

## **World Trade Situation and Policy Updates**

### **Australia Approves California Grape Imports**

On February 14, 2002, the Australian Ministry of Agriculture approved entry of California table grapes, but under strict conditions, which include fumigation-at-origin. The final recommendation was based on an extensive import risk analysis that was completed by Australia on California table grapes over the past few years. In fact, USDA and USTR have worked, in cooperation with the industry, for more than ten years to obtain table grape access to the Australian market for California grapes. USDA will continue to work with the grape industry and the Australians to reassess the program at the end of the first shipping season with a view towards modifying some of the requirements, such as, for example, allowing for upon-arrival fumigation.

### **Commerce Department Issues Final Dumping Margins on Canadian Hothouse Tomatoes**

On February 20, 2002, the Commerce Department's International Trade Administration (ITA) issued its final determination on dumping margins in the case against Canadian hothouse tomatoes. Dumping margins ranged from 1.53 percent to 18.21 percent, considerably less than the preliminary duties that had ranged from zero to 33.95 percent. While ITA trimmed the dumping margins for most major operations, they increased the margins for one major Ontario-based firm from 5.54 percent to 14.89 percent. The U.S. International Trade Commission is scheduled to release its final determination on the issue of injury on April 1. U.S. imports of greenhouse tomatoes from Canada in 2001 were valued at \$96 million, up 23 percent from 2000.

### **Korea Fulfills 2002 Minimum Market Access (MMA) Orange Quota**

According to FAS/Seoul, the Cheju Citrus Growers Agricultural Cooperative (CCGAC) held a quota auction for 43,751 tons of fresh oranges and 1,910 tons of other citrus on February 20, 2002. Allocations totaling 43,740 tons of fresh oranges and 100 tons of other citrus were sold during this auction, effectively satisfying Korea's 2002 Uruguay Round MMA quota commitment. The auction occurred after the peak marketing season for Korea's domestic orange production and deliveries of quota imports must be completed before September 30, prior to the new domestic season. Under Korea's import regime, oranges may enter within the quota at a tariff of 50 percent, or outside the quota at a 2002 duty rate of 59.8 percent. The out-of-quota duty is being phased down until it reaches the in-quota rate of 50 percent in 2004. As the out-of-quota duties have declined, U.S. orange exports to Korea out-of-quota have jumped sharply, exceeding the in-quota volumes for each of the past two years. Whereas CCGAC had fallen short of filling the quota through direct administration in recent years, the recent quota auction served as an effective means for the entity to satisfy its MMA obligations under the prevailing market conditions. Korea has emerged as a leading market for U.S. oranges, with shipments in calendar year 2001 totaling \$49 million, up 25 percent from the previous year.

## **Cuba to Buy U.S. Apples**

On March 8, 2002, FAS learned of Cuba's intention to buy 1,000 tons of Washington state apples, which could be worth about \$500,000. Reportedly, the Cuban import agency Alimport, wants to purchase medium-to-large red delicious apples, and consultations on price and quality are underway. The sales, to be paid in cash, are expected to be completed in May or June 2002. U.S. exports of agricultural products to Cuba, Iran, Libya, North Korea, and Sudan are now possible under the Trade Sanctions Reform Act, which was signed into law in October 2000. In July 2001, after an extensive consultative process, final regulations lifting food and medicine sales to these countries were approved. Initial sales to Cuba occurred in December 2001, with total announced agricultural purchases reaching \$77 million. In mid-January 2002, a Washington state agricultural trade mission visited Cuba as part of the state's efforts to expand its exports of agricultural products.

## **Judge Rules Against the Florida Department of Citrus (FDOC) in Florida's Equalizing Tax Case**

On March 15, 2002, the 10<sup>th</sup> Judicial Circuit Court in Florida ruled that Florida's equalization tax is unconstitutional because it allows citrus juice from other U.S. states to be exempt. In related developments, the Florida Senate approved an amendment to the general appropriations bill that would repeal the tax exemption. On March 20, 2002, Brazil requested formal WTO consultations on Florida's equalizing tax. Brazil is expected to argue that as citrus products originating from other states such as Texas, Arizona, and California are not assessed, the tax discriminates against imports.

## **EU Parliament Adopts Resolution to Seek WTO Solution to U.S. Ban on Spanish Clementines**

On March 14, 2002, the EU Parliament, in a 92 to 1 vote, adopted a joint resolution condemning U.S. trading practices and establishing a strategy that should be adopted to put an end to the ban on U.S. imports of Spanish clementines. The resolution urges the EU Commission to "engage in a procedure at the WTO against the United States should an immediate solution not be found." It considers this dispute as a "trade barrier, not as a plant health issue." The resolution claims the ban has a goal to "exclude Community clementines from the American market to the benefit of its own production of citrus fruit and that of other third countries."