1000 dollars)</u>
	2005	54,300.4	132,944
	2006	16,564.9	43,613
	2007	7,946.4	25,763
	2008	10,660.6	39,656
	2009	15,446.3	47,205
	2010	8,316.7	30,717

## C) Prepared or Preserved Almonds

There are roadblocks on the ingredient side of the business for blanched meal and manufactured products including roasting. The present 10.2% tariff on prepared or preserved almonds is stiflingly the market and making competition difficult. The large difference between this tariff on prepared or preserved almonds and the 2% tariff on shelled almonds demonstrates that the tariff on prepared or preserved almonds should be lowered to zero. The present high tariff on prepared or preserved almonds equates to paying \$0.50/lb. duty, while our competitors are paying \$0.04/lb.

The following table<sup>3</sup> shows the significant export of prepared almonds to the European Union from 2005-2010:

Prepared or Preserved:

	<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1000 dollars)</u>
	2005	6,903.3	42,098
	2006	9,323.8	48,176
	2007	9,162.2	41,452
	2008	6,323.7	26,737
	2009	2,104.9	7,706
	2010	1,386.2	6,098

<sup>2</sup> Data Source: United States Department of Agriculture, Foreign Agriculture Service, Foreign Trade Statistics

<sup>3</sup> Data Source: United States Department of Agriculture, Foreign Agriculture Service, Foreign Trade Statistics



## **D) Almond Meal**

The duty on almond meal is 8.3%. Such a duty is preventing a potential 4-5 million pound business for almonds. For this reason, the duty should be eliminated.

## **III) TURKEY**

Although the negotiations between the European Union and Turkey are at a much slower pace, these negotiations must be watched closely. Turkey will be a very good market for U.S. almonds when the duty is reduced as noted in these comments.

## **CONCLUSION**

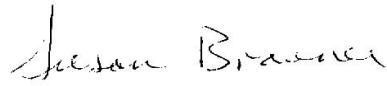
Consumer retail sales are very important and have a positive effect on the total consumption of almonds in the European Union market. This helps to strengthen the prices obtained for all almonds in the European Union, including the industrial market. It is anticipated that termination of all the duties on U.S. almonds in every tariff category by the European Union would result in additional U.S. exports of over \$1 billion within two to three years.

The almond industry harvested the largest crops in history during the past four years of over one billion pounds. Over 70% of the crop will be exported with two-thirds going to the European Union. For this reason, the almond industry is a stakeholder in the U.S. – EU economic relationship. In order to increase trade and foster investments, tariffs on almonds must be removed.

This expanded trade and investment will then result in job creation and growth. Currently, 30,000 jobs are generated by almond exports. Removal of all almond duties imposed by the European Union will result in increased jobs in the range of 15% to 25%.

If you would like any additional information or have any questions, please advise and additional information will be furnished.

Respectfully submitted,



---

Susan Brauner  
Director of Public Affairs  
Blue Diamond Growers

Date Submitted: January 31, 2012

