

Sunkist



March 23, 2006

Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Sunkist Growers
Post Office Box 7888
Van Nuys, CA 91409-7888
Tel: (818) 986-4800

Re: Request for Comments and Notice of Public Hearing Concerning Proposed Free Trade Agreement With Republic of Korea

Sunkist Growers enthusiastically endorses the efforts of our government and specifically the U.S. Trade Representative and the U.S. Department of Agriculture to enter into a Free Trade Agreement (FTA) with the Republic of Korea.

Sunkist is a 113-year-old, farmer-owned marketing cooperative, serving our 6,000 citrus growers in California and Arizona, who produce approximately 65% of the fresh citrus grown in western United States.

The proposed U.S.-Republic of Korea Free Trade Agreement (FTA) is the first to offer our industry and the larger US fresh produce industry a market of genuinely meaningful opportunity. Korea, with its increasing affluence and expanding consumer base, would be an even more lucrative market for American-origin agricultural products, like our citrus fruit, but for the unjustifiably high tariffs maintained by the ROK against these imports. Our fresh citrus is confronted by 50% duty on fresh oranges (HS 0805100000), 30% duty on fresh lemons (HS 0805501000) and fresh grapefruit (HS 0805400000) and a whopping 144% duty on popular Mandarin varieties like Minneolas, Satsumas, Clementines et al (HS 080520).

Historically, the Korean government has turned over to the Cheju Citrus Growers Agricultural Cooperative the responsibility and authority to administer the citrus import quota program. Clearly, this entity is not an objective and disinterested party regarding permitted fresh citrus imports into Korea. This is the same Korean citrus industry organization which administered the tariff rate import quota program on oranges for several years and today administers the Mandarin import policy.

While we continue to grapple with SPS-related obstacles to trade in the Korean market, our primary interest in the proposed FTA is tariffs. If the cost burden of high tariffs were to be eliminated on our fresh fruit products as a result of this proposed FTA, we project a significant increase in Korean consumption of American origin fruit products. No longer would Korean consumers be discouraged from purchasing imported products because of tariff-driven higher cost.

However, we are concerned by the recent statements attributed in the Korean press to MAF Minister Park Hong-soo that the Korean citrus industry would be highly damaged if a Korea-US FTA were to be implemented. He went on to indicate his intention to seek "sensitive" product treatment for citrus.

Insofar as this suggests Korea will, at least initially, seek sensitive product treatment/exclusion for fresh citrus from the market access terms of an FTA, we would hope our government would demand immediate duty elimination (A bucket) and resist multi-year phase out of these unjustifiably high duties.

However, recognizing the historic protectionism of the Korean agricultural sector, including the Korean citrus industry and rather than become paralyzed by polarity on this issue, we are willing at the appropriate time to consider acceptance of a transitional approach. That is to allow them to phase out with incremental duty reductions over a 5 year period on citrus imports only during the domestic Korean-origin citrus marketing season, typically the months: December-January-February, in return for obtaining immediate duty free access for US citrus during the rest of the year. Further the pace of duty reduction could be weighted to the later years, assuming the phase in does not exceed five years.

We commend you for this free trade initiative and stand ready to assist in any manner helpful to achieve a meaningful trade agreement for our growers' fresh citrus.

Sincerely,



Michael Wootton
Vice President, Corporate Relations