

The Packer

Brazil Names Fresh Produce Items in New Tariff

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By Tom Karst

Targeting export prospects for fresh cherries, pears and plums, Brazil has raised the ante in its World Trade Organization cotton dispute by identifying U.S. commodities subject to retaliatory tariffs.

The tariffs, due to go into effect April 8, will raise the tariffs on all three fresh fruit items from 10% to 30%. The tariffs also will hit other U.S. food products, including processed potatoes, hazelnuts, walnuts and raisins. Brazil said it will listen to U.S. offers to negotiate a solution to the dispute before the tariffs will be applied.

Northwest pear shippers are finished with the Brazil market for the 2009 crop season, but industry leaders don't want to see that tariff in place, said Mark Powers, vice president of the Northwest Horticultural Council, Yakima, Wash.

"Brazil is our third- or fourth- largest export market, and 30% tariff won't help us out next fall," he said.

Brazilian officials said in a news release the new tariffs are consistent with the authorization received from the WTO Dispute Settlement Body.

The [list of more than 100 items](#) was approved by Brazil's Council of Ministers of the Chamber of External Trade would amount to retaliatory tariffs of \$591 million, according to a news release. The WTO authorized Brazil to take up to \$829 million in annual retaliation for the cotton case. The release said the remainder that is now unallocated to retaliatory tariffs — \$238 million — would be applied to intellectual property and services.

According to the news release, officials said they regretted having to announce the measures, but said after eight years of negotiation the country needed to implement the tariffs to safeguard the integrity of the dispute settlement system.

Brazil's level of tariff retaliation — the second highest in the history of the WTO — resulted from U.S. non compliance with rulings from WTO panels and its Appellate Body, which confirmed four times that the U.S. subsidies to cotton producers and exporters did not comply with global trade rules.

House Agriculture Committee Ranking Member Frank Lucas, R-Okla., said Brazil's actions jeopardize trade relations with the U.S.

"I join my colleagues in expressing disappointment that the Brazilians have decided to move in this direction," he said.

Lucas said changes to the cotton program in the 2008 farm bill address some of the concerns, and he said lawmakers haven't heard from Brazil what additional changes are necessary to comply with WTO rules.

One Washington lobbyist, speaking on background, said the 2008 farm bill included restrictions on planting fruits and vegetables on land that received program crop subsidies. That provision in the farm bill has caused trouble for the U.S. in the WTO case brought by Brazil, the lobbyist said.

In 2004, a WTO panel said U.S. regulations that prohibit planting of fruits and vegetables on land benefiting from program crop subsidies violate the trade body's rules.