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May 7, 2013

David Weiner
Deputy Assistant USTR for Europe
Office of the US Trade Representative
Executive Office of the President
600 17th Street NW
Washington, DC 20508

RE: Docket number USTR–2013–0019 - Meetings: Proposed Transatlantic Trade and Investment Agreement

Dear Mr. Weiner:

The Cranberry Institute (CI) is pleased to submit these comments pursuant to the upcoming negotiations for the Transatlantic Trade and Investment Partnership (“TTIP”) agreement between the United States and the European Union (EU). CI is a not-for-profit organization founded in 1951 to further the success of cranberry growers and the industry in the Americas through health, agricultural and environmental stewardship research as well as cranberry promotion and education. CI is funded voluntarily by supporting members who handle, process, and sell more than 80% of cranberries harvested annually.

Over 70% of the world’s cranberry production occurs in the USA. With over 30% of the cranberry crop exported and the EU as the single largest export market, these negotiations are very important to US cranberry handlers and their grower suppliers. There are approximately 1,200 US growers covered under the current Cranberry Marketing Order. The successful conclusion of the TTIP will ensure that US cranberry handlers and their grower suppliers will not be disadvantaged in the export market.

Since 1999, sales of US cranberry products to Europe have grown from less than \$24 million to \$212 million today. US cranberry products are widely used by food and drink manufacturers across the 27 Member States of the EU to produce various value-added products such as cranberry juice drinks, cranberry sauces and a multitude of foods using dried cranberries.

The following are the Cranberry Institute’s priorities for the TTIP negotiations.

Elimination of Cranberry Tariffs

The immediate elimination of all EU cranberry tariffs is the single highest priority of the industry in the TTIP. Elimination of these tariffs will not only expand sales, but will keep US cranberry products competitive with other nations that have already completed or are in the process of completing free trade agreements with the EU. Currently, Chilean cranberries enter the EU duty-free through their FTA. In addition, the EU and Canada are nearing conclusion of their FTA. The US cranberry industry assumes that the EU will eliminate their cranberry tariffs on Canadian product, which would have a significant impact on US exports to the market.

Completing the TTIP and immediately eliminating the EU cranberry tariffs on US product is critical to keeping the US competitive in our largest export market and preventing US cranberry handlers and their grower suppliers from being at a significant disadvantage.

Please find below details of the relevant cranberry tariff lines. Note that cranberries are not commercially grown in sufficient supply in the EU and therefore must be imported to meet demand requirements.

HS 2008.93, Sweetened Dried Cranberries (SDCs): Currently, the EU applies a 17.6% tariff to US SDCs. SDCs are one of the fastest growing cranberry export products. They are used in baking, salads, and consumed on their own. The current EU tariff hinders exports. In 2010, the US cranberry industry's European customer base was successful in temporarily suspending this duty in the EU through the EU regulatory duty-suspension process. Unfortunately, the duty was reinstated in 2012 for all SDCs that were not used as inputs for other products. The European Commission argued the tariff reduction was not appropriately applied. During the period when the duty was eliminated, exports increased significantly. The US cranberry industry seeks the immediate elimination of all EU SDC tariffs (HS2008.93.91, HS 2008.93.93) in the TTIP negotiations.

HS 2009.81, Cranberry concentrate (juice): Cranberry juices remain a significant portion of export. The EU food and drink processing industry was able to successfully suspend the 16.8% cranberry concentrate tariff in 2010 for five years under the EU duty-suspension program. Because concentrate must be reconstituted in the EU, it was considered an input and the duty-suspension was allowed to remain. This was welcome news to the industry and exports have increased as a result. However, the duty-suspension only lasts for five years and therefore must be renewed. The current cranberry concentrate duty-suspension ends in 2014. The US cranberry industry would prefer to see all the cranberry juice duties permanently and immediately eliminated under the TTIP. These include: 2009.81.11, 2009.81.19, 2009.81.31, 2009.81.51, 2009.81.59, 2009.81.95, and 2009.81.99. Elimination of all the tariffs falling under 2009.81 will allow the US cranberry industry to continue to expand exports and compete with other suppliers.

HS 0810.40.50: Fresh Cranberries: Although the vast majority of cranberry exports are processed products, the EU does have a 3.2% tariff set for fresh cranberry imports. Given the opportunity the TTIP presents, the US cranberry industry requests the permanent, immediate elimination of this tariff.

Pesticide MRLs

In the mid-2000's, the European Union established a community-wide list of pesticide maximum residue levels (MRLs). The cranberry industry was successful in establishing numerous EU MRLs during the transition period. A community-wide EU list is also much easier for handlers to consider than individual member state MRLs. Still, given the importance of the EU market for US cranberry exports, there are two outstanding MRL issues that can be addressed in the TTIP.

First, the cranberry industry is concerned about the levels at which the EU is establishing MRLs. Very often the MRLs are set at unacceptably low levels which prevent usage of approved crop protection products in the US due to fears of residue violations. For example, the US cranberry carbaryl tolerance is 3 ppm, while the EU's is set at 0.05 ppm. Such a discrepancy is a trade

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barrier and prevents usage of a critical compound to the industry. The US cranberry industry encourages harmonization of EU MRLs with international standards through their acceptance of established Codex standards and by cooperating with EPA on joint review projects. For import tolerances, perhaps US MRLs could be considered if no MRL had been established in the EU.

Second, the cranberry industry knows firsthand the challenge of seeking specific EU import tolerances in the EU to address the restrictive MRLs. EU data requirements are frequently more onerous than US data available, which requires expensive additional research. The US cranberry industry is currently pursuing two MRLs in the EU: carbaryl and quinclorac. In both cases, studies are needed to meet EU requirements. These studies have cost over \$100,000 each. The industry has relied on USDA Technical Assistance for Specialty Crop (TASC) grants to fund this research. This is not sustainable. US commodity groups cannot afford to spend over \$100,000 for each import tolerance they need in the EU. Most industries do not have the resources, and TASC funds, as welcome as they are, are limited.

A better, more efficient way of establishing import tolerances in the EU is needed. Industries want to meet EU standards and avoid trade disruptions due to residue violations, but if the cost of seeking tolerances is overly burdensome, they either will risk violations or be forced to not use approved and needed compounds in the US. The TTIP provides an opportunity to address this issue.

The cranberry industry is pleased that the EU is adopting Codex MRLs when they have not raised an objection to those MRLs. The result of this policy has been the establishment of several cranberry MRLs in the EU in a quick and efficient manner. The cranberry industry encourages the continuation of this policy.

Rules of Origin

Finally, with regard to rules of origin, we suggest that the agreement provide for “substantial transformation” through tariff shift as the basis for determining origin for all cranberry products. We recommend using the NAFTA rules of origin, which are very familiar to US cranberry exporters, as a template for the TTIP. We also support modernized rules of origin that provide for flexible and inclusive regional cumulation amongst both TTIP and other FTA partner countries such as Canada and Chile. This would give handlers with a global sourcing strategy for their ingredients the needed flexibility to export their products to the EU.

Thank you for your consideration of these cranberry industry priorities in the upcoming TTIP negotiations. Please contact us if you require further information.

Sincerely,



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Executive Director

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