

# Specialty Crop Export Challenges & Opportunities in 2011 & Beyond

*Maximum Residue Limits Workshop  
San Francisco, CA  
1-2 June 2011*

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# Agriculture's Role Under the National Export Initiative

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- Continued strong growth of US exports fuels overall export efforts
  - ◆ US agriculture exports were \$115.8 billion in 2010, up \$17 billion from 2009
  - ◆ Jan-Mar 2011 agriculture exports are up 30 percent over the same period in 2010
- Specialty crop exports were strong in 2010 and are poised to do well in 2011
  - ◆ Horticulture exports totaled \$23 billion in 2010, \$2 billion more than in 2009
  - ◆ Jan-Mar 2011 exports were 12 percent higher than for the same period in 2010
- Agriculture is playing a major role in the US export effort
  - ◆ China - \$6.4 billion for Jan-Mar 2011, 45% increase over 2010
  - ◆ Mexico - \$4.2 billion for Jan-Mar 2011, 21% increase over 2010
  - ◆ Japan: \$3.5 billion for Jan-Mar 2011, 15% increase over 2010
  - ◆ Korea: \$2 billion for Jan-Mar 2011, 47% increase over 2010

# Specialty crops – Challenges & Opportunities

- (+) Increasing living standards in emerging markets are complementing strong exports to established foreign markets
- (+) Weaker dollar is making US exports, including specialty crops, more affordable for developed and emerging markets consumers
- (-) Emerging markets (China, Indonesia, Malaysia) are developing new import requirements addressing varied concerns, including fraud, MRLs
- (-) Specialty crop exporters face the continuing challenge of disparity between US and export markets MRL registrations/approvals

# (+) Increasing living standards in emerging markets are complementing strong exports to established foreign markets

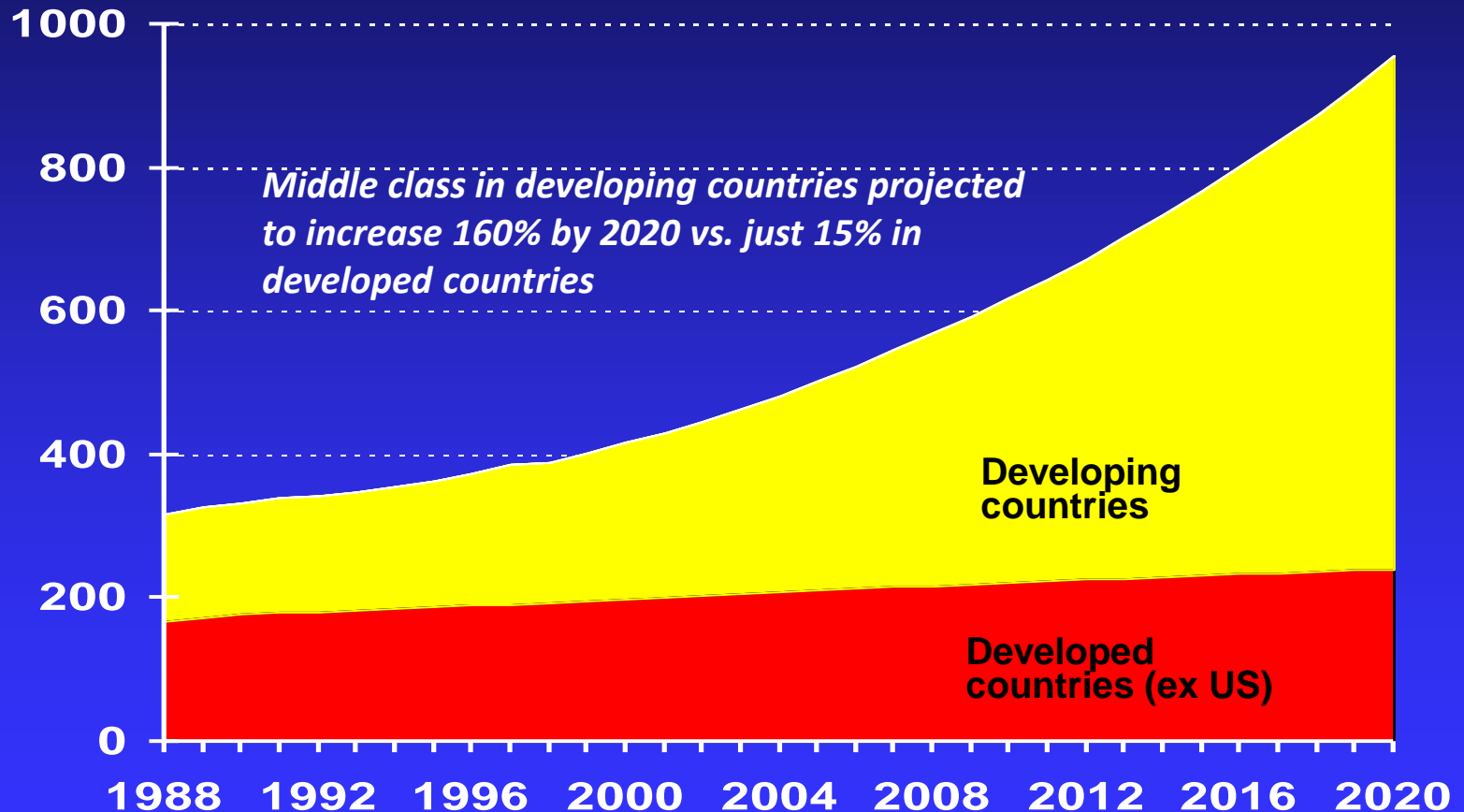
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- As living standards increase...
  - ◆ Greater demand for meats
    - ◆ 146% increase in imports of US soybean meal (to be used as feed) in 2010 over 2009
  - ◆ US horticulture exports to Vietnam
    - ◆ \$30 million in 2006
    - ◆ \$126 million in 2010

# Worldwide “Middle Class” is on track to reach 1 Billion Households by 2020

*Incredible opportunity for US specialty crop exports*

*Foreign households w/real PPP incomes greater than \$20,000 a year (in millions of households)*



(+) Weaker dollar is making US exports, including specialty crops, more affordable for developed and emerging markets consumers

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- US productivity and weak dollar have fuelled exports, including specialty crop exports
  - ◆ Near doubling in value of agricultural exports from every state in the Union from 2001-2009
    - ◆ California: \$6.5 billion to \$12.5 billion
    - ◆ Florida: \$1.4 billion to \$2 billion
- Key goal in 2011 is to solidify established markets and continue to develop key emerging markets

(-) Emerging markets are imposing new import requirements addressing varied concerns, including fraud, MRLs

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- China – Establishing up to 5,000 new pesticide MRLs in the coming years
- Indonesia – Decree 27 (US recognition renewal pending)
- Malaysia – Anti-fraud measure, US visit by FAMA officials
- Vietnam – Plant Health Act, Food Safety Act, Circular 13

# (-) Specialty crop exporters face the continuing challenge of disparity between US and export market MRL registrations/approvals

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- EPA – world leader in review and registration of newer, safer chemicals
  - ◆ Gap between US and foreign market approvals
  - ◆ Leading efforts to coordinate MRL setting internationally in Codex
- Developed and emerging market efforts to establish MRLs
  - ◆ Taiwan's MRL backlog
  - ◆ Some progress in Japan, but MRL process is still cumbersome
  - ◆ Korean initiative to ensure food safety
  - ◆ China's establishment of up to 5,000 MRLs



# Worldwide efforts to Improve Food Safety

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- Efforts worldwide to establish/revamp food safety, MRL laws and regulations
  - ◆ Food Safety Standards and Authority of India
    - ◆ Established in 2006
  - ◆ China's effort to establish up to 5,000 MRLs
  - ◆ Vietnam's Food Safety and Plant Health Acts, Circular 13
- Generally open processes for changing laws and regulations
  - ◆ US Government and Industry must comment on proposed measures
- FDA's Food Safety Modernization Act
  - ◆ FDA will expand its presence in key foreign markets
    - ◆ FDA attachés in – China, Mexico, India
    - ◆ Increased inspections based on identified risks
  - ◆ Turnabout is fair play...
    - ◆ SENASICA visits in 2010, more possible in 2011
    - ◆ Korea visits in 2010
    - ◆ EU visit later this year – pesticide regulation

# FAS as a Resource to Address Challenges & Seize Opportunities

- FAS Washington and our attachés abroad
  - ◆ Inform policymaking, interagency process
  - ◆ Bilateral and multilateral engagement
- Capacity building tools
  - ◆ Technical Assistance for Specialty Crops
    - ◆ Country-specific trade barriers – Japan, Korea, etc
    - ◆ MRL Database – long term sustainability
  - ◆ Emerging Markets Program
    - ◆ Country-specific trade barriers - Malaysia, Vietnam

# The Way Forward – Proactive & Reactive Efforts

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## ■ Proactive

- ◆ FAS and EPA efforts to coordinate international efforts towards pesticide MRL setting
  - ◆ APEC's Food Safety Cooperation Forum
  - ◆ MRL Database and Canada-US Grower Priority Database
  - ◆ TASC and EMP Program Activities

## ■ Reactive

- ◆ FAS will be on the frontline addressing pesticide MRL barriers to US exports