

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 332-573

Global Economic Impact of Missing and Low Pesticide Maximum Residue Levels

Institution of investigation and Scheduling of Hearing

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of public hearing

SUMMARY: Following receipt of a request from the U.S. Trade Representative (USTR) on August 30, 2019, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. § 1332(g)), the U.S. International Trade Commission has instituted Investigation No. 332-573, *Global Economic Impact of Missing and Low Pesticide Maximum Residue Levels*, for the purpose of providing a report that examines the global economic impact of maximum residue level (MRL) policies.

DATES:

October 17, 2019:	Deadline for filing requests to appear at the public hearing
October 21, 2019:	Deadline for filing prehearing briefs and statements
October 29, 2019:	Public hearing
November 5, 2019:	Deadline for filing posthearing briefs
December 13, 2019:	Deadline for filing all other written submissions for volume 1
April 30, 2020:	Transmittal of volume 1 of Commission report to the USTR
June 5, 2020:	Deadline for filing all other written submissions for volume 2
October 31, 2020:	Transmittal of volume 2 of Commission report to the USTR (Delivered Monday, November 2, 2020)

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov/edis3-internal/app>.

FOR FURTHER INFORMATION CONTACT: Project Leader Sabina Neumann (volumes 1 and 2) (202-205-3000 or sabina.neumann@usitc.gov) or Deputy Project Leader (volume 1) Steven LeGrand (202-205-3094 or steven.legrand@usitc.gov) or Deputy Project Leader (volume 2) Justin Choe (202-205-3229 or justin.choe@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaghlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its website (<https://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2002.

BACKGROUND: As requested by the USTR, the Commission will conduct an investigation and prepare a report on the global economic impact of national maximum residue level (MRL) policies on plant protection products, with a focus on the impacts that low and missing standards have on agricultural trade. The USTR requested that the report include, to the extent practicable, information and analysis regarding the economic impact of pesticide MRLs on farmers in countries representing a range of income classifications (e.g., low income, lower middle income, upper middle income, etc.) as well as the United States. The letter further requested that, to the extent information is available, the report cover the years 2016-2019, or the latest three years that data are available, but may, where appropriate, examine longer-term trends.

More specifically, the USTR asked that the report include the following:

- (1) An overview of the role of plant protection products and their MRLs in relation to global production, international trade, and food safety for consumers. Describe the current and expected challenges to global agricultural production, including the impact of evolving pest and diseases pressures in differing regions and climates.
- (2) A broad description of the approaches taken in setting national and international MRLs for crops. Describe the risk-based approach to setting MRLs in the context of agricultural trade, including the guidelines and principles of the Codex Alimentarius. Describe the procedures in the Codex Alimentarius for setting pesticide MRLs, including the role of the FAO/WHO Joint Meeting on Pesticide Residues (JMPR) in conducting risk assessments. Compare this risk-based approach to a hazard-based approach. Describe U.S. efforts to advance the use of lower-risk pesticides globally.
- (3) A description of how MRLs for plant protection products are developed and administered in major markets for U.S. agricultural exports. Describe the specific regulations, processes, practices, and timelines in these major markets for establishing, modifying, and administering MRLs. Describe specific MRL enforcement practices and processes, including practices and procedures for addressing non-compliant imported plant products. Provide examples of how Codex MRLs are adopted into national legislation or regulation. Identify trade-facilitative practices and processes.
- (4) A description of challenges and concerns faced by exporting countries in meeting importing country pesticide MRLs, such as when MRLs are missing or low. Explain the reasons for missing and low MRLs.
- (5) Through case studies, describe the costs and effects of MRL compliance and non-compliance for producers in countries representing a range of income classifications, such as uncertainty in planting decisions, segregation of products, crop protection costs, yield implications, storage issues, product losses, and consequences of MRL violations. Include information on costs of adopting new plant protection products or those related to establishing, modifying, or testing for new or existing MRLs in export markets. To the extent possible, include effects on producers in countries with tropical climates where products are subject to high levels of pest and disease pressure.
- (6) A review of the economic literature that assesses both qualitatively and quantitatively how missing and low MRLs affect countries representing a range of income classifications, particularly low income countries, with regard to production, exports, farmer income, and prices.

- (7) Through case studies, describe the costs and effects of MRL compliance and non-compliance for U.S. producers, such as uncertainty in planting decisions, segregation of products, crop protection costs, yield implications, storage issues, product losses, and consequences of MRL violations. Include information on costs of adopting new plant protection products or those related to establishing, modifying, or testing for new or existing MRLs in export markets. To the extent possible, include effects on U.S. producers of specialty crops.
- (8) To the extent possible, quantitatively and qualitatively assess how missing and low MRLs affect production, exports, farmer income, and prices, both on the national level and, to the extent possible, for small and medium size farms.

The USTR asked that the Commission prepare its report in two volumes, with volume 1 covering bullets (1) - (6) above transmitted by April 30, 2020, and volume 2 covering bullets (7) – (8) transmitted by October 31, 2020 (delivered on Monday, November 2, 2020).

PUBLIC HEARING: The Commission will hold a public hearing in connection with this investigation at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on October 29, 2019. Persons wishing to appear at the public hearing should file a request to appear with the Secretary, no later than 5:15 p.m., October 17, 2019, in accordance with the requirements in the “Submissions” section below. All pre-hearing briefs and statements should be filed no later than 5:15 p.m., October 21, 2019; and all post-hearing briefs and statements responding to matters raised at the hearing should be filed no later than 5:15 p.m., November 5, 2019. In the event that, as of the close of business on October 17, 2019, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant should contact the Office of the Secretary at 202-205-2000 after October 17, 2019, for information concerning whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, the Commission invites interested parties to submit written statements concerning this investigation. All written submissions should be addressed to the Secretary, and should be received no later than 5:15 p.m., December 13, 2019 for matters to be covered by volume 1 of the Commission’s report, and June 3, 2020 for matters to be covered by volume 2 of the Commission’s report. All written submissions must conform with the provisions of section 201.8 of the Commission’s *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 of the Rules (as further explained in the Commission’s *Handbook on Filing Procedures*) requires that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. Eastern Time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information or “CBI”). Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202-205-1802).

CONFIDENTIAL BUSINESS INFORMATION (CBI): Any submissions that contain CBI must also conform to the requirements of section 201.6 of the *Commission’s Rules of Practice and Procedure* (19 C.F.R. 201.6). Section 201.6 of the Rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the “confidential” or “non-confidential” version, and that the CBI is clearly identified using brackets. The Commission will make all written submissions, except for those (or portions thereof) containing CBI, available for inspection by interested parties.

In his request letter, the USTR stated that his office intends to make the Commission's report available to the public in its entirety, and asked that the Commission not include any CBI in the report that it delivers to the USTR.

The Commission will not include any of the CBI submitted in the course of this investigation in the report it sends to the USTR. However, all information, including CBI, submitted in this investigation may be disclosed to and used (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission, including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any CBI in a manner that would reveal the operations of the firm supplying the information.

SUMMARIES OF WRITTEN SUBMISSIONS: The Commission intends to publish any summaries of written submissions filed by interested persons. Persons wishing to have a summary of their submission included in the report should include a summary with their written submission, titled "Public Summary," and should mark the summary as having been provided for that purpose. The summary may not exceed 500 words, should be in MSWord format or a format that can be easily converted to MSWord, and should not include any CBI. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will identify the name of the organization furnishing the summary and will include a link to the Commission's Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: September 23, 2019

POLITICAL AFFAIRS

AUG 30 2019



OFFICE OF THE SECRETARY
U.S. INT'L. TRADE COMMISSION

THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

DOCKET
NUMBER

3410

Office of the
Secretary
Int'l Trade Commission

The Honorable David S. Johanson
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Johanson:

I am writing today regarding the Office of the United States Trade Representative's ongoing efforts to address barriers to U.S. agricultural trade exports, specifically sanitary and phytosanitary (SPS) barriers. The Administration seeks to gain a greater understanding of existing and emerging challenges to the current international and country-specific frameworks for pesticide maximum residue levels (MRLs), particularly in major markets, and a better understanding of whether current frameworks provide adequate support for agricultural trade. Farmers worldwide are confronted with numerous challenges affecting their use of plant protection products, including missing and low MRLs, and are increasingly concerned about the lack of adherence to well-established scientific principles in MRL decision-making processes.

Therefore, under authority delegated by the President to the United States Trade Representative and pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), I request that the U.S. International Trade Commission conduct an investigation and prepare a report on the global economic impact of national MRL policies on plant protection products. The report should include, to the extent practicable, information and analysis regarding the economic impact of pesticide MRLs on farmers in countries representing a range of income classifications (e.g., low income, lower middle income, upper middle income, etc.) as well as the United States. To the extent information is available, the report should cover the years 2016-2019, or the latest 3 years for which data are available, but may, where appropriate examine longer-term trends. This report should include the following:

- (1) An overview of the role of plant protection products and their MRLs in relation to global production, international trade, and food safety for consumers. Describe the current and expected challenges to global agricultural production, including the impact of evolving pest and diseases pressures in differing regions and climates.

- (2) A broad description of the approaches taken in setting national and international MRLs for crops. Describe the risk-based approach to setting MRLs in the context of agricultural trade, including the guidelines and principles of the Codex Alimentarius. Describe the procedures in the Codex Alimentarius for setting pesticide MRLs, including the role of the FAO/WHO Joint Meeting on Pesticide Residues (JMPR) in conducting risk assessments. Compare this risk-based approach to a hazard-based approach. Describe U.S. efforts to advance the use of lower-risk pesticides globally.
- (3) A description of how MRLs for plant protection products are developed and administered in major markets for U.S. agricultural exports. Describe the specific regulations, processes, practices, and timelines in these major markets for establishing, modifying, and administering MRLs. Describe specific MRL enforcement practices and processes, including practices and procedures for addressing non-compliant imported plant products. Provide examples of how Codex MRLs are adopted into national legislation or regulation. Identify trade-facilitative practices and processes.
- (4) A description of challenges and concerns faced by exporting countries in meeting importing country pesticide MRLs, such as when MRLs are missing or low. Explain the reasons for missing and low MRLs.
- (5) Through case studies, describe the costs and effects of MRL compliance and non-compliance for producers in countries representing a range of income classifications, such as uncertainty in planting decisions, segregation of products, crop protection costs, yield implications, storage issues, product losses, and consequences of MRL violations. Include information on costs of adopting new plant protection products or those related to establishing, modifying, or testing for new or existing MRLs in export markets. To the extent possible, include effects on producers in countries with tropical climates where products are subject to high levels of pest and disease pressure.
- (6) A review of the economic literature that assesses both qualitatively and quantitatively how missing and low MRLs affect countries representing the range of income classifications, particularly low income countries, with regard to production, exports, farmer income, and prices.
- (7) Through case studies, describe the costs and effects of MRL compliance and non-compliance for U.S. producers, such as uncertainty in planting decisions, segregation of products, crop protection costs, yield implications, storage issues, product losses, and consequences of MRL violations. Include information on costs of adopting new plant protection products or those related to establishing, modifying, or testing for new or existing MRLs in export markets. To the extent possible, include effects on U.S. producers of specialty crops.
- (8) To the extent possible, quantitatively and qualitatively assess how missing and low MRLs affect production, exports, farmer income, and prices, both on the national level and, to the extent possible, for small and medium size farms.

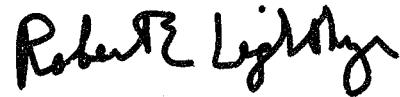
I request that the Commission prepare this report, “*Global economic impact of missing and low pesticide MRLs*”, in two volumes and deliver it according to the dates set forth below:

- Volume 1 by April 30, 2020 covering bullets (1) - (6) above, and
- Volume 2 by October 31, 2020 covering bullets (7) – (8).

It is my intent to make the Commission's report available to the public in its entirety. Therefore, the report should not include any business confidential information.

I appreciate the cooperation and attention of the Commission on this matter.

Sincerely yours,



Robert E. Lighthizer