

AMERICAN POTATO TRADE ALLIANCE

C/O BRYANT CHRISTIE INC.

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David Weiner
Deputy Assistant USTR for Europe
Office of the US Trade Representative
Executive Office of the President
600 17th Street NW
Washington, DC 20508

Submitted electronically via www.regulations.gov

Dear Mr. Weiner:

On behalf of the American Potato Trade Alliance (APTA), I am writing in response to the USTR *Federal Register* notice seeking comments on the recently proposed Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations. These comments pertain to processed potato priorities in the TTIP talks and support comments submitted recently by the National Potato Council (NPC).

Formed in 1997, APTA includes potato grower organizations from Idaho, Washington, Oregon, Maine, and Wisconsin; two national potato organizations; six major potato processing companies; an exporting company; and several quick service restaurant chains. The purpose of APTA is to utilize the entire potato industry value chain – from grower to end-user – in an effort to speak with a unified voice to increase processed potato exports by eliminating trade barriers.

APTA and the NPC look forward to working with USTR and USDA on the TTIP negotiations. The US processed potato industry's priorities for the partnership are below.

Tariffs:

Processed potato exports are highly competitive and price sensitive. For that reason, eliminating European processed potato tariffs through the TTIP is a high priority for APTA. Although the EU has a domestic processed potato industry, exports of US processed potatoes to the EU do occur and being able to compete against the EU industry without tariffs would increase US competitiveness.

APTA would like to see EU tariffs on the following processed potato products immediately eliminated in the TTIP negotiations:

HS 2004.1 Tariffs applied to frozen potatoes, including frozen fries
HS 1105.2 Tariffs applied to dehydrated potato flakes
HS 2005.2 Tariffs applied to other dehydrated potato products such as granules and potato chips
HS 1905.90.90 Tariff applied to formulated snack products

YUM! BRANDS INC. (KFC, PIZZA HUT, TACO BELL)

J.R. SIMPLOT CO. * CONAGRA FOODS/LAMB-WESTON INC. * MCCAIN FOODS INC. * KELLOGG'S * BASIC AMERICAN FOODS INC.

IDAHOAN FOODS * NATIONAL POTATO COUNCIL * IDAHO POTATO COMMISSION * MAINE POTATO BOARD * OREGON POTATO COMMISSION

WASHINGTON STATE POTATO COMMISSION * WISCONSIN POTATO & VEGETABLE GROWERS ASSOC. * PACIFIC VALLEY FOODS

The EU eight-digit tariff codes and the specific EU potato tariffs are included in the appendix to this letter.

In addition to the immediate elimination of these tariffs, as the appendix notes, the EU tariff system for some potato products also applies additional duties based on content such as milk, sugar, wheat and corn. Again, the potato industry requests that these be eliminated. Details can be provided if needed.

Finally, although APTA deals exclusively with processed potato issues, many APTA members also have a strong interest in seeing EU fresh potato tariffs (HS 0701.9) eliminated.

Pesticide MRLs:

Meeting EU pesticide residue standards is proving to be a major challenge for US agriculture exporters, including potatoes. While APTA welcomed the development of a community-wide EU pesticide maximum residue level (MRL) list in 2008, there are significant differences between US and EU MRLs. Moreover, the EU has withdrawn many crop protection compounds from use in the EU resulting in the setting of MRLs at the limit of detection. Many of these compounds can still be safely used in the US; however, without an acceptable EU MRL, shippers are concerned about potential residue violations upon arrival.

The EU does have a system for setting import tolerances for compounds that are used in foreign countries and not in the EU, but this system is expensive and challenging. EU data requirements differ from those of EPA and frequently require additional expensive research to be conducted if an import tolerance application is to succeed. Despite needing many MRL adjustments in the EU, very few import tolerances applications have been filed and even fewer have succeeded.

The EU has recently adopted a policy of using Codex MRLs if the MRLs established there were acceptable to the EU. APTA welcomes this development as a way to circumnavigate the EU import tolerance system, but even this system will not cover all US MRL needs.

The TTIP provides a good opportunity to address MRL differences and to seek streamlined measures to obtain import tolerance MRLs and to harmonize US and EU tolerances.

Subsidies/Support:

Through the Uruguay Round WTO Agreement in the 1990's, the EU was allowed to provide support to their fruit and vegetable industries. Although direct payments to EU potato growers cannot be documented, the fact that EU potatoes can be so competitive in third markets raises concerns that other market distorting support is available to the industry. Support for upgrades to equipment or infrastructure, transportation assistance, export insurance, and other programs which lower costs to the EU potato industry make EU potatoes more competitive in third markets and affect US processed potato exports.

Adding transparency to EU support programs and ensuring the EU does not exceed its Uruguay Round commitments through TTIP discussions would be greatly appreciated.

Biotechnology:

To date, the EU biotechnology policies have not been based on science. The result has been inhibited approval of new biotechnology products and trade. While currently there are no commercially grown biotech potatoes in the US, throughout the world, including in the US, research is being conducted on such products.

The TTIP provides an excellent opportunity to ensure that the EU does not restrict legitimately developed and scientifically-reviewed biotechnology products. The EU should approve such products based on sound science.

APTA looks forward to working with USTR and USDA on the TTIP talks in the months ahead on these priorities. Please do not hesitate to contact APTA with any questions you might have.

Sincerely,
American Potato Trade Alliance

/s/

Matt Lantz
Administrator

APPENDIX: Specific EU Processed Potato Tariffs

| EU Common External Tariffs on US Frozen Potatoes | | |
|---|---|-----------------------------------|
| HS Code | Description | EU Tariff on US Product (MFN) |
| 0710.10.00 | Potatoes uncooked or cooked by steaming or boiling in water, frozen | 14.4% |
| <i>Potatoes prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products under heading 2006:</i> | | |
| 2004.10.10 | Cooked, not otherwise prepared | 14.4% |
| 2004.10.91 | In the form of flour, meal or flakes | 7.6% plus variable component (VC) |
| 2004.10.99 | Other | 17.6% |

¹Certain processed agricultural goods entering the European Union (EU) are assessed a specific duty based on the fat, sugar and milk protein content. See "EU Ag Comp" tabs for details.

| EU Common External Tariffs on US Dehy Potatoes | | |
|--|--|-------------------------------|
| HS Code | Description | EU Tariff on US Product (MFN) |
| 0712.90.05 | Potatoes (dried) whether or not cut or sliced but not prepared further | 10.2% |
| 1105.10.00 | Flour, meal and powder | 12.2% |
| 1105.20.00 | Flakes, granules and pellets | 12.20% |

| EU Common External Tariffs on US Chip Potatoes | | |
|--|---|---|
| HS Code | Description | EU Tariff on US Product (MFN) |
| 2005.20.10 | In the form of flour, meal or flakes | 8.8% plus agricultural component ¹ |
| <i>Other chip potatoes:</i> | | |
| 2005.20.20 | Thin slices, baked or fried, whether or not salted or flavored, in airtight packaging, suitable for immediate consumption | 14.1% |
| 2005.20.80 | Other | 14.1% |

¹Certain processed agricultural goods entering the European Union (EU) are assessed a specific duty based on the fat, sugar and milk protein content. See "EU Ag Comp" tabs for details.