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Export Markets for California Produce

Sanitary/Phytosanitary (SPS) Measures

USDA-Chapman Irradiation Workshop
March 25, 2014

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Introduction

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Policy Analyst and Project Manager

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Western Growers

- We represent 2,500 members in California and Arizona
- Our members:
  - Are local and regional multi-generational family farmers
  - Grow both **TRADITIONAL** and **ORGANIC** fresh produce
  - Produce **½ OF THE NATION'S FRESH FRUITS AND VEGETABLES**
  - Grow **1/3rd OF AMERICA'S FRESH ORGANIC PRODUCE**

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Topics

- Balance of Trade
- Top Exports and Imports
- Factors Limiting Exports
- SPS Measures
  - What They Are
  - When They Become Barriers to Trade
- SPS Agreement
- General SPS Issues
- Specific SPS Trade Barriers

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Balance of Trade

Fruits and Vegetables

(Excluding Tree Nuts)

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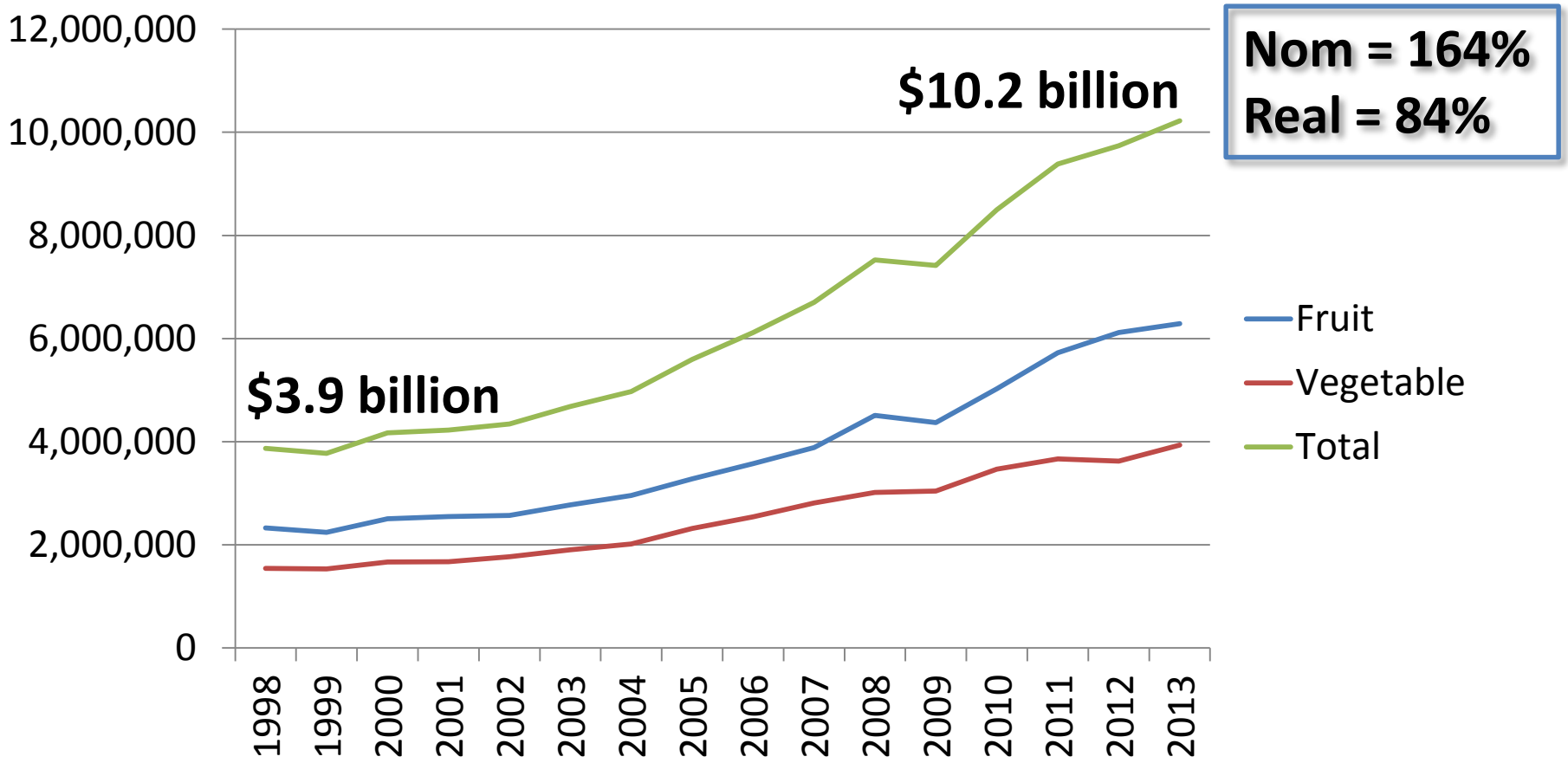
Exports, 1998 – 2013

($1,000)



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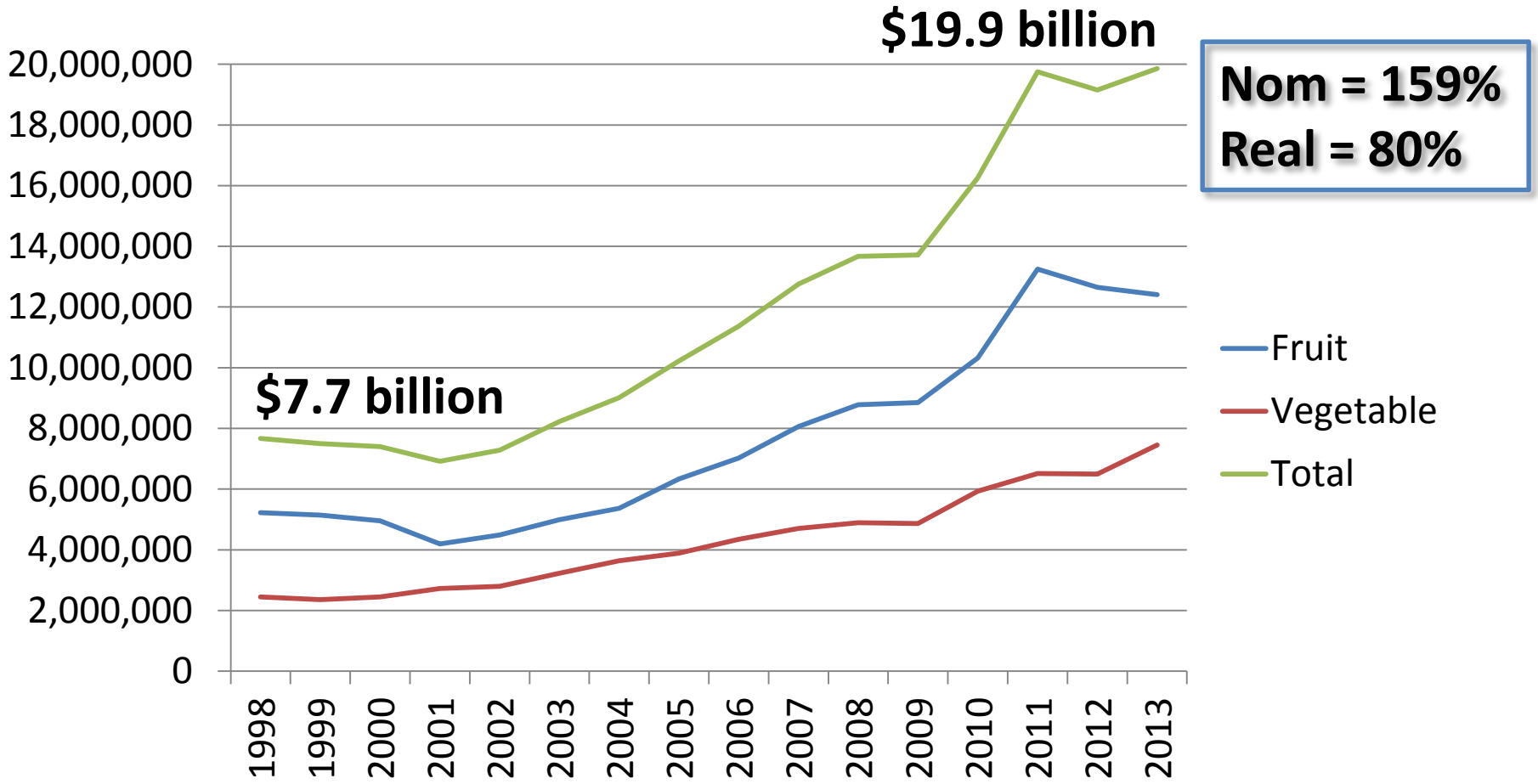
Imports, 1998 – 2013

($1,000)



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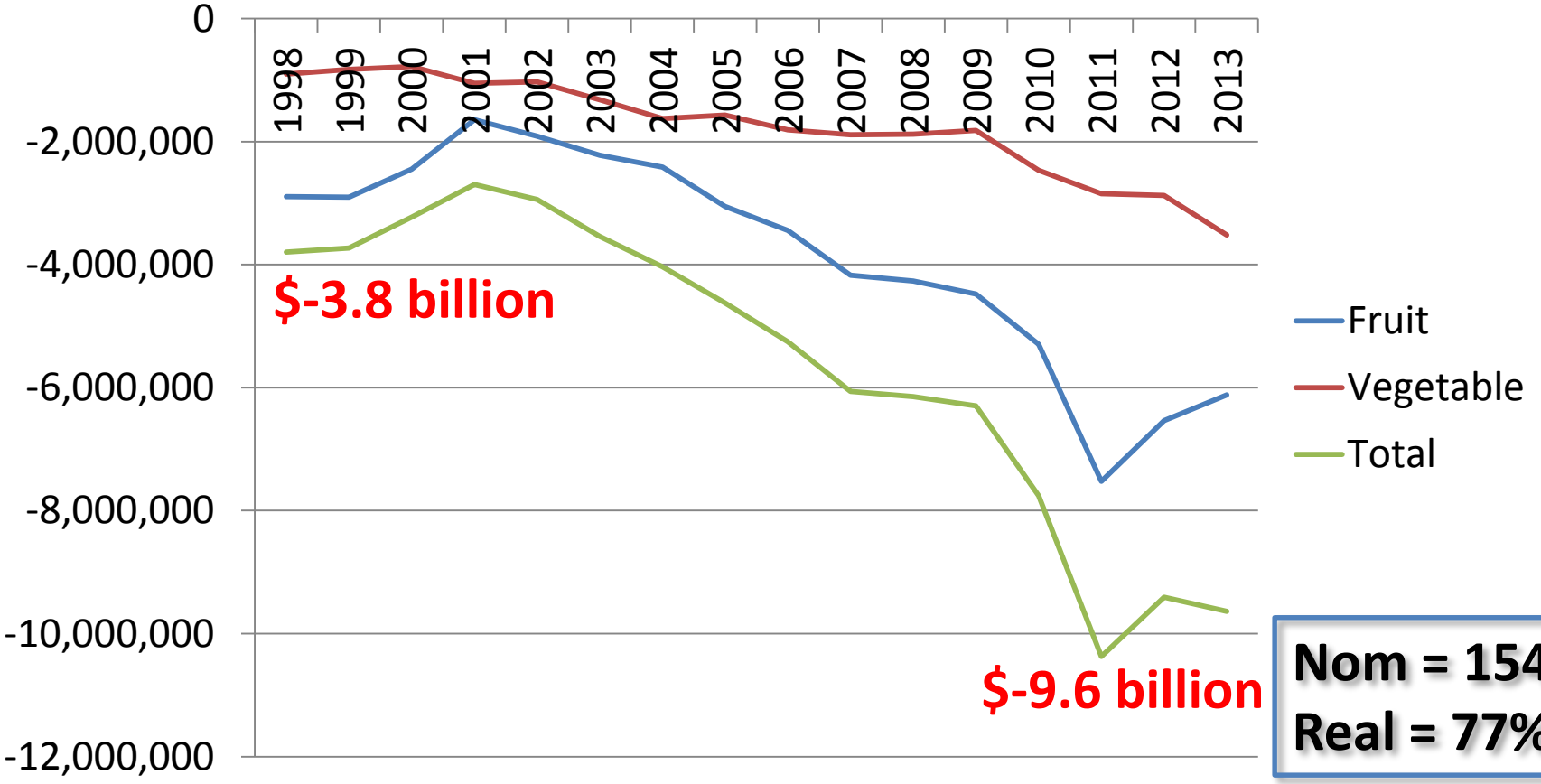
Balance of Trade, 1998 – 2013

($1,000)



Nom = 154%
Real = 77%

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Top Exports and Imports

Fruits and Vegetables

(Excluding Tree Nuts)

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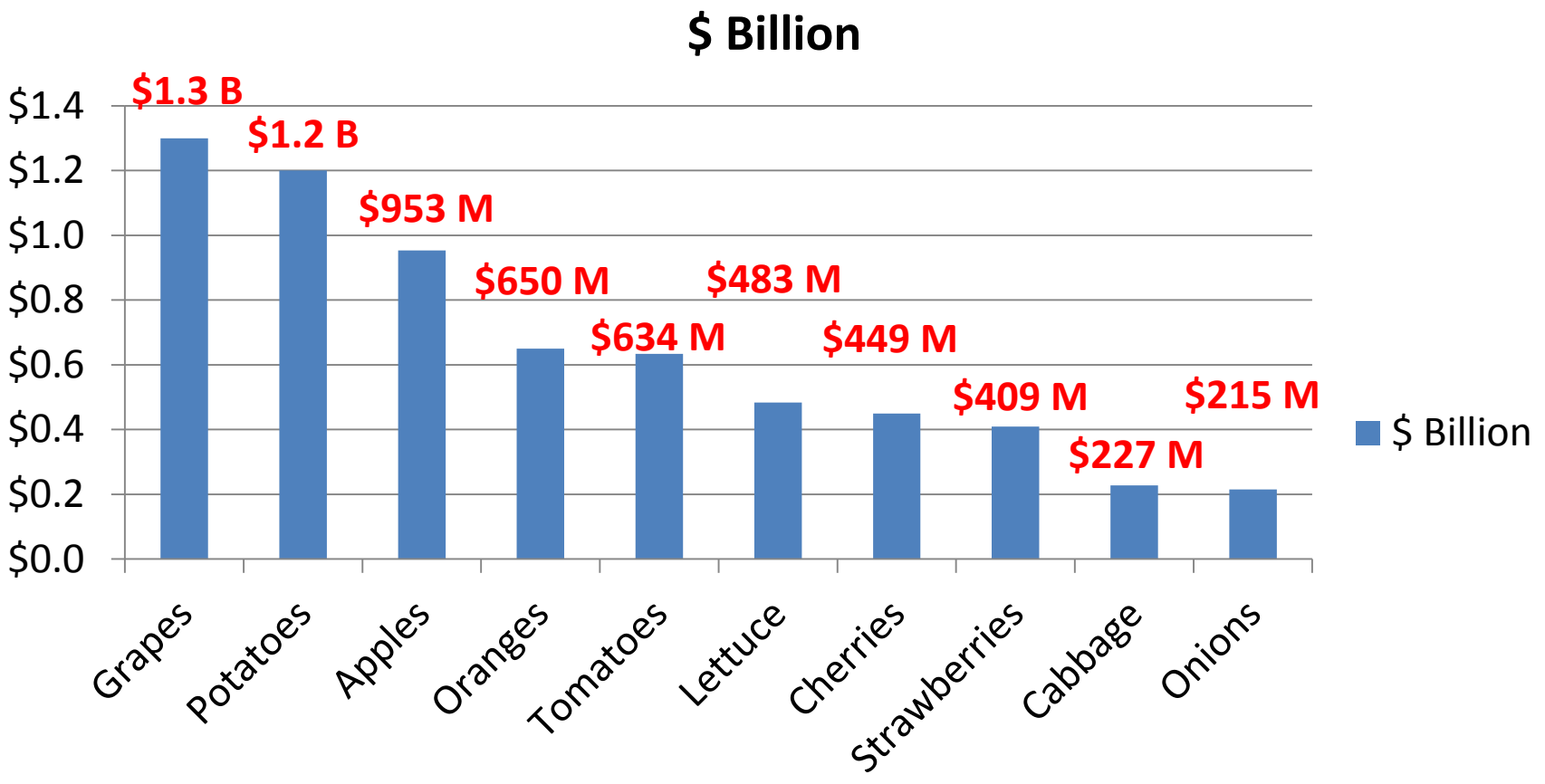
Top Export Commodities, 2011



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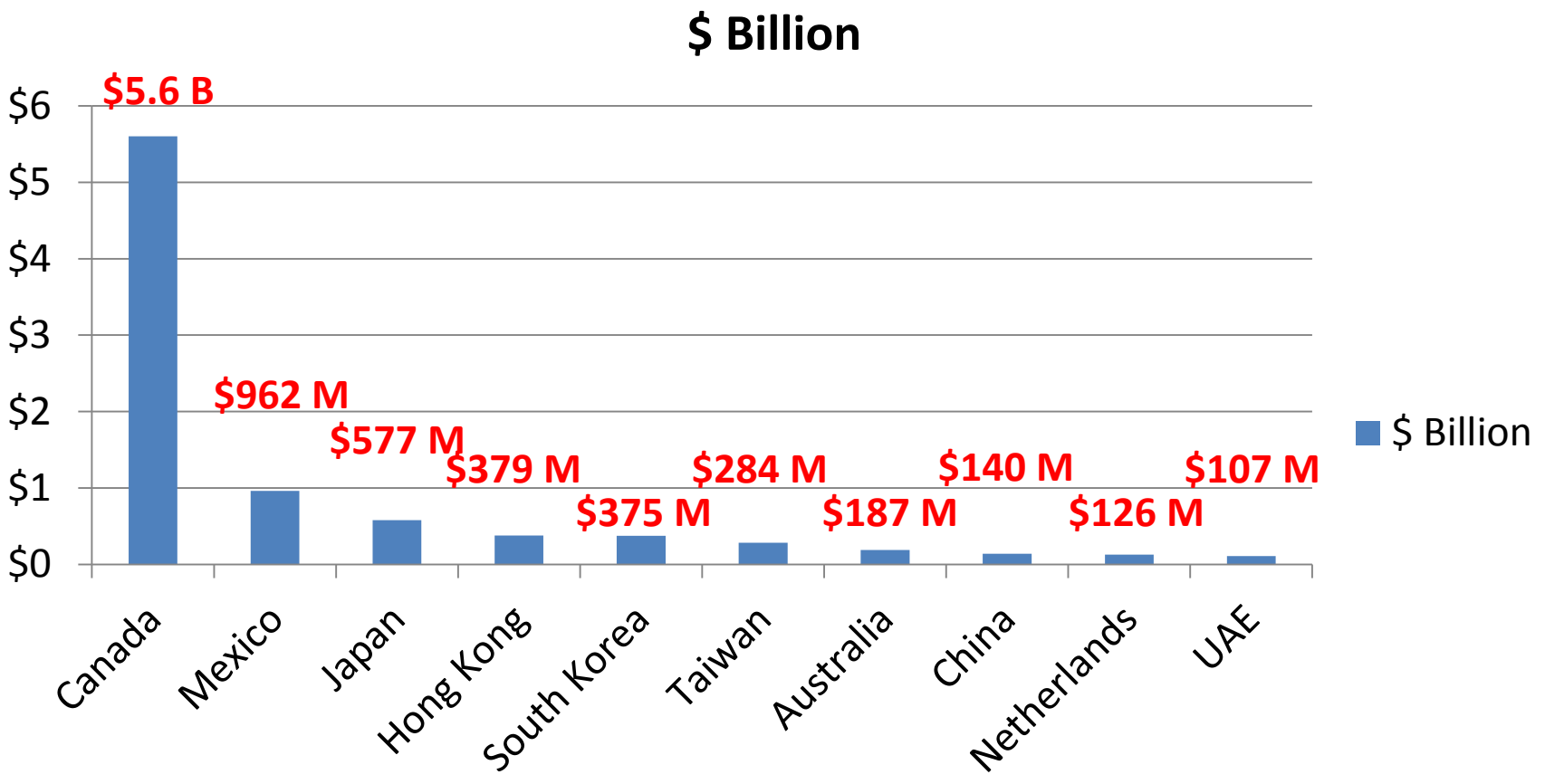
Top Export Markets, 2013



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Top Export Markets, 2013

Importance of Exports

- Maintaining dependable export markets is critical to our economic health
- Each **$1 BILLION** in exports supports **6,800 JOBS** on and off the farm
- U.S. Exports
  - U.S. farm exports totaled more than $145 billion in 2012
  - U.S. farm exports support **1 MILLION JOBS**
- CA Exports
  - CA farm exports totaled more than $18 billion in 2012
  - CA farm exports support **125,000 JOBS**

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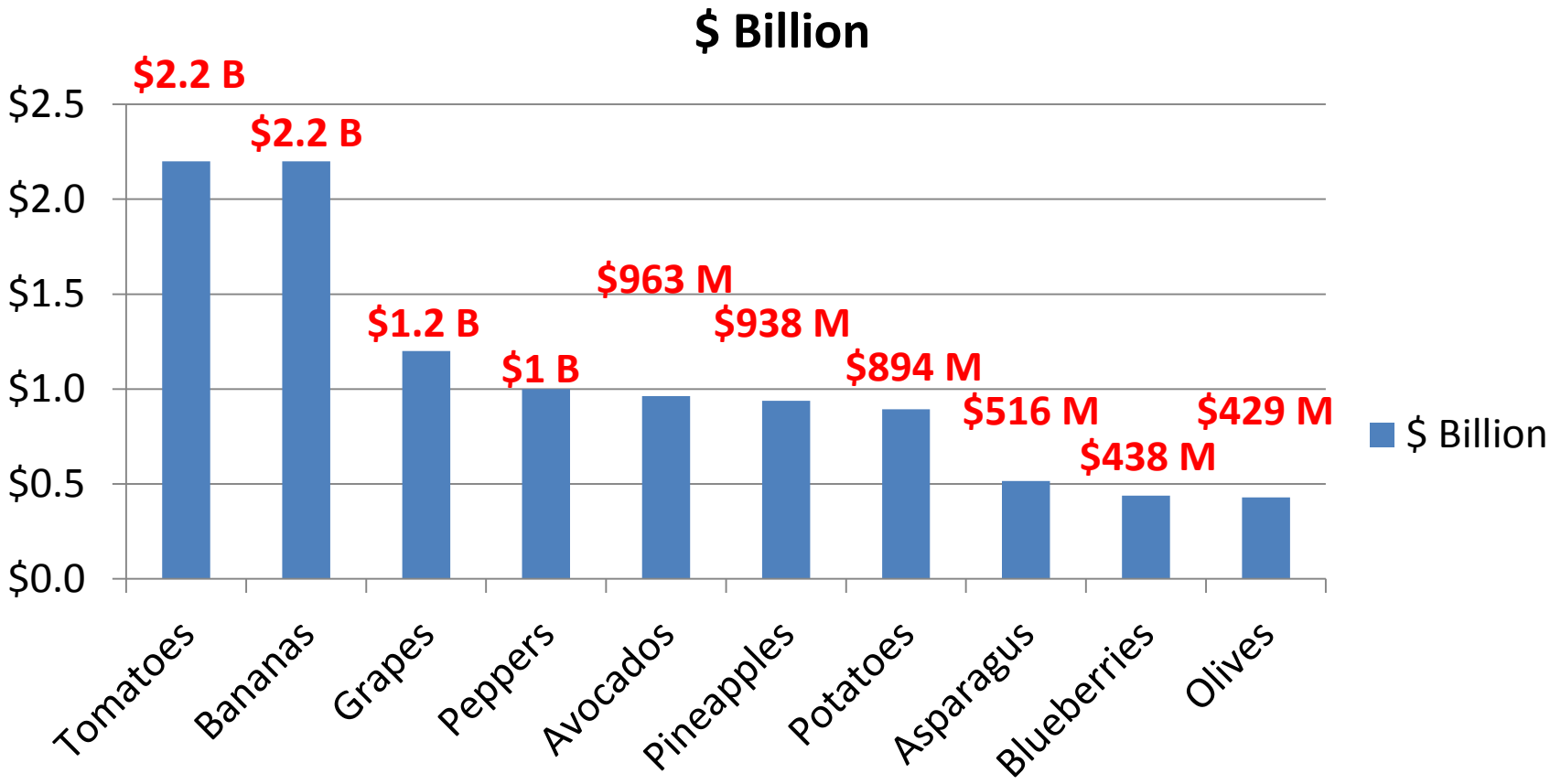
Top Import Commodities, 2011



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Factors Limiting Exports

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Factors Limiting Exports

- Competition From Other Foreign Markets
- Payment Risks
- Perishability Of Commodities
- Foreign Country Tariff Rates
- Logistics
- Pricing
- **Sanitary and Phytosanitary Issues**

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Sanitary/Phytosanitary (SPS) Measures

What The Are

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What They Are

- Sanitary = humans
- Phytosanitary = plants
- Measures that governments use to protect human or plant life or health:
  - **SANITARY: Additives, contaminants, toxins, or disease-carrying organisms** in food or beverages (e.g. pesticides)
  - **PHYTOSANITARY:** Entry or spread of plant-borne **pests and diseases**

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Examples of SPS Measures

- **SANITARY**
  - **Inspection** of products for **microbiological contaminants** (e.g. bacteria that cause foodborne illness such as *Salmonella*)
  - **Maximum Residue Levels (MRLs)** to promote **safe use of pesticides** on food
- **PHYTOSANITARY:**
  - **Border inspections** to protect domestic crops from **plant pest(s)**
  - **Fumigation** to eliminate **plant pest(s)**
  - **Requiring** products to come from **disease-free areas**

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SPS Measures

When They Become Trade Barriers

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SPS Trade Barriers

- Can go **beyond what is necessary for health protection**
- Can be used to **shield domestic producers from foreign competition**
- Often **not based on sound science**
- Can be overly **burdensome, inequitable,** or otherwise **unwarranted**
- Disproportionately **hurts small farms and businesses**

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International Agreements

World Trade Organization (WTO)

SPS Agreement

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SPS Agreement

- Governments have the right to:
  - **Adopt regulations** to protect human or plant life or health
  - **Establish the levels of protection from risk** they deem **"appropriate"**
- Measures must ensure protection against **real risks** rather than **import competition**

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Appropriate Level of Protection

- SPS measures must:
  - Protect **life or health**
  - Be based on **scientific principles**
    - International standards
    - Scientific risk assessment
  - Be **non-discriminatory**
    - Between national and foreign
    - Among foreign sources of supply

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Harmonization

- Base measures on **international standards, guidelines and recommendations** (where they exist)
- WTO officially recognizes two standard-setting bodies to deal with plant-related SPS matters:
  - Codex for **food safety**
    - SANITARY (e.g. microbiological contaminants, MRLs)
  - International Plant Protection Convention (IPPC) for **plant health**
    - PHYTOSANITARY (e.g. plant pests and diseases)

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Measures Not Based on International Standards

- More stringent SPS measures may be adopted to achieve higher levels of health protection
- SPS measures must be
  - Based on **scientific risk assessment**
  - **Consistently applied**
  - "**Not more trade restrictive than necessary**"

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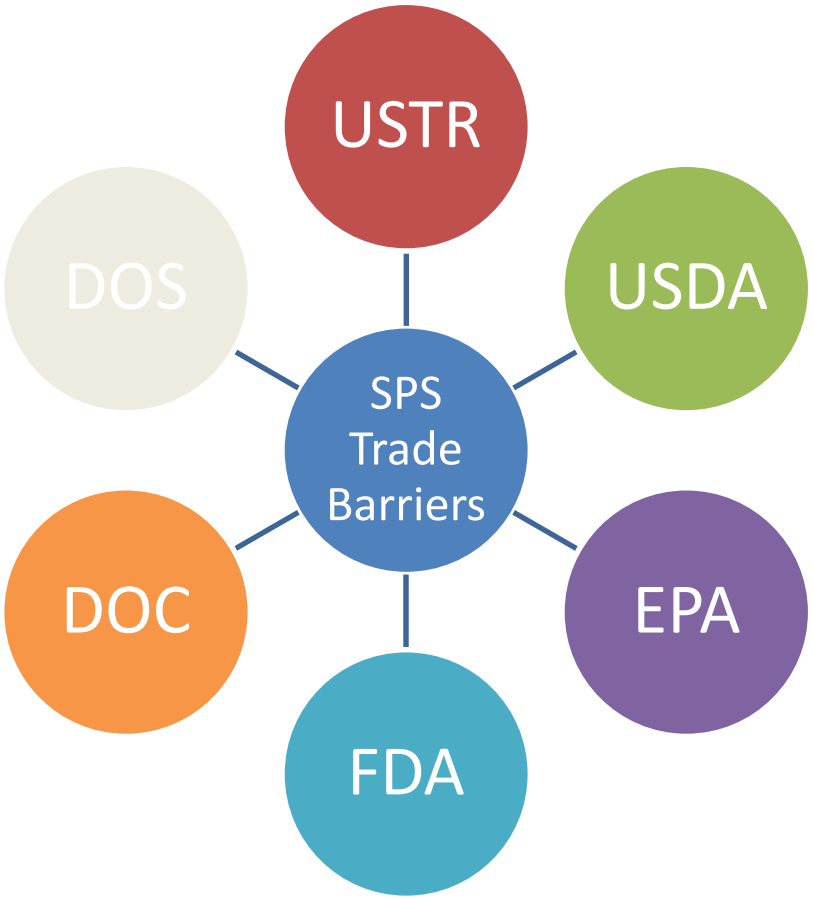
U.S. Government Agencies



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General SPS Issues

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General SPS Issues

- Some agricultural exports are subject to similar SPS barriers in multiple countries
- Leading SPS barriers for fruit and vegetable exports:
  - **Export certification requirements**
  - **Maximum residue levels (MRLs)** for pesticides
- Common failure to base SPS measures on science per SPS Agreement

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Export Certification Requirements

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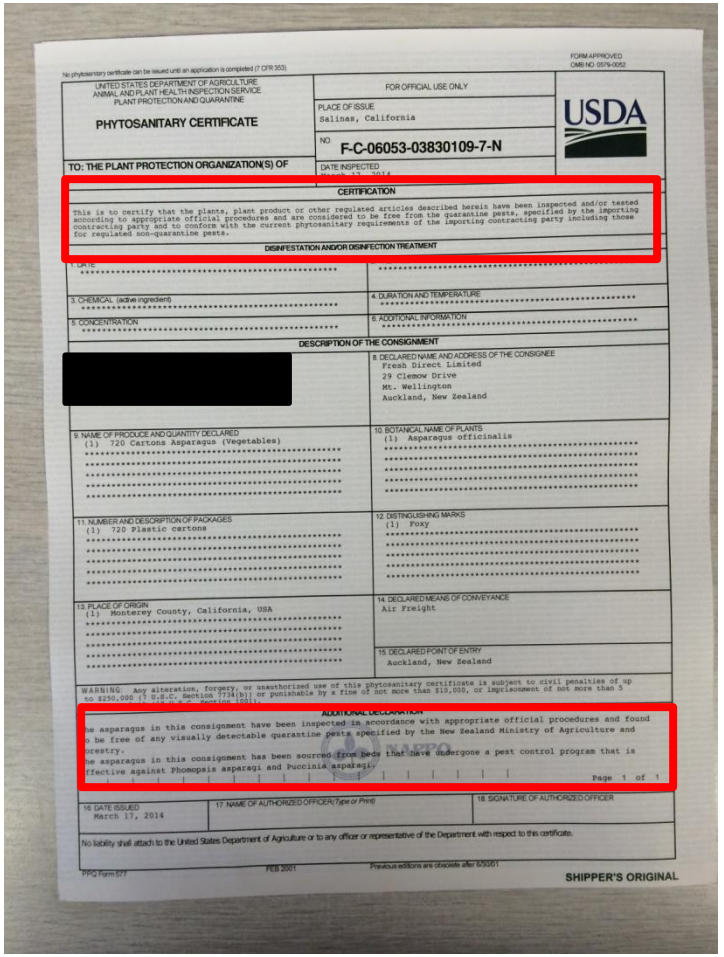
Export Certification Requirements

- Written certification from the producer and exporting country
  - E.g. Produced under sanitary conditions and in disease-free areas



No phytosanitary certificate can be issued until an application is completed (7 CFR 353)

FORM APPROVED
OMB NO. 0579-0052

UNITED STATES DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
PLANT PROTECTION AND QUARANTINE

PHYTOSANITARY CERTIFICATE

FOR OFFICIAL USE ONLY

PLACE OF ISSUE
Salinas, California

NO. F-C-06053-03830109-7-N

USDA

TO: THE PLANT PROTECTION ORGANIZATION(S) OF

DATE INSPECTED
March 17, 2014

CERTIFICATION

This is to certify that the plants, plant product or other regulated articles described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests, specified by the importing contracting party and to conform with the current phytosanitary requirements of the importing contracting party including those for regulated non-quarantine pests.

DISINFESTATION AND/OR DISINFECTION TREATMENT

1. DATE

3. CHEMICAL (active ingredient)

4. DURATION AND TEMPERATURE

5. CONCENTRATION

6. ADDITIONAL INFORMATION

DESCRIPTION OF THE CONSIGNMENT

[redacted]

8. DECLARED NAME AND ADDRESS OF THE CONSIGNEE
Fresh Direct Limited
29 Clemow Drive
Mt. Wellington
Auckland, New Zealand

9. NAME OF PRODUCE AND QUANTITY DECLARED
(1) 720 Cartons Asparagus (Vegetables)

10. BOTANICAL NAME OF PLANTS
(1) Asparagus officinalis

11. NUMBER AND DESCRIPTION OF PACKAGES
(1) 720 Plastic cartons

12. DISTINGUISHING MARKS
(1) Foxy

13. PLACE OF ORIGIN
(1) Monterey County, California, USA

14. DECLARED MEANS OF CONVEYANCE
Air Freight

15. DECLARED POINT OF ENTRY
Auckland, New Zealand

WARNING: Any alteration, forgery, or unauthorized use of this phytosanitary certificate is subject to civil penalties of up to $250,000 (7 U.S.C. Section 7734(b)) or punishable by a fine of not more than $10,000, or imprisonment of not more than 5 years, or both (18 U.S.C. Section 1001).

ADDITIONAL DECLARATION

The asparagus in this consignment have been inspected in accordance with appropriate official procedures and found to be free of any visually detectable quarantine pests specified by the New Zealand Ministry of Agriculture and Forestry.

The asparagus in this consignment has been sourced from beds that have undergone a pest control program that is effective against Phomopsis asparagi and Puccinia asparagi.

Page 1 of 1

16. DATE ISSUED
March 17, 2014

17. NAME OF AUTHORIZED OFFICER (Type or Print)

18. SIGNATURE OF AUTHORIZED OFFICER

No liability shall attach to the United States Department of Agriculture or to any officer or representative of the Department with respect to this certificate.

PPQ Form 577 FEB 2001 Previous editions are obsolete after 8/2001

SHIPPER'S ORIGINAL

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Asparagus to New Zealand

CERTIFICATION

This is to certify that the plants, plant product or other regulated articles described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests, specified by the importing contracting party and to conform with the current phytosanitary requirements of the importing contracting party including those for regulated non-quarantine pests.

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NAPPO

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Attestations

- Attestations:
  - May subject imports to **burdensome testing requirements**
  - Appear to be **scientifically unwarranted**
  - Impose requirements that are **inconsistent with international standards**
- Many countries do not observe international standards when they impose export certification requirements
- U.S. exporters often find out only after shipments have been detained at the port of entry

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Maximum Residue Limits (MRLs)

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Maximum Residue Limits (MRLs)

- **MRLs = Tolerances**
  - **Maximum concentration of residues** permitted in or on food after the application of approved pesticides
- Governments set MRLs to ensure **food safety**
  - EPA establishes tolerances for pesticides in U.S.
  - FDA and USDA monitor domestic and imported food
  - Similar regimes in foreign countries
- Codex develops and maintains **international standards**
  - Countries are encouraged to based MRLs off Codex
  - Some set their own, stricter MRLs (scientific justification required)

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MRLs as Trade Barrier

- MRLs can be used as trade barrier by:
  - Setting unreasonably **low thresholds**
  - **Failing to establish MRL** for certain pesticides that have established MRLs (Codex or U.S.)
  - Allowing significant **backlog of reviews** for newer, safer pesticides
- Enforcement policies in the **EU, Japan,** and **Taiwan** are of concern for U.S. fruits and vegetables

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SPS Trade Barriers

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General Concerns

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Japan

- **Fungicides**
  - Food safety regulations require risk assessment for pre-harvest application
  - Japan classifies post-harvest application as food additive = separate risk assessment
  - Redundant and can take up to six years to complete
- **Enhanced surveillance** following single violation
- **Slow approval process** for pesticides and fungicides
- Lack of established **MRLs**

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South Korea

- Complicated **deferral approval process** when no national MRLs are established
- Increased **pesticide residue testing**
- **MRL violations** (in any country)
  - Restrictive requirements following single violation
  - Must make numerous compliant shipments before sanctions are removed

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Taiwan

- **Slow process for adopting MRLs** for pesticides
- Has resulted in substantial **backlog of MRL applications**
- Rejection of various U.S. shipments within U.S. or Codex standards
  - E.g. cherries, apples, strawberries, potatoes, almonds)

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Specific Issues

Prohibiting U.S. Exports

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European Grapevine Moth

- Prohibits entry of **grapes** into **South Africa**

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Fire Blight

- Prohibits entry of **apples** into **Argentina, Australia,** and **China**

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Light Brown Apple Moth

- Prohibits entry of **grapes** into **South Africa**

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Spotted Wing Drosophila

- Prohibits entry of **stone fruit** into **Australia**

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Specific Issues

Limiting U.S. Exports

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Brown Rot

- Restrict entry of **cherries** to **South Korea** and **EU**
- South Korea requires exporters to fumigate with methyl bromide
- EU requires exporters to provide written proof that controls have been applied in the field

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Oriental Fruit Fly

- Restricts entry of **peaches**, **nectarines**, and **apricots** to **Mexico**
- Exporter must pay for Mexican government inspectors to inspect exporter operations

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Codling Moth

- Restricts entry of **apples** to **Taiwan**
- “Three strikes” policy
- All U.S. exports barred for remainder of shipping season if three shipments are infested

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Thank You!

Questions?

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