
**BEFORE THE
TRADE POLICY STAFF COMMITTEE**

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

**TESTIMONY
ON THE
PROPOSED
UNITED STATES – MALAYSIA
FREE TRADE AGREEMENT**

**TESTIMONY
OF
WESTERN GROWERS ASSOCIATION**

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April 21, 2006

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Western Growers Association, submits the following testimony in response to the United States Trade Representative's request announced in the Federal Register on March 22, 2006, 71 Fed Reg. 14558. As requested, this information is provided on the effects of the elimination of tariffs and non-tariff barriers to trade with regard to the proposed United States – Malaysia Free Trade Agreement.

Western Growers Association is an agricultural trade association headquartered in Irvine, California. The 3,000 members of Western Growers grow approximately 75 percent of the fresh fruits, nuts and vegetables grown in Arizona and nearly 90 percent of fresh fruits, nuts and vegetables in California. This accounts for approximately 50 percent of the total fresh produce production in the United States.

California is the nation's leading agricultural exporter. Between 16-19 percent of California's agricultural production is exported to international markets annually, totaling more than \$6.5 billion.

California is the largest producer of specialty crops in the United States. These specialty crops provide 60 percent of America's daily nutritional value. California produces 99 percent or more of the following specialty crops: almonds, artichokes, clingstone peaches, dates, figs, kiwifruit, nectarines, olives, persimmons, pistachios, plums, dried (prunes), raisins and walnuts. The number one export is almonds. Western Growers believes that trade should be open in both directions for specialty crops.

The fresh products of particular interest in this submission are found in Chapters 7 and 8 of the Tariff Schedule. The specific products to which special attention should be given are as follows:

Fresh Vegetables

<u>HS Number</u>	<u>Description</u>	<u>Applied Duty</u> ¹
0701.90.00	Potatoes	0
0709.40.00	Celery	0
0701.10.00	Seed Potatoes	0
0704.90.4020	Broccoli	0
0705.11.00	Lettuce	0

Tree Nuts

<u>HS Number</u>	<u>Description</u>	<u>Applied Duty</u>
0802.11.00	Almonds in shell	0
0802.12.00	Almonds shelled	0
0802.32.00	Walnuts shelled	0
0802.50.00	Pistachios	0
0802.22.00	Hazelnuts	0

Fresh Fruit

<u>HS Number</u>	<u>Description</u>	<u>Applied Duty</u>
0806.10.00	Grapes	5%
0808.10.00	Apples	5%
0805.10.00	Oranges	0
0806.20.00	Raisins	5%
0805.10.002	Temples	0

IMMEDIATE ELIMINATION OF ALL FRUITS, NUTS & VEGETABLE DUTIES SHOULD BE OBTAINED

The proposed free trade agreement with Malaysia provides a basis to continue the effort to obtain worldwide duty free treatment for fresh fruits, nuts and vegetables. Western Growers has previously requested the elimination of all duties in Chapters 7 and

¹ ASEAN Tariff Database, http://www.ita.doc.gov/td/tic/tariff/country_tariff_info.htm#Malaysia

8 of the Tariff Schedule in the Doha Round. The proposed free trade agreement should provide for immediate removal of all duties on U.S. fresh fruits, nuts and vegetables in Chapters 7 and 8.

It is urged that careful consideration and attention be given to eliminating duties on all fresh fruits, nuts and vegetable tariff lines during the course of this negotiation. This is consistent with Western Growers Association's overall objective of obtaining zero duties worldwide.

In 2005, U.S. vegetable exports to Malaysia totaled \$2,712,000 and U.S. fruit exports to Malaysia were \$107,983,000. U.S. tree nut exports to Malaysia in 2005 were \$7,109,000.

**EXPORTS OF FRESH PRODUCTS
OF PARTICULAR INTEREST**

The charts below will provide additional export information on the products of particular interest.

EXPORTS OF FRESH VEGETABLES

Potatoes
(0701.90.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	1,739.4	560
2002	625.7	244
2003	476.1	163
2004	703.9	207
2005	2,801.4	1,082

Celery
(0709.40.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	752.8	396
2002	1,180.7	549
2003	1,413.5	656
2004	1,339.6	762
2005	1,779.7	1,017

Seed Potatoes
(0701.10.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	543.5	158
2002	978.4	496
2003	786.6	348
2004	1,074.7	378
2005	1,040.7	417

Broccoli
(0704.90.4020)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	929	365
2002	19	19
2003	0	0
2004	7.6	11
2005	151.2	100

Lettuce
(0705.11.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	145.0	102
2002	120.4	54
2003	93.3	56
2004	52.4	28
2005	121.2	77

EXPORTS OF TREE NUTS

Almonds In-Shell
(0802.11.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	4.4	13
2002	0	0
2003	15.7	49
2004	0	0
2005	7.1	17

Almonds Shelled
(0802.12.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	861.2	2,799
2002	1,077.0	3,342
2003	927.5	3,753
2004	824.4	3,905
2005	1,171.4	6,543

Pistachios
(0802.50.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	94.4	350
2002	139.6	646
2003	153.8	628
2004	265.1	1,190
2005	91.8	432

Hazelnuts Shelled
(0802.22.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	18.6	74
2002	4.9	19
2003	4.1	19
2004	0	0
2005	15.6	109

EXPORTS OF FRESH FRUITS

Grapes
(0806.10.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	24,360.3	36,682
2002	24,490.4	37,826
2003	27,067.8	42,691
2004	33,718.4	53,844
2005	38,852.3	62,793

Apples
(0808.10.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	23,721.2	15,594
2002	23,658.1	15,939
2003	24,428.8	17,092
2004	24,570.9	18,950
2005	33,423.6	25,306

Oranges
(0805.10.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	24,059.9	12,951
2002	19,103.1	10,563
2003	29,820.8	15,395
2004	26,514.9	16,510
2005	24,328.5	14,148

Raisins
(0806.20.00)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	1,437.8	1,877
2002	2,022.3	2,426
2003	1,736.7	2,212
2004	2,707.9	4,170
2005	1,182.2	2,110

Temples
(0805.10.0002)

<u>Year</u>	<u>Volume (in Metric Tons)</u>	<u>Value (in 1,000 dollars)</u>
2001	777.3	459
2002	1,937.3	1,035
2003	4,121.8	2,213
2004	3,404.1	1,911
2005	2,302.6	1,407

Duty Free Access for Fresh Fruit and Vegetable Exports Must Be Maintained and Expanded During the Free Trade Negotiation

Many fresh fruits, vegetables and nuts enter Malaysia duty free. This access must be maintained during this negotiation. All other fresh fruits, vegetables and nuts in Chapters 7 and 8 that are assessed a duty should have it removed. This is consistent with a free trade agreement.

Malaysia applies a 5% sales tax to certain imports in Chapters 7 and 8 to the extent that the sales tax is not applied to domestic sales it is discriminatory and should be removed. This needs particular attention.

CONCLUSION

The proposed free trade agreement with Malaysia provides a real opportunity to maintain an open market for fresh fruits, tree nuts, and fresh vegetables. It also provides the opportunity to remove the remaining duties in Chapters 7 and 8. It is certain that this can be accomplished.

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

Respectfully submitted,

Tom Nassif
President & CEO
Western Growers Association

Date Submitted: April 21, 2006