



NATIONAL POTATO COUNCIL

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August 3, 2020

Mr. Joseph Barloon
General Council
Office of US Trade Representative
600 17th St. NW
Washington, DC 20508

Re: Trade Distorting Policies that May be Affecting Seasonal and Perishable Products in U.S. Commerce
(Docket Number USTR-2020-0010)

Dear Mr. Barloon:

The National Potato Council offers the following comments by the U.S. potato industry in response to the Office of the U.S. Trade Representative (USTR) and Department of Commerce hearings on trade distorting policies that may be affecting seasonal and perishable products in U.S. commerce.

The National Potato Council (NPC) represents the interests of all commercial potato growers in the United States and assists them in addressing international market access issues for both fresh and processed potatoes. The U.S. potato industry generates approximately \$3.7 billion in domestic and international sales each year and has a strong history of exporting U.S. potatoes and potato products to markets around the world. Approximately 20% of all U.S.-grown potatoes must find buyers in foreign markets to maintain the economic health of the industry.

Although a seasonal and perishable vegetable, U.S. potatoes can be successfully stored for up to 10 months after harvest. Therefore the U.S. potato industry is relatively less vulnerable to the specific type of trade distorting practices that are being addressed in this hearing than other fruits and vegetables with shorter shelf-lives.

We are aware that other affected fruit and vegetable organizations may be advocating for the imposition of a seasonal anti-dumping policy as a remedy for these trade distorting practices. It is our further understanding that the foundation of such a policy change would be to weaken (reduce) the national test of injury required before an anti-dumping claim can be initiated, replacing it with a regional, state or county-level assessment of injury.

The U.S. potato industry has substantial concerns about such an approach. We recognize that strong anti-dumping laws are necessary, and we do not condone dumping by any means. Further, we strongly believe that such laws must be defensible both domestically and internationally in order to ensure global markets remain efficient and accessible.

We are extremely sympathetic to the concerns of our impacted colleagues in the fruit and vegetable industry and recognize the changes in trade flows that have negatively impacted their businesses. The economic consequences of this global competition are undeniable and appropriate policy remedies should be considered.

However, the U.S. potato industry is concerned that enacting a seasonal anti-dumping policy remedy would make the current situation even worse and negatively impact a larger list of U.S. commodities. The unintended but very likely consequence of the U.S. weakening its anti-dumping policy standards is that it would encourage foreign governments to retaliate in equal or enhanced measure.

For an example, for 17 years the U.S. potato industry has sought to gain full fresh potato access to the entirety of Mexico. The Mexican potato grower cartel "CONPAPA" and allies in the Mexican government have aggressively sought to delay or prevent that access throughout this period. Their tactics have included the full scope of political, regulatory, and legal remedies available.

Currently, the cartel has sued their own government alleging that it has no authority to allow foreign agricultural imports. The Mexican Supreme Court is currently in the process of hearing that argument. Should they lose this case and the Mexican government be forced to provide U.S. potatoes with access, we are concerned that Mexican growers may seek a new strategy to protect their market. A weakened antidumping law would be extremely attractive to them for that new approach.

To bolster this concern, in late February at the annual Mexico potato growers' conference in Sinaloa, leaders in their industry confidently stated that they can supply all demand in the market given their year-round production. The leader of CONPAPA, Gerardo García Menaut, stated that "the production that will be obtained this year in Mexico is enough for Mexico to continue being self-sufficient in the production of this important food."

Given this statement, if seasonal anti-dumping becomes available as a tool, Mexican growers are highly likely employ it against U.S. potato imports. The weakened test of injury will make it extremely easy for an individual province within Mexico to claim that U.S. potatoes are causing economic distress, as they already believe the market is fully supplied.

While the U.S. potato industry is sympathetic to the challenges other U.S. regional seasonal and perishable products face, we urge the U.S. government not to provide our trading partners with a new device to restrict trade. Alternative solutions should be considered to support U.S. producers affected by the trade distorting policies of foreign governments.

Thank you for consideration of these comments. The National Potato Council welcomes the opportunity to provide any additional information that you might need.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Kam Quarles". The signature is fluid and cursive, with a large initial "W" and "K".

W. Kam Quarles
Chief Executive Officer