



NATIONAL POTATO COUNCIL

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July 24, 2020

Mr. Joseph Barloon
General Counsel
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Mr. Barloon:

On behalf of the National Potato Council and the undersigned state organizations, please accept the following submission in response to the request from the Office of the U.S. Trade Representative (USTR) for comments on Docket No. USTR–2020–002 Review of Action: Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute. Thank you for the opportunity to provide input on this process.

The National Potato Council (NPC) represents the interests of all commercial potato growers in the United States and assists potato growers in addressing international market access issues for both fresh and processed potatoes. The U.S. potato industry comprises \$4 billion in annual sales and supports thousands of American jobs both directly and indirectly.

The NPC welcomes the USTR review of action in the Large Civil Aircraft Dispute and the inclusion of EU frozen fries (HS 2004.10.80) on Annex III of additional EU products under consideration for increased duties. The NPC strongly supports USTR tariff action against EU frozen fries.

However, to ensure the action is an appropriate enforcement mechanism, it is critically important that such action be broadened to include frozen fries from Belgium and the Netherlands, in addition to those countries already outlined.

In recent years, imports of EU frozen fries have increased substantially. In 2015, imports of EU frozen fries stood at approximately 15,700MT with a value of \$12.2 million. In 2019, EU fry imports were approximately 87,000 MT with a value of \$101.2 million dollars. This represents a 500 percent increase in volume and more than 600 percent increase in value of EU frozen fry imports over the past five years.

This trend is driven overwhelmingly by lower cost imports from Belgium and the Netherlands, which combined account for approximately 90 percent of all EU frozen fry imports to the United States. The price disparity is impacted by a range of factors, including EU agriculture policies that give EU potato growers advantages that U.S. farmers do not have. The result is that the considerable influx of product from Belgium and the Netherlands poses a growing challenge to U.S. potato farmers and makes it difficult for U.S. suppliers to compete with lower cost imported product from these two countries.

The situation has been compounded in recent months as a result of the COVID-19 virus, which has led to a notable decrease in potato prices in major production centers, particularly the European Union. This reduction in prices has further contributed to an influx of EU frozen fries, particularly from Belgium and the Netherlands, and placed further pressure on the U.S. potato industry at an unprecedented and challenging time.

The NPC supports USTR imposing additional tariffs of 100 percent on imported EU frozen fries and believes such action would constitute an appropriate enforcement mechanism in the Large Civil Aircraft Dispute. It would also help address the surge into the U.S. of lower cost product from the EU and protect American jobs.

To enhance the efficacy of the U.S. response and ensure maximum impact, it is important that frozen fries from Belgium and the Netherlands are specifically included in the Section 301 tariff action. We strongly encourage that action in your final determination.

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 the first name "W." and last name "Quarles" clearly distinguishable.

W. Kam Quarles
Chief Executive Officer

Colorado Potato Administrative Committee
Idaho Potato Commission
Maine Potato Board
Potato Growers of Michigan, Inc.
Northern Plains Potato Growers Association
Oregon Potato Commission
Washington State Potato Commission
Wisconsin Potato and Vegetable Growers Association