

Petition P4-0019, filed on behalf of Florida longans producers.

Background:

On February 23, 2004, the *Federal Register* published notice that the Tropical Fruit Growers of South Florida representing Florida longan producers had filed a petition for Trade Adjustment Assistance (TAA).

The petitioners identified the commodity as fresh longans, a tree fruit native to Southeast Asia and related to lychees and rambutans.

The petition indicated that the marketing period impacted by imports was July 2003. The 5-year base period used for the purpose of a price comparison began July 1998.

Analysis:

In their petition, the Tropical Fruit Growers of South Florida claimed that increased imports of longans, specifically from Mexico and Taiwan, under Harmonized Tariff Schedule of the United States (HTS) number 2008.99.35 were the major influence affecting record-low grower prices received during the 2003 season. They reported an average grower price of \$1.24 per pound for 2003, compared with the previous five-year average of \$3.74 per pound.

To be eligible for TAA, the Administrator must determine that an increase in imports of articles like or directly competitive with the agricultural commodity contributed importantly to the decline in price. The TAA Final Rule (7 CFR part 1580) defines articles like or directly competitive to generally mean products falling under the same HTS number used to identify the agricultural commodity in the petition. A “like” product means substantially identical in inherent or intrinsic characteristics, and the term “directly competitive” means those articles which are substantially equivalent for commercial purposes, that is are adapted to the same uses and are essentially interchangeable therefore.

From the above, the Final Rule does not presume that prepared and preserved longans found in chapter 20 of the HTS (2008.99.35) are like or directly competitive with fresh longans found in chapter 8 of the HTS. Whenever petitioners claim that their agricultural commodity prices are adversely impacted by imports found in a different chapter in the HTS, the Administrator recommends that the petitioner request a public hearing to present evidence that the imports in question are like or directly competitive articles for the purposes of TAA. In this case, the Tropical Fruit Growers of Florida saw no need for a public hearing contending that imports of fresh longans were sufficient justification for petition certification. As a result, the Administrator considered only imports of fresh longans as relevant to the review and analysis.

The Bureau of the Census, U.S. Department of Commerce does not report separately import data for fresh longans. Therefore, imports are assumed to be found under the HTS number for all other fresh fruit not separately provided for in chapter 8 of the HTS.

The Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture, however, keeps records of import shipments entering various U.S. ports. Currently, only five countries (Bahamas, Bermuda, China, Haiti, and Jamaica) are allowed to ship fresh longans into the United States due to U.S. plant quarantine regulations. Based on APHIS' records, the United States did not import any fresh longans from 1998 to 2003.

While there are no officially reported statistics on production and price for the industry, interviews with packinghouses and county extension specialists revealed that 2003 was a bumper crop year for the growers.

Reason for denial of petition:

The key factor contributing to the decline in producer prices was the growth in U.S. production. Because increased imports did not contribute importantly to the decline in domestic producer prices, the petition was denied. Notice was published in the *Federal Register* on April 5, 2004.