



December 3, 2018

Office of U.S. Trade Representative

Re: Docket No. USTR-2018-0035

To Whom It May Concern,

California Citrus Mutual representing approximately 3500 producers and a citrus industry marketing \$3.3B in fresh citrus products is commenting on the proposed trade discussions with EU trade policy staff. Our comments will be focused on technical barriers to trade and other measures or practices that undermine fair market opportunities for our industry.

The California citrus industry is the leading fresh citrus production area in the United States. On average 80 percent of that production is sold as fresh product with dominant varieties being oranges, mandarins and lemons. Our ability to create markets, not expand, in the European Theatre is very close to zero at this time. We do not envision an immediate opportunity manifesting should discussions be successful but we would hope that a pathway could be developed by eliminating competitive barriers that leaves our industry with no opportunity. Those barriers are as follows:

- 1) The EU has an agricultural support program that creates approximately \$1B in direct payments to citrus producers alone thereby allowing them to rely upon a government support effort **and** the market pricing structure. In essence the price per carton can be lowered to assure market share and with the revenue received from the support program return adequate revenue per acre to the grower. This precludes the California industry from entering the market inasmuch a competitive price cannot be developed.
  - a. To be sure our landed price is going to be somewhat expensive simply because of transportation cost and cost of production differences. But there will be the time frame when the high quality product produced by the California grower could be exported to the EU. The unfair competitive market distortion program offered in the EU prevents any opportunity.
- 2) The EU has now adopted the precautionary principle for registering crop protection tools. It is not scientifically based, it is not risk based but is detection based. It therefore ignores the age old axiom of toxicology; *the dose makes the poison*. Their efforts specific to neonicotinoids are a prime example. To place the European program in context the risk associated with a bottle of aspirin or an automobile would prevent them from being used within the European Union. They have taken steps to implode the Codex system of tolerances as well.

**BOARD OF DIRECTORS**

**CURT HOLMES**  
*Chairman*

**MATT FISHER**  
*Vice Chairman*

**AL BATES**  
*Vice Chairman*

**BRIAN NEUFELD**  
*Secretary/Treasurer*

**ADAM BROWN**

**GUSTAVO CARRANZA**

**MICHAEL COX**

**JOHN CROWE**

**BRIAN FIEN**

**COLBY FRY**

**JOHN S. GLESS**

**CARLOS GUTIERREZ**

**DAVID HINES**

**PETE HRONIS**

**JOHN KALENDER**

**ZAK LAFFITE**

**MATTHEW LEIDER**

**JIM PHILLIPS**

**WILLIAM PIDDUCK**

**JARED PLUMLEE**

**DAVE TOMLINSON**

**KEITH WATKINS**

**RICK WESCOTT**

**TODD WILLIAMS**

**TOM WOLLENMAN**

- a. To offset the production havoc caused by these steps the aforementioned EU support program provides the revenue support to offset production and price losses resulting from less product or inferior quality.
  - b. Within the United States and other countries materials that are registered for use are used by producers and shippers with the end result being high quality product eligible for the domestic market and other export markets. The adoption of the *precautionary principle* therefore eliminates most, if not all, marketing opportunities.
- 3) Finally the EU has impacted trade with tariff rate quotas and/or tariff schedules that preclude opportunities for a competitive market place. The Administration cannot allow that barrier to impact marketing opportunities should they materialize.

Citrus Mutual urges the office of U.S. Trade Representative and associated agencies to focus on these barriers and therefore allow our industry the opportunity to market into the EU. Presently Spain exports to the United States. Presently other countries are afforded the opportunity and choose to do limited business if any at all. But at least they get a choice; our industry is not given the opportunity.

Cordially,

A handwritten signature in cursive script that reads "Joel Nelsen".

Joel Nelsen, President