



CALIFORNIA
TABLE GRAPE
COMMISSION

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House Ways and Means Committee
1102 Longworth House Office Building
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To Members of Congress:

California produces 99 percent of the table grapes grown commercially in the U.S. The table grape industry is family owned and operated; most operations are small, all are located in rural areas of the San Joaquin and Coachella valleys. Together, those small operations generate an industry value of \$1.3 billion. The California Table Grape Commission represents California's table grape industry and is charged with maintaining and expanding markets domestically and worldwide for table grapes.

The commission requests Congressional approval and implementation of the U.S.-Korea Free Trade Agreement (FTA), as part of the U.S. trade agenda. Its implementation will benefit California table grape growers and the rural communities in which they live and work, by helping to ensure economic viability.

South Korea currently imposes a 45 percent tariff on California fresh grapes (HS 0806.1); elimination of the tariff will make California grapes much more competitive. South Korea is an important emerging market for California grapes; the exports in the 2009-10 season were valued at \$4.3 million.

In the FTA, South Korea agrees to eliminate its 45 percent tariff for grapes entering from May 1 to October 15, over a 17-year period. Tariffs on grapes entering between October 16 and April 30 will be immediately reduced to 24 percent and eliminated over a five-year period. Two-thirds of California grapes enter the South Korean market from October through December, which translates to a significant opportunity for California's table grape industry.

California's table grape industry faces competition from Chilean grapes in the early and late periods of the California season. Chile's competitiveness is enhanced by the existing South Korea-Chile FTA, where Chile benefits from a reduced South Korean tariff during its season from November through April (currently 12.4 percent). This tariff will continue to fall until it is completely eliminated in 2014.

The European Union (EU) completed a trade agreement with South Korea which is scheduled for implementation on July 1, 2011, that contains tariff reductions identical to the U.S.-Korea FTA. If the EU implements its agreement and the U.S. does not, California's table grape industry will lose market share to European producers due to the tariff advantage.

Implementation of the U.S.-Korea FTA, as a component of the U.S. trade agenda, will help to maintain economic viability in California's rural communities, and ensure that California farmers remain competitive internationally. Thank you for your attention to these comments and the important issues represented.

Regards,

Kathleen Nave
President