

Flower Marketing Cooperative

A Strategy for Opening the Japanese Market to U.S. Cut Flower Exports

Coalition Against Agricultural Barriers to Trade
(CAABT)

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Scenario

In response to increasing competition in the domestic cut-flower market, the Flower Marketing Cooperative (SDPF) began exporting cut flowers to Japan in 1996. Just one year later, SDPF abruptly terminated its export program because numerous shipments had been delayed and damaged or completely destroyed by Japan's customs process for agricultural imports. SDPF simply could not continue to bear these losses.

For the purposes of this project, I assume the fictitious role of a consultant hired by the SDPF to develop a strategy for breaking down barriers to trade in cut flowers and other agricultural products.

SDPF grower members will need to endorse the strategy before it is implemented.

executive summary

TO: THE FLOWER MARKETING COOPERATIVE
FROM: HEATHER GRELL
SUBJECT: PROPOSAL FOR 1999 STRATEGY
DATE: MAY 5, 2000

This proposal lays out a strategy for prompting Japan to lower its sanitary phytosanitary (SPS) and other market access barriers to imports of cut flowers. Because the Flower Marketing Cooperative's (SDPF's) resources are limited, a Grassroots Coalition Strategy is recommended.

The strategy takes a two-track approach. It provides 1) commercial options for increasing the chances of successful entry into the Japanese market given Japan's current customs practices, and 2) a policy strategy for pressuring Japan to change its customs procedures and lower its agricultural trade barriers.

Track 1: Commercial Options. These options provide immediate actions that SDPF can take to overcome market access barriers in Japan. These options do not require any change in Japanese policy. They include:

- Utilizing the expertise of Japanese freight forwarders and distributors.
- Adopting and developing technology to meet Japanese SPS requirements.
- Using USDA Market Access Program funding to promote American cut flowers in Japan.
- Requesting USDA funding to establish a pilot pre-inspection program.

Track 2: Policy Strategy. The goal of the policy strategy is to pressure U.S. and foreign government officials to take action on behalf of cut-flower growers who wish to export to Japan. The strategy calls for building a Coalition Against Agricultural Barriers to Trade (CAABT) that will 1) build domestic and international awareness of how Japan's trade barriers affect all agricultural producers that export to Japan, and 2) request that local, state, national, and foreign government officials do their part in persuading Japan to reduce barriers to agricultural trade.

- Coalition Building - A three-tier coalition will be established at the local, national and international level to address Japanese agricultural trade barriers. The Coalition Against Agricultural Barriers to Trade (CAABT) will work in coordination with a national committee (the National Committee of Agricultural Associations

Against Barriers to Trade). An international coalition (the International Coalition Against Agricultural Barriers to Trade or ICAABT) will include American and international agricultural exporters and interest groups; it will create international awareness of Japan's discriminatory customs practices for agricultural products.

- Legislative Strategy - The legislative strategy is aimed at persuading local, state, national and foreign governments to participate in addressing agricultural trade barriers. In the first year, CAABT's legislative goal will be to form a congressional committee that will investigate agricultural barriers to trade and prompt the Administration to initiate bilateral negotiations with Japan on the cut-flower issue.

- Media Strategy - CAABT will use free and paid media instruments, such as letters to the editor, news reports and advertisements to increase awareness of how local U.S. communities benefit from U.S. agricultural exports to Japan and how Japanese trade barriers curtail those benefits. Media visibility will help build support for negotiations between Japan and the United States.

- Negotiation Strategy - CAABT can assist trade officials in planning for negotiations between the United States and Japan. Accordingly, the strategy sets forth objective criteria for the negotiation, as well as preferred outcomes and best alternatives to a negotiated agreement (BATNA). If bilateral negotiations fail, the recommended BATNA for CAABT is to request that USTR initiate dispute settlement proceedings in the World Trade Organization.

- International Strategy - ICAABT will utilize media and legislative tools in order to generate international awareness of Japan's agricultural trade barriers and put pressure on Japan to liberalize its agricultural import regime.

Background

MARKET INFORMATION

The World Market

The global cut-flower industry is changing. Although it was long dominated by the Netherlands, it is now a more international market, with countries such as South Korea, Colombia, Ecuador, Zambia, and Kenya all competing. There are currently twenty-six major floriculture-producing countries, fifteen of which account for 75.6 percent of global consumption. In 1997, total global cut-flower consumption was \$44.6 billion, and world cut-flower markets are expected to maintain current annual growth rates of six to nine percent.

Japan is now the world's largest cut-flower producer. The Netherlands and United States are respectively the second and third largest. These three countries account for more than half of worldwide wholesale value but represent only 20 percent of all cut-flower land in production. Emerging countries, such as

Ecuador and Kenya, have demonstrated efficient production capabilities for low-end, cheap flowers, while others, such as Australia and Colombia, have exploited their production experience and unique climates to gain entrance into niche markets around the world. In 1997, the leading consuming countries were the United States (\$14.6 billion), Germany (\$7.6 billion) and Japan (\$5.4 billion) (see Exhibit 5). The countries with the highest per capita cut-flower consumption include Switzerland, Norway, Austria and Germany (see Exhibits 2-5).

The United States

A. The Domestic Market

The United States is a net importer of floriculture products, particularly cut flowers and potted plants. In 1996, U.S. consumers spent \$8.2 billion on cut flowers, but U.S. domestic floriculture wholesale sales were just \$3.57 billion. In 1997, California, Florida, Michigan, Texas and Ohio accounted for 54 percent of total production, with California leading at \$746 million (plants and flowers).

Over the last ten years, U.S. flower growers have faced increasing domestic competition from foreign producers, and domestic prices have been stagnant. During parts of the year, U.S. flower growers are forced to leave crops in the field because domestic prices do not cover harvest costs. And the domestic market is expected only to get worse. In May 1998, Dole invested in the U.S. supermarket flower business by purchasing the largest U.S. flower marketer and the largest U.S. grower. These two Miami-based flower companies import directly from Mexico, Colombia and Ecuador on a daily basis, and Dole plans to invest heavily in promoting Dole brand recognition (see Exhibit 1). The acquisition will increase U.S. domestic competition and highlights the need for American cut-flower growers to target international markets.

B. Export Prospects

Before Latin American producers increased their production volumes and began to supply significant cut-flower shipments to the United States, U.S. producers faced little serious competition; they did not need to look beyond U.S. boundaries for alternative markets. Today, however, U.S. producers are unable to compete against imports of staple flowers (such as roses and carnations) from countries with large, cheap, labor forces. Instead, U.S. producers are beginning to focus production in harder to grow specialty flowers that flourish in U.S. microclimates like San Diego's.

U.S. producers are particularly interested in entering the Japanese market because Japanese consumers demand and pay a premium price for these specialty flowers. And American growers have certain advantages over others in the specialty flower market. In addition to having good microclimates, U.S. growers benefit from cheaper wages and freight to Asia than their European competitors. U.S. cut-flower producers also operate without subsidies and

preferential treatment, whereas Dutch production is highly subsidized and Colombian producers have enjoyed preferential access to the U.S. market.

The problem is that U.S. producers do not have effective access to Japan's market. While Japanese floriculture sales were \$5.4 billion in 1996, U.S. exports to Japan were just \$4.5 million—a miniscule portion of Japanese sales and less than ten percent of the United States' total cut-flower exports (see Exhibits 3, 4 and 5).

Australia, the Netherlands and Colombia have established in-country, pre-inspection procedures that facilitate inspection and delivery to Japan. The protocols allow exporters to reduce costs and increase shipment export volumes to Japan. However, cut-flower exports to Japan from these three countries total approximately \$66 million. The United States' exports to Japan of \$4.5 million do not justify the cost of a pre-shipment inspection program, which can reach \$45,000 per month.

C. Trade Policy

Imports

All imported floricultural products enter the United States duty free. The Plant Protection Quarantine (PPQ) staff of the Animal Plant and Health Inspection Service (APHIS) inspects plant and plant product imports to ensure that pests and diseases that could threaten U.S. production are not inadvertently imported. The United States' inspection of imported plants and plant products is transparent and based on sound scientific standards.

Exports

To aid American farmers and exporters in commodities trading, PPQ also inspects plants and plant-product exports. Many countries require APHIS to issue phytosanitary certificates for plant and plant-product exports to ensure the exports do not pose a threat to the import market's production.

Japan

Japanese cut-flower production and consumption have been stagnant over the last ten years. Increasing production costs, declining prices, and the success of mass marketers have forced Japanese growers to rethink production and marketing techniques. Since the Japanese recession began in 1993, cut-flower prices have dropped 30 percent, creating greater pressure on cut-flower growers than other floriculture sectors in Japan.

However, because higher subsidies are available for floriculture production, Japanese citrus and rice farmers are switching production to floriculture crops. Since 1994, the total Japanese land under flower production has increased by

403 acres. High subsidies on cut flowers motivate Japanese producers to continue production, despite low domestic returns. The high cost of production in Japan has led to retail prices higher than import prices. Less-expensive imports threaten Japan's subsidized production and create resentment and a refusal to address trade barrier concerns.

A. The Domestic Market

According to FloraCulture International, the Japanese flower and plant market is worth \$5.4 billion, and U.S. cut-flower imports represent less than one percent of this total. In 1996, total cut-flower imports to Japan were \$170 million or 3.1 percent of the entire Japanese cut-flower market.

Japanese consumers demand high quality flowers that are presented well—and this further increases Japan's already high flower prices. Flowers that sell for \$1.75 wholesale in a large bunch in the United States, sell for \$5 per bunch of ten stems in Japan. Japan's higher wholesale market prices are large enough to offset export costs, meaning that U.S. producers benefit from Japanese sales because Japan provides an outlet for flowers that might otherwise be left in the field.

Roses and carnations are sold in Japan, but the country has a large demand for specialty, high-end flowers. Japanese consumers are attracted to Asian-looking flowers such as the native Australian waxflower and protea—flowers that also grow well in microclimates found in California. Nonetheless, non-transparent, costly and lengthy customs procedures have made the Japanese market less attractive to U.S. exporters. A U.S. flower producer has estimated that Japan could become a \$40 million market for U.S. growers. However this will not happen unless Japan decreases its unfair barriers to trade in cut flowers.

B. Trade Policy

Custom Procedures

Despite sound scientific evidence that certain pests are cosmopolitan (common to both the United States and Japan), Japan continues to restrict imports of many U.S. fresh horticultural products that harbor these pests. Shipments of fresh horticultural products infested with live insects are subject to fumigation, regardless of whether the pests are cosmopolitan. And these fumigation practices, as well as the lengthy SPS inspection process itself, damage the quality of delicate fresh products once shipments arrive in Japan.

Standards and Testing

Japan falls well short of other countries' progress in improving customs clearance procedures. The United States and Japan continue to discuss the problem, but Japan's current SPS technologies and testing procedures are still not justifiable by scientific standards.

Australia

With a retail value estimated at \$350 million, Australian production represents less than one percent of global flower production.

Australian cut-flower producers export \$15-20 million annually, and 80 percent of this figure are native variety shipments to Japan.

Worldwide production of native Australian varieties is estimated at \$400 million wholesale. Production in Australia accounts for \$85 million of this total. While Australian production represents only 10 percent of global native and exotic protea, Australia produces an estimated 30 percent of all waxflowers in the world. Major export markets for Australian waxflowers and protea growers include Japan, the United States, Europe, Canada, Hong Kong, Italy, South East Asia and New Zealand.

Australia has succeeded in exporting to Japan by establishing extensive export and quarantine protocols with Japan. These protocols, which include pre-shipment inspection and other quarantine measures, have proven successful for large volume shipments. Australian producers have also invested heavily in technology that ensures that flowers experience minimum damage during shipment.

The Japan Cut Flower Importer's Association (JCIA) predicts that Japanese demand for Australian varieties will remain strong. The 1997 JCIA five-year forecast for Australian floriculture exports predicts increasing demand in several markets:

North	Asia	9.0%
South	Asia	15.0
Europe		6.0
North	America	8.0
Other	markets	10.0
Global Average 9.6		

RECENT U.S.-JAPAN WTO DISPUTE PANEL RULING ON JAPAN'S AGRICULTURAL IMPORT REQUIREMENTS

On November 18, 1997, a WTO panel was formed to hear U.S. complaints against Japan's varietal testing requirements for apples, cherries, nectarines and walnuts. The United States claims that these testing requirements are inconsistent with the WTO SPS Agreement, which requires that SPS measures be based on sound scientific principles and an explicit risk assessment. Japan requires that each variety for each commodity undergo separate testing for certain quarantine treatments. The panel ruled that Japan's varietal testing and quarantine requirements 1) ignore scientific evidence that demonstrates the efficiency of existing international quarantine treatments for a commodity, and 2) result in serious market access delays for exports.

9.1 *In light of the findings, we reach the conclusion that Japan*

(i) by maintaining the varietal testing requirement in dispute with respect to

apples, cherries, nectarines and walnuts, acts inconsistently with its obligation under Article 2.2 of the SPS Agreement not to maintain phytosanitary measures "without sufficient scientific evidence, except as provided for in paragraph 7 of Article 5"; and

i. by maintaining the varietal testing requirement in dispute with respect to apples, cherries, nectarines and walnuts, acts inconsistently with its obligation in Article 5.6 of the SPS Agreement to "ensure that [its phytosanitary] measures are not more trade-restrictive than required to achieve [Japan's] appropriate level of phytosanitary protection, taking into account technical and economic feasibility";

iii. by not having published the varietal testing requirement in dispute with respect to any of the products at issue, acts inconsistently with its obligations under paragraph 1 of Annex B of the SPS Agreement and, for that reason, with its obligations contained in Article 7 of that Agreement.

1. *Since Article 3.8 of the DSU provides that "[i]n cases where there is an infringement of the obligations assumed under a covered agreement [including the SPS Agreement], the action is considered prima facie to constitute a case of nullification or impairment", we conclude that to the extent Japan has acted inconsistently with the SPS Agreement it has nullified or impaired the benefits accruing to the United States under the SPS Agreement.*
2. **We [the WTO panel] recommend that the Dispute Settlement Body request Japan to bring its measure in dispute into conformity with its obligations under the SPS Agreement.**

Japan has appealed the panel's ruling, and an appellate report is due sometime in 1999. Nonetheless, this ruling supports the cut-flower industry's claim that Japan maintains a non-transparent customs system that restricts trade flows of fresh produce. The panel's conclusions also state that Japan's SPS measures are not based on sound science and that Japan should update its SPS regulations to meet international practices.

1 Flower Export Council of Australia Inc., Industry Summary
(<http://www.iinet.net.au/~feca/industry.htm>).

2 Flower Export Council of Australia Inc., Industry Summary
(<http://www.iinet.net.au/~feca/industry.htm>).

3 World Floriculture By the Numbers. FloraCulture International. March 1997: 30-31.

4 Doyle Johnson, "Green Industry Grower Receipts To Exceed \$11 Billion," Agricultural Outlook, July 1997: 9-10.

5 U.S. Department of Agriculture, National Agricultural Statistics Service, Agricultural Statistics Board. April 1998. Floriculture Crops 1997 Summary Sp Cr 6-1 (4-98). Washington, D.C.: U.S. Government

6 Kravetz, Stacy. (1998, July 6). King of Pineapples Tiptoes to Tulips for Faster Growth. Wall Street Journal: A17.

7 UN Trade Statistics.
<http://untrade.fas.usda.gov/appscripts/untrade/unreport.exe>); "World Floriculture By the Numbers," FloraCulture International, March 1997: 30-31.

8 U.S. Department of Agriculture, Foreign Agriculture Service. U.S. Government. July 1998.

9 Japan's Growers Look to the Future. FloraCulture International. April 1997: 14-21.

10 UN Trade Statistics.
<http://untrade.fas.usda.gov/appscripts/untrade/unreport.exe>

11 United States Trade Representative. 1998. 1998 National Trade Estimate Report on Foreign Trade Barriers. 193-243. Washington, D.C.: U.S. Government.

12 United States Trade Representative. 1998. 1998 National Trade Estimate Report on Foreign Trade Barriers. 193-243. Washington, D.C.: U.S. Government.

13 Flower Export Council of Australia Inc., Industry Summary,
<http://www.iinet.net.au/~feca/industry.htm>

14Japan's Growers Look to the Future. FloraCulture International. April 1997: 14-21.

World Floriculture By the Numbers. FloraCulture International. March 1997: 30-31.

15United States Trade Representative. 1998. 1998 National Trade Estimate Report on Foreign Trade Barriers. 193-243. Washington, D.C.: U.S. Government.

16World Trade Organization. Japan – Measures Affecting Agricultural Products Report of the Panel (WT/DS76/R 27 October 1998)

17World Trade Organization. Japan – Measures Affecting Agricultural Products Report of the Panel (WT/DS76/R 27 October 1998)

SDF's Attempts to Export to Japan

The Flower Marketing Cooperative (SDPF) was founded in Carlsbad, California in 1982 and is the only cut-flower grower cooperative in California. It currently has 47 grower members and is modeled after a Dutch auction house that makes flowers available each morning to local retailers/wholesalers before other commercial buyers. Minimum bids per flower are set before the open bidding process begins. Growers use the auction as a clearinghouse for excess flowers that have not found a commercial market.

The SDPF does not maintain an exclusive agreement with growers; members are free to sell their flowers outside the cooperative. SDPF growers sell more than 200 different flower varieties, with annual sales of approximately \$3.3 million. SDPF sells ninety percent of its flowers within the state of California. The remaining ten percent are sold elsewhere in the United States.

SDPF members began to consider exporting to Japan when increased domestic competition reduced its domestic market share and forced prices down. Because it had little export experience, it worked with Florimex, a multinational, fresh-floriculture wholesale company.

Because of the popularity of native Australian varieties in Japan, Florimex approached SDPF about exporting waxflowers and protea, varieties that are well suited to San Diego's microclimate. In November 1996, SDPF attempted its first export to Japan. SDPF shipped waxflowers and protea, as well as pincushions and birds of paradise. Australian producers had been searching for off-season production to maintain demand in Japan for these varieties. Moreover, Japanese retailers had been searching for guaranteed supply and were pleased to work with U.S. growers.

During 1996, SDPF exported nine weekly shipments to Japan. However, when these shipments failed to move through customs in a timely manner, their shelf-

life and quality were dramatically reduced. Indeed, even after SDPF established an alliance with Federal Express (which reduced shipment times from seven to five days), shipments were still delayed long enough that their quality degraded as Japanese freight forwarders were moved ahead of SDPF's shippers. Moreover, because pests were detected, Japanese customs officials required entire shipments to be treated with methyl bromide, which further damaged product quality. Each SDPF shipment incurred heavy losses.

SDPF decided to continue their export efforts a second year because the shipments yielded a reasonable return even after deductions for losses and Japanese retailers were enthusiastic to receive the flowers. But when Japanese customs officials destroyed the entire first two 1997 shipments because they did not meet Japan's stringent SPS requirements, SDPF decided to cease exporting completely.

SDPF did not lodge a complaint with either the United States or Japanese government. However, the California Farm Bureau in San Diego arranged for Chris Goldwaite of the Foreign Agricultural Service to meet local San Diego producers concerning their experiences exporting to Japan. Goldwaite determined that FAS should investigate how it could assist U.S. plant and flower exporters.

SDPF faced the following four market access obstacles in Japan:

- **Transparency:** Upon arrival in Japan, SDPF's shipments were subject to lengthy, non-transparent inspection and clearance delays. The Japanese government does not publish its rules and procedures for shipments of flowers from the United States.
- **Consistency:** Japan's SPS inspection rules changed so frequently that quarantine treatments seemed arbitrary.
- **Timeliness:** Japan's unclear quarantine procedures and its preferential treatment of Japanese freight forwarders resulted in protracted delays of SDPF's shipments.
- **Standards:** Under the WTO SPS Agreement, Japan is allowed to set its own SPS measures based on sound scientific standards. However, Japan's quarantine treatments are excessive and ignore actual pest risk to Japanese production.

Japan is renowned for its zero tolerance SPS policies—policies that apply despite the minimal risk some pests present to the Japanese agriculture industry. Japan also conducts discriminatory port of entry inspections. The result is costly delays that destroy product quality while shipments wait for clearance on the tarmac. The powerful Japanese Agricultural Lobby supports Japan's non-transparent customs procedures in order to restrict foreign product entry into the country.

Japanese customs' institutionalized preferential practices and the country's protected internal distribution channels further impeded SDPF from penetrating the Japanese market.

¹⁸Florimex was established in 1925 and has offices around the world. Florimex specializes in developing quality sourcing and coordinating international shipment logistics and delivery services for floriculture products, including cut flowers. Florimex maintains ties with cut-flower producers and retailers around the globe.

White Paper

The Japanese cut-flower market represents a potentially lucrative market for American cut-flower growers. However U.S. exporters have not succeeded in entering this market because of Japan's lengthy inspection processes and excessive and unjustifiable sanitary and phytosanitary (SPS) measures. Stringent Japanese agricultural inspection and customs policies make it extremely difficult to get delicate fresh products to market before their quality deteriorates.

During the last ten years, the U.S. domestic supply of cut flowers increased and prices stagnated as cheap Latin American imports flooded the market. Farmers have been forced to leave product in the field because market prices do not cover harvest costs. In order to survive, U.S. cut-flower growers have begun to explore niche export markets that command higher prices than domestic markets. One U.S. flower producer estimates that the Japanese market could represent a \$40 million market for the United States—if Japan brings its agricultural inspection and customs regime into compliance with World Trade Organization (WTO) agreements. U.S. cut-flower exports in 1996 were just \$47 million.

The Japanese consumer is attracted to "Asian" looking flowers, such as the waxflower and protea which are Australian native varieties. These varieties grow well in microclimates in Australia and California. A large bunch of these flowers sells for \$1.75 wholesale in the United States but a bunch of just ten stems goes for \$5 in Japan. The profit margin easily off-sets export costs if U.S. cut-flower exporters are allowed fair and transparent access to the Japanese market.

In 1997, Japan consumed a total of \$5.4 billion in cut flowers. Total world cut-flower imports to Japan were \$170 million or only 3.1 percent of the entire Japanese cut-flower market.

Under the WTO SPS Agreement, countries are allowed to set their own SPS measures based on sound scientific standards. Japan's agricultural import regime, however, is not based on sound scientific evidence, and its SPS

measures are excessive and non-transparent. Shipments of fresh horticultural products infested with live insects are subject to product damaging fumigation even when pests are cosmopolitan to Japan and, therefore, do not represent a serious threat to the country's agricultural industry. Moreover, Japan's discriminatory customs procedures result in unjustified delays in shipments—delays that are disastrous for limited shelf-life agricultural products. Japan's practices prevent U.S. exporters from providing the high quality flowers the Japanese market demands.

In response to lengthy and expensive Japanese varietal testing requirements, U.S. apple, cherry, nectarine and walnut exporters recently initiated a WTO dispute settlement proceeding. Rather than accepting and applying the results for one fruit variety to all varieties, the Japanese require every variety to undergo separate SPS testing.

In October 1998, the WTO dispute panel ruled against Japan. The panel concluded that Japan was violating several principles of the SPS Agreement, including the transparency principle. It also found that Japan's SPS measures were not based on sufficient scientific evidence. The panel recommended that "Japan bring its measures into conformity with its obligations under the SPS Agreement."

This ruling sets a precedent that should aid U.S. cut-flower growers in opening Japanese markets. However, the panel ruling will not open the Japanese market by itself. The long-term answer to the cut-flower situation is government involvement. Without government participation, it is unlikely that Japan will lower its barriers to cut-flower imports in a timely manner—if at all. The United States government needs to engage Japan in bilateral negotiations to address barriers to cut-flower trade and to develop options for resolving the disputed barriers.

There is no question that American producers are well equipped to compete in Asian and global cut-flower markets. American producers are better equipped to compete in Japan than are European producers. American growers pay cheaper wages and freight costs to Asia than European producers. They also benefit from microclimates that are well suited to production of various non-mainstream flower varieties that are in great demand in Asian markets.

Given that the global cut-flower market is expected to continue to grow at a rate of six to nine percent per year, American producers could well succeed in significantly expanding their businesses in the coming years. American flower producers will only continue to struggle to get by, however, if lucrative markets like the Japanese market are inaccessible due to unfair trade barriers.

Flower Marketing Cooperative Comprehensive Strategy for the Japanese Cut-Flower Market

The objective of the following strategy is to overcome, if not remove, market access barriers to American cut-flower exports to Japan. The strategy takes a

two-track approach, addressing both commercial and policy solutions. The commercial strategy is designed to develop options for increasing the chances of successful entry into the Japanese market given Japan's current customs practices. The policy strategy is designed to pressure Japan to lower its agricultural trade barriers.

Establishment of an international problem-solving coalition will be key to the success of the policy strategy. However, the strategy focuses on building support from the ground up. Support from domestic agricultural communities will help persuade the U.S. Department of Agriculture (USDA) and the U.S. Trade Representative (USTR) to act on behalf of American growers.

A positive uniform message will be developed to encourage cooperation instead of alienation of Japanese interest groups.

Track 1 – Commercial Solutions

The following commercial solutions involve actions that can be taken immediately to help cut-flower growers gain access to the Japanese market in spite of Japan's market access barriers.

1. Identify and utilize the expertise of Japanese freight forwarders/distributors.
2. Present the cut-flower issue to the Horticultural and Tropical Products Division of USDA's Foreign Agricultural Service (FAS) and propose a pilot technical assistance or on-site pre-inspection program funded by USDA to assist U.S. cut-flower exporters in overcoming Japanese barriers. This pilot program might include a *Mutual Recognition Testing Program*, in which Japan would agree to recognize inspections conducted by U.S. officials that are based on Japanese SPS standards. Although the United States deems these standards arbitrary and unjustified, such a program would reduce the cost of employing a Japanese inspector to conduct pre-inspections.
3. Solicit USDA funding to adapt Australian technologies to U.S. needs. Establishing cooperative relations between U.S. and Australian growers can also help in carrying out the longer-term policy strategy for pushing Japan to reduce its market access barriers.
4. Solicit USDA Marketing Access Program (MAP) funding to promote U.S. cut flowers in international markets. SDPF growers can use these funds to generate greater Japanese demand.

These commercial solutions will not guarantee long-term market access because the Japanese will create different barriers to prevent the importation of flowers. However, these solutions may help U.S. exporters gain temporary access to the Japanese market, and as Japan erects new barriers, these continued attempts at exporting will help make the case that Japan obstructs cut-flower imports. The

attempts will also help exporters gain additional experience in Japan and help establish a market presence for American cut flowers in Japan.

Track 2 – Policy Strategy

The goal of the policy strategy is to persuade U.S. and foreign governments to advance the cut-flower issue with Japan. However, multiple sub-strategies should be implemented simultaneously to push Japan toward changing its agricultural inspection and customs procedures. Brief explanations of the sub-strategies are listed below. Each is explained in further detail beginning on page 23.

1. Coalition Building - Coalition Against Agricultural Barriers to Trade (CAABT)

Coalitions can create support among American and international cut-flower and non-cut-flower agricultural producers, as well as Japanese interest groups. Three different coalitions will be established.

- a. *CAABT* will focus strictly on Japanese market access for American cut flowers.
- b. *The National Committee of Agricultural Associations Against Barriers to Trade* will serve as a coordinating committee to advance the interests of all American agricultural exporters.
- c. *The International Coalition Against Agricultural Barriers to Trade (ICAABT)* will work with international cut-flower and other commodity groups.

2. Legislative Strategy

The legislative strategy will target local, state and national governments to generate a strong and broad support base. In the first year, CAABT will work with the National Committee to lobby for the formation of a congressional committee to investigate agricultural barriers to trade.

3. Media Strategy

CAABT will use free and paid media instruments, such as letters to the editor, news reports, and advertisements to publicize the difficulties in entering protected markets. Information on the effect

of closed markets on local jobs, economies and communities will also be disseminated.

4. Negotiation Strategy

CAABT's negotiation strategy identifies the interests and objectives of all who hold a stake in opening Japan's agricultural markets. It also outlines approaches U.S. negotiators can take in discussing market liberalizations with the Japanese.

1. International Strategy

ICAABT will use international and foreign domestic media outlets to focus attention on Japan's agricultural trade barriers. ICAABT will also raise its concerns with appropriate foreign government officials.

Coalition Building

The SDPF is a small entity with limited resources. By building both domestic and international coalitions with members from all agricultural sectors, SDPF will increase its chances of persuading the United State Department of Agriculture (USDA) and the United State Trade Representative (USTR) to take action against Japan's agricultural import barriers. The international coalition will also help spur other governments to push Japan towards liberalizing its agricultural import regime.

The Coalition Against Agricultural Barriers to Trade (CAABT) will serve as the foundation of a three-tier coalition. Separate yet similar domestic and international campaigns will guarantee a strong and focused effort at each tier. Membership in one tier will not imply membership in the other two, however some overlap in membership is expected.

Coalition Against Agricultural Barriers to Trade (CAABT)

CAABT will focus on addressing Japanese barriers to trade in cut-flowers. National recruitment efforts will target floricultural growers and associations across the country.

CAABT will work with domestic cut-flower and related floricultural growers and associations to increase the visibility of the cut-flower industry within the United States. A member-elected board of directors will head CAABT's efforts. During the initial organizational period, member meetings will be held to report on the progress of CAABT, as well as to mobilize members on the various tasks identified in the media, legislative and international strategies.

The following groups will be targeted as potential members and supporters of CAABT's Japanese initiative.

- ***Floriculture Groups***

Many floriculture growers may be hesitant to join CAABT because they have not considered exporting and may not see how CAABT's activities will help them. Accordingly, CAABT's recruitment efforts will need to be carefully orchestrated.

1. CAABT should first work with growers from the states that produce large quantities of flowers (see Exhibit 14) since these growers are most likely to be sympathetic to CAABT's cause.
2. Next, CAABT should send a recruitment letter (Exhibit 6) to all other U.S. floriculture growers. This packet will include membership information and a membership application.
3. Recruitment efforts should also target floriculture associations, such as the California Cut Flower Commission and the Society of Horticulturists. These groups bring experience and membership that will be useful in mobilizing the cut-flower industry.

- ***Government Agencies***

1. Government agencies should not be members of CAABT, however, strong government support will be crucial to the long-term success of CAABT's efforts. Accordingly, CAABT will keep USDA and USTR informed of its campaign activities and request that the two agencies take action to open Japan's protected markets. (Exhibit 8 provides a sample letter to USDA and USTR.)
2. Support from individual state departments of agriculture and governors will also be sought since these state offices can help introduce the issue at the national level.

- ***Other Groups***

1. CAABT will explore the possibility of recruiting larger companies to its cause. Companies with identifiable brand recognition (e.g. Dole) would insert household names into the issue, thereby increasing both national and international concern for CAABT's cause.
2. Florimex will be recruited as a CAABT member. Florimex can provide buyer contacts and assist the SDPF and CAABT in expanding exports to the Japanese and other international cut-flower markets.

The National Committee of Agricultural Associations Against Barriers to Trade

This Committee will coordinate the lobbying efforts of all American agricultural producers that export to Japan. The Committee will work primarily with these associations' Washington D.C. staffs to press Congress, USDA and USTR to

make Japan's agricultural trade barriers a priority on the U.S. agricultural agenda. The sample recruitment letter provided in Exhibit 7 targets agricultural associations and interest groups that face the same Japanese trade barriers that cut-flower exporters face. CAABT members can use their membership in national associations to pressure the associations to work with CAABT or at least endorse its efforts.

The International Coalition Against Agricultural Barriers to Trade (ICAABT)

ICAABT will strengthen CAABT's U.S. campaign by bring international attention to Japan's agricultural import barriers. ICAABT will spread the message that all foreign companies, not just American companies, face discriminatory barriers to agricultural trade in Japan. This coalition will focus on opening the Japanese agricultural market for all countries and products. This coalition will build on the efforts of CAABT and the National Committee, but will not be involved in the U.S. domestic campaign.

Legislative Strategy

The legislative strategy is designed to build state and national government support for addressing the U.S.-Japan cut-flower issue. Support from key legislators will help move this issue from the local/state level to the national level. The following actions build on each other.

1. *Building Bipartisan, Multi-State Legislative Support.* Such support will help make Japan's agricultural trade barriers not just a California concern but also a national one. California state legislators and congressional representatives sympathetic to agriculture, free trade and small business issues are listed in Exhibits 12 and 13. Exhibit 14 shows cut-flower production in each state. Legislators from the lead producers will be targeted first.

- Key California Delegates
 - U.S. Senator Barbara Boxer [D-CA]
 - U.S. House Representatives
 - Representative Sam Farr [D] - Monterey
 - Representative Randy "Duke" Cunningham [R] - Carlsbad
 - State Assembly
 - Assemblyman Howard Kaloogian [R] - Carlsbad

- Assemblyman Fred Keeley [D] - Monterey
 - State Senate
 - Senator William Craven [R] - Carlsbad
 - Senator Bruce McPherson [R] - Monterey
- CAABT should request that one of California's congressional representatives become an advocate for cut flowers. Such an advocate or spokesman will give CAABT an inside path to congressional members who can help place the cut-flower issue on the U.S. agricultural agenda.
- CAABT should also organize a congressional "Dear Colleague" letter campaign (see Exhibit 10) and encourage members of Congress to send letters to the White House, USTR, and USDA.
- 2. *Meeting with Legislators.* CAABT members and families will meet with congressional and state elected officials to drive home the far-reaching impact these barriers have on family farms, jobs and the overall economic situation in members' district. Members will be given a fact sheet that lays out the economic importance of agriculture (and cut flowers) in the member's district (see Exhibit 9). These meetings will help CAABT members identify what is needed to gain the support of their legislators.
- 3. *Creating an Image for Cut-Flower Growers.* An image of the plight of cut-flower growers can go a long way toward consolidating support for tackling the Japan problem. This image could be created at a Washington D.C., "Capitol Day" event, which would include:
 - A joint-press conference with elected officials and growers on the front steps of Capitol.
 - Meetings with each member of Congress, at which a fresh flower and a legislative information kit will be distributed. When the Congressmen see the flower they will be reminded of "the plight of cut-flower growers."
- 4. *Establishing a Congressional Caucus on Agricultural Barriers to Trade.* The caucus would serve as a voice for cut-flower and other commodity growers. Caucus members would introduce legislation, make speeches and help create appropriate agricultural trade policy. The caucus would also advance the establishment of a sub-committee on foreign agricultural trade barriers (see below).

5. *Establishing a Congressional Sub-Committee on Foreign Agricultural Trade Barriers.* The sub-committee could be established within the House Committee on International Economic Policy and Trade or the Senate Committee on International Economic Policy and Trade. Its mandate would be to investigate and pass resolutions on agricultural barriers to trade. The mere act of attempting to establish such a committee would involve testimony from agricultural producers and exporters that can be used to bring media attention to Japan's trade barriers (see Exhibit 11 for sample testimony). Sub-committee resolutions would send a clear and direct message to the Japanese government that import barriers to cut flowers will have to be addressed. (See Exhibit 16 for a sample press release announcing the sub-committee.)

6. *Forming a Political Action Committee (PAC).* A PAC will help CAABT gain effective access to elected officials. This is an option that should be explored at a later date, after other strategies have been pursued.

Media Strategy

CAABT should focus first on gaining local media attention that will help generate strong support from local communities. We want local elected officials to promote agricultural exports for rural communities and jobs. The message conveyed should be: **"Exporting is good for local business and agriculture. Without international markets, the local business community is hurt."** Editorials, speeches, and debates covered in the press can all help increase the visibility of agricultural export issues.

Paid advertisements are expensive and should be considered only after free media options have been exhausted. Free media is generally effective in getting out an organization's message. However, paid advertisements are sometimes better at targeting specific audiences.

The first step in the media strategy is to issue a press release announcing the formation of CAABT (see Exhibit 15). Sample question and answers (see Exhibit 17) will be developed as well.

Local Media

1. *Letters to the editor, editorials and news reporting.* These free media pieces should be used to help initiate local debates on the cut-flower issue in California and Florida. Print media, as well as television and radio should be targeted. Media coverage of interviews and public debates will help get the word out to a wide audience and can highlight the message that agriculture has a large impact on local communities, economies and jobs. (See Exhibit 18 for a sample letter to the editor that is designed to appeal to local and state readers.)

Free

- Reporting on local radio and television channels (ex: KFMB, KNSD, KPBS) will help create local awareness.
- Further attention can be gleaned from public debate among growers, foreign interests and elected officials on the pros and cons of forcing Japan to comply with WTO SPS standards.

Paid

- Radio and television advertisements might use a congressional or local grower spokesperson.
- 2. *Feature Stories*. Stories in agricultural association magazines and newsletters can explain how barriers to trade impact individual growers.
- 3. *Monthly Newsletter*. CAABT will publish a newsletter to update members on its progress. The newsletter will keep interest groups and the media up to date on CAABT's activities.

State Media

1. Media coverage of regional meetings will help elevate the issue beyond the local level. Voters need to see that agricultural trade barriers affect entire agricultural regions, not just individual growers or growing localities. State decision-makers need to hear that their constituents are concerned about global agricultural trade policy.

Free

- Radio, television and print press coverage of debates among growers, foreign interests and elected officials. These spots should include first hand accounts of growers' export experiences.
- Letters to the editor from state agricultural leaders.
- Radio interviews with state agricultural leaders.
- Editorial board meetings to explain the impact of Japan's trade barriers on the cut-flower and other agricultural sectors.

Paid

- Radio and television advertisements using a congressional representative or local grower as spokesperson.
- Paid newspaper advertisements in large circulation newspapers such as the Sacramento Bee.

National Media

1. CAABT should hold a press conference on the steps of the Capitol Building to announce its plans for pushing Japan toward trade liberalization.

Free

- Place stories in newspapers with national distribution to improve visibility.
- Meet with newspaper editorial boards of nationally distributed newspapers (Los Angeles Times, San Francisco Chronicle, New York Times and Washington Post). The issue must be broadly framed to include all agriculture, not solely cut flowers.

Paid

- Washington Post Op-ed page advertisement.
 - National network television advertisement campaign.
2. Attend and participate in National Agricultural Conferences including those sponsored by the Produce Marketing Association (PMA) and the National Association of State Departments of Agriculture (NASDA). Press kits should be made available at these conferences and CAABT members should be scheduled for media interviews at these meetings (including interviews with association newsletter staff).
 3. The following media strategies could help raise awareness of the plight of cut-flower producers, as well as to foster sympathy for them.
 - Rotten produce could be laid on the steps of the Capitol building in conjunction with a press conference or Capitol Day.
 - Farm families could hold a demonstration in Washington D.C.

- A press conference could be held in a field of dead produce—produce that was left to rot because export markets were closed.

Web Page

The Internet provides an inexpensive method to distribute mass amounts of information to interested parties. Without a web page, CAABT will miss opportunities to inform and educate the public on the negative impact of trade barriers to the economy.

1. Create a web page that includes:
 - Issue papers
 - Press releases
 - Articles
 - Testimony
 - Speeches
 - List of members and board of directors
 - Coalition contact information
 - The history of CAABT
 - Economic data on agriculture
 - Links to important web sites
 - Congressional links so visitors can easily send email to their congressional representatives
 - Membership information and application

Negotiation Strategy

The negotiating strategy developed in the following pages examines U.S. and Japanese preferred outcomes, options, tactics and best alternatives to a negotiated agreement (BATNA). CAABT should use this information to prepare for interaction with Japanese and other international agricultural groups and stakeholders. Careful analysis of the information will also help CAABT anticipate support and opposition from potential coalition members, government officials and foreign interests.

CAABT would also benefit from role-playing. By imagining themselves to be Japanese cut-flower growers, CAABT members will gain a greater understanding

of how these growers will react if approached by U.S. growers who want to reform Japan's SPS and market access regulations.

The analysis of negotiating styles (page 37) will help in preparing for both bilateral negotiations and interaction between U.S. and Japanese interest groups.

U.S. STRATEGY

Problem

The Flower Marketing Cooperative (SDPF) has not been successful in exporting cut-flowers to Japan. Indeed, the majority of SDPF cut-flower shipments faced destruction and/or perished at the port of entry because of:

- Japan's erratic and inconsistent application of its customs rules;
- The preferential treatment Japanese customs agents give to Japanese freight forwarding companies;
- Exporters' inability to gain effective access to Japanese distribution channels; and
- Japan's excessive and non-transparent SPS standards.

Preferred Outcome

SDPF's preferred outcome is to see Japan establish transparent, non-discriminatory and justifiable market access and SPS standards based on internationally accepted practices. Changes in Japanese SPS and market access rules combined with serious enforcement would be accepted by CAABT.

Allies

CAABT can strengthen its negotiating position by building a broad coalition of supporters including domestic and international cut-flower growers and other agricultural commodity producers. All agricultural exporters face non-transparent and unjustifiable SPS rules in Japan.

Negotiation Tactics

CAABT and USTR should acknowledge Japan's right to set its own SPS standards but also explain that the United States is prepared to request WTO dispute settlement review of the issue if bilateral negotiations do not resolve the issue in a timely manner. Past bilateral experiences with Japan on agricultural market access issues has not been satisfactory. So far, Japan does not seem serious about bringing its SPS standards and distribution practices in line with internationally accepted practices.

Objective Criteria

- Scientific research concerning SPS risks and quarantine procedures.
- Market access limitations – distribution.
- APHIS scientific research and publications.
- The recent U.S.-Japan WTO dispute panel ruling on varieties.

BATNA

Initiate WTO dispute settlement procedures.

JAPANESE STRATEGY

Problem

The United States Trade Representative alleges that Japan discriminates against American cut-flower exporters by forcing them to comply with excessive, non-transparent SPS standards.

In Japan's view, it has been cornered and "picked" on over its SPS measures. Most recently, a WTO dispute panel ruled against Japan's varietal testing requirements.

Preferred Outcome

Drag out the negotiations to allow time for inevitable market reforms. Protect Japan's agricultural sector as long as possible.

Allies

U.S., Australian, Dutch and other growers who have successfully exported cut flowers to Japan.

Basic Arguments

- Japanese regulations comply with WTO and other international trade standards. Under the WTO, countries are allowed to establish their own SPS standards.
- Distribution channels, clearance procedures, and SPS measures are the same for all fresh produce imports, including cut flowers.
- Island nation.

Negotiation Tactics

- Present scientific basis for Japanese SPS rules.
- Provide examples of successful importers to demonstrate that foreigners do have access to Japanese agricultural markets.
- Enter bilateral negotiations in good faith to prove that Japan is concerned with SPS issues and wants to maintain good relations with the United States.
- Stonewall until the United States accepts a small Japanese concession.

BATNA

Do nothing. Wait for the WTO appellate panel ruling on varietal testing on apples to be heard.

If bilateral consultations fail:

- Japan should consider the prospects of losing another WTO dispute panel.
- Continue bilateral efforts, even if the United States initiates a WTO dispute resolution case.

U.S. Response to Japanese Stonewalling

U.S. and Japanese goals and tactics for the bilateral negotiation are distinctly different. The U.S. negotiating strategy will address anticipated Japanese stalling tactics. U.S. negotiators should immediately notify the Japanese that stonewalling will not deter the United States from pursuing a WTO case.

In identifying the Japanese stalling maneuvers, the United States must curb aggressive American tendencies and use Japanese communication styles to make its point. The Japanese culture depends on implicit communication and consensus, thus the United States must notify Japan in a non-confrontational manner that it will not play games. By doing so, the United States can advance its interests, while not cutting off bilateral engagement with the Japanese.

Negotiation Styles

American and Japanese negotiators have significantly different negotiation and problem solving styles. The following chart provides insight into the differences between the two, as well as the difficulties presented by the differences.

Key Points of Conflict Between U.S. and Japanese		
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Negotiation Styles		
<p>Category</p> <p>Basic cultural values</p>	<p>American</p> <ul style="list-style-type: none"> • Competition • Individual decision-making and action • Horizontal business relations • Independence 	<p>Japanese</p> <ul style="list-style-type: none"> • Cooperation • Group decision-Making and action • Vertical business relations • Interdependence
<p>Negotiation Process</p> <p>1. Non-task sounding</p> <p>2. Task-related exchange of information</p> <p>3. Persuasion</p> <p>4. Concessions and agreements</p>	<ul style="list-style-type: none"> • Short • Informal • "Fair" first offers • Full authority "cards on the table" • Explicit communication • Aggressive, persuasive tactics (threats, promises, arguments and logic) "you need this" • Sequential • Goal = good deal 	<ul style="list-style-type: none"> • Long • Expensive • Formal • "Banana sale" first offers include room to maneuver • Limited authority • Implicit communication • Consensus and use of an intermediary— involves explanation of position • Holistic • Goal = long-term relationship

Graham, John L. and Yoshiro Sano. *Smart Bargaining, Doing Business with the Japanese*. Cambridge, MA: Ballinger Publishing Company. 1984. 29.

Interest Analysis Flower Marketing Cooperative/CAABT

Flower Marketing Cooperative/CAABT

People	Interests	Options	Objective Criteria	BATNA
<p>Flower Marketing Cooperative</p>	<p>Export & deliver quality cut flowers to Japan.</p> <p>Lower shipment costs and losses.</p> <p>Expand market</p> <p>Raise profits</p> <p>Market/distribution access.</p>	<p>Fulfill Japanese SPS zero tolerance levels.</p> <p>Persuade Japan to lower its tolerance level to a reasonable level.</p> <p>Approach USDA to investigate issues with Japan.</p> <p>Stop cut-flower shipments to Japan.</p> <p>Pre-shipment inspection by Japanese – USDA pilot project to absorb part of the export costs.</p>	<p>Rules cannot be changed.</p> <p>Research risk of pests to prove pests are non-threatening to Japanese flower industry.</p> <p>Establish pre-inspection program used by the orange industry for exports to Japan.</p> <p>Document unsuccessful</p>	<p>WTO Dispute Panel</p> <p>Pressure Japanese to approve a post-harvest alternative to methyl bromide.</p> <p>Alternative to</p>

	<p>Alternative to methyl bromide (MB) as pest extermination tool.</p> <p>Cosmopolitan bug declared as non-threatening to Japan. MB spraying unnecessary.</p>	<p>Identify a Japanese freight forwarder and wholesaler.</p> <p>New post-harvest research on cost- and pest-effective alternatives to methyl bromide.</p> <p>Pre-shipment inspection by Japanese.</p> <p>USDA/EPA approval of MB alternatives.</p> <p>Research cosmopolitan bug status.</p>	<p>delivery of product to customs due to complications created by Japanese distributors.</p> <p>Pest extermination rates, cost and effect on flowers.</p> <p>Cost and success of pre-shipment inspection.</p> <p>Codex definition of cosmopolitan bugs.</p> <p>WTO SPS rules</p>	<p>MB.</p>
<p>Florimex Sydney Office</p>	<p>Piggyback supply with U.S. producers during Australian off-</p>	<p>Identify another producer outside the U.S. to supply</p>	<p>Japanese demand for Australian cut flowers.</p>	<p>Identify alternative supplier.</p>

	<p>season.</p> <p>Maintain year round supply. Generate year round demand.</p>	<p>flowers to Japan.</p> <p>Increase price during Australian growing/export season.</p>	<p>Cost to stockpile and effectiveness of doing so.</p> <p>Japanese consumer willing to pay a high price for flower? Demand = Cost?</p>	<p>Increase price of product during Australian growing/export season.</p>
<p>Florimex Japan Office</p>	<p>Off season - piggy back with U.S. supplier.</p> <p>Maintain year round supply. Generate year round demand.</p> <p>Assist SDPF in successful delivery of product to Japan.</p>	<p>Identify another producer outside the U.S. to supply flowers to Japan.</p> <p>Stop sales of these varieties in off-season.</p> <p>Increase price of product during Australian growing/export season.</p> <p>Identify self as Japanese entity.</p> <p>Identify a successful freight forwarder for SDPF.</p> <p>Aid SDPF in customs clearance.</p>	<p>Climate availability.</p> <p>Japanese consumer willing to pay a high price for flower? Demand = Cost?</p> <p>Freight forwarders success in getting products to Japan's market in a timely manner.</p> <p>.</p>	<p>Identify another supplier of the varieties.</p> <p>Increase price of product during Australian growing/export season.</p>

		<p>Work with USDA and SDPF to lower Japanese barriers to trade.</p> <p>Support U.S. effort to open trade with Japan through bilateral negotiations with MOFA.</p>		
Japanese Retailers	<p>Year round supply of wax flower and protea.</p>	<p>Source product from U.S.</p> <p>Pressure Japanese government to lower non-tariff barriers.</p> <p>Depend only on Australian supply.</p>	<p>Japanese demand for flowers.</p>	<p>Do nothing to assist U.S. shipments.</p>
USDA, Foreign Agricultural Service (FAS)	<p>Helping SDPF penetrate Japanese and other export markets.</p> <p>Opportunity to demonstrate</p>	<p>Assign division within FAS to investigate problem.</p> <p>Extended work on Japan's non-tariff barriers.</p>	<p>Number of ag sectors that gain access to the Japanese market</p>	<p>USDA participation in identifying market barriers.</p>

	<p>Japanese SPS regulations prohibit the entrance of U.S. agricultural products.</p> <p>Provide U.S. cut-flower industry opportunity to recover from preferential U.S. legislation provided to Colombian flower producers.</p> <p>Expand U.S. exports.</p>	<p>Push further liberalization of Japan's SPS standards.</p> <p>Bilateral negotiation with MOFA.</p> <p>Push USDA to take case to Japanese.</p> <p>Provide export assistance to SDPF (export credits, market support.)</p> <p>Develop FAS programs to address such issues.</p> <p>Have embassy ag office help cut-flower exporters.</p>	<p>U.S.-Japanese impasses on other ag disputes.</p> <p>U.S.-Japan resolutions that deal with SPS and non-tariff barrier issues.</p> <p>Success of USDA export programs that assist small exporters penetrate the Japanese market.</p> <p>Support of sector by Chris Goldwaite.</p> <p>1997 SPS WTO dispute panel ruling against Japan.</p>	<p>WTO Dispute Panel</p> <p>Provide export assistance to SDPF (export credits, market research).</p>
USTR	<p>Expand U.S. exports.</p> <p>Eliminate barriers to trade.</p>	<p>Bilateral negotiation with MOFA.</p> <p>WTO dspute</p>	<p>Document the presence of cosmopolitan pests in</p>	<p>WTO dispute settlement</p>

	<p>Liberalization according to WTO rules.</p>	<p>settlement.</p> <p>Letter to MITI outlining U.S. concerns.</p>	<p>Japan and the lack of market access.</p> <p>International SPS & market access standards.</p> <p>USTR 1997 SPS WTO dispute panel case against Japan.</p>	
<p>U.S. State Department</p>	<p>Maintain good relations with Japan.</p> <p>Expand U.S. trade.</p>	<p>Pressure Japanese to lower SPS standards & improve market access.</p> <p>Pressure USDA & USTR to take official action.</p>	<p>Changes in non-tariff barriers that keep U.S. products out of Japanese market and are prohibited under WTO rules.</p>	<p>Pressure USTR and USDA to take action against Japan.</p>
<p>California Department of Food & Agriculture (CDFA)</p>	<p>Promote California agricultural export interests.</p> <p>Maintain competitiveness of Californian cut-flower industry.</p>	<p>Push USDA to take SDPF case to the WTO.</p> <p>California trade policy office could take on case.</p> <p>Provide export assistance.</p>	<p>WTO SPS rules.</p> <p>SPS dispute panel rulings.</p> <p>State & fed government export programs.</p>	<p>WTO dispute settlement</p>

<p>Congressmen from CA & FL</p>	<p>Maintain cut-flower industry in district.</p> <p>Obtain other Federal assistance for industry.</p> <p>Relieve pressure on industry from cheap Colombian flowers.</p> <p>Jobs = Re-election Votes</p>	<p>Pressure USDA to provide assistance through export programs.</p> <p>Pressure USTR & USDA to enter bilateral negotiation with MOFA.</p> <p>Push for direct export assistance for SDPF and other cut-flower exporters.</p>	<p>Available federal export programs.</p> <p>WTO SPS and Market Access rules.</p> <p>WTO dispute panel rulings.</p> <p>Health of cut-flower industry.</p>	<p>Push for bilateral negotiation with MOFA.</p> <p>Push for WTO dispute settlement.</p>
<p>Japanese Cut- Flower Grower</p>	<p>Limit foreign competition in Japanese cut-flower industry.</p> <p>Protect dying Japanese agricultural industry and lifestyle. (If let one in, will have to let the rest.)</p> <p>Informally regulate the entrance of foreign produce. (Sons are customs officials,)</p>	<p>Bilateral negotiations with U.S. representatives.</p> <p>Pressure government to maintain SPS and non-tariff barriers for foreign competition.</p>	<p>Each country sets own SPS standards based on hard science.</p> <p>All ag imports to Japan face same regulations.</p>	<p>Wait out the process.</p>
<p>Japanese Ministry of Agriculture</p>	<p>Maintain zero tolerance SPS levels to prevent the entrance of</p>	<p>Do nothing.</p> <p>Stonewall U.S.</p>	<p>Each country sets own SPS standards</p>	<p>Wait out the process.</p>

<p>Japanese Ministry of Agriculture</p>	<p>foreign Agricultural products.</p> <p>Island nation stance.</p> <p>Protect Japanese flower growers.</p> <p>Protect entire agricultural industry from international competition.</p> <p>Cannot give-up ground if want to maintain protection for all Japanese agricultural markets.</p>	<p>until,</p> <p>U.S. gives up on initial goal and allows for small Japanese concessions.</p> <p>Enter bilateral negotiations with the U.S. if requested.</p> <p>Concede only the minimum.</p> <p>If backed into corner will not make concessions— want to maintain protection for all Japanese agricultural markets.</p>	<p>based on hard science.</p> <p>All ag imports to Japan face same regulations.</p>	
<p>MITI, Japanese Trade Ministry</p>	<p>Maintain trade policy that blocks foreign imports.</p> <p>Maintain closed distribution structure.</p>	<p>Maintain traditional Japanese trade structure.</p> <p>Do not allow U.S. access to cut-flower market.</p> <p>Maintain closed Japanese</p>	<p>Each country sets own SPS standards based on hard science.</p>	<p>Do not offer concessions to U.S. Wear negotiators down without conceding to their demands.</p>

		market structure. Do not offer concessions to U.S. Wear negotiators down without conceding to their demands.		
Colombian Cut-Flower Importers	Provide low cost product to Japanese market. Establish protocol with Japan so can compete with Australia and U.S. in Japanese market.	Establish contacts that will facilitate trade flows with Japan. Push Japan to sign protocol for cut flowers before the U.S.	Stable long-term relationships to ensure trade relationship. Protocols signed by Japan with other countries.	Ad hoc exports to Japanese market.

International Strategy

U.S. growers and exporters are not the only ones who have been frustrated by their attempts to export to Japan. Japan's agricultural trade barriers affect everyone who tries to get product into the country. Accordingly, an international CAABT, referred to as ICAABT, should be formed to help spread CAABT's message in other countries. Japan should not be given the opportunity to say that the problem is "*yet another U.S. complaint.*"

Additionally, a U.S.-Japan coalition should be formed to include Japanese retailers in CAABT's effort—retailers who would benefit from selling more foreign flowers in Japan.

1. International Coalition

A. U.S.-Foreign Interest Coalition

- ICAABT will recruit floriculture and other agricultural producers in Australia, the Netherlands, South Africa, and South America. A sample recruitment letter to Australian cut-flower growers is provided in Exhibit 19.

- ICAABT should also identify its members' common interests. ICAABT's goal is to emphasize the need for global agricultural producers to cooperate on lowering Japanese trade barriers.

B) U.S.-Japan Coalitio

- Although Japanese retailers have been unable to facilitate the customs inspection process, they want to be able to import U.S. cut flowers. These retailers will be important to CAABT's efforts because they can provide a pro-liberalization voice within Japan. Exhibit 10 provides a sample recruitment letter to the Japanese cut-flower industry.
- ICAABT should also develop a strategy to identify possible areas of cooperation between U.S. and Japanese growers.

2. Media strategy - Foreign Press

A. Japan

- ICAABT should identify and contact Japanese newspapers that might write articles highlighting the effects of protectionism and the benefits of foreign competition to Japanese consumers. A possible contact is the Iwate Media Broadcasting Corporation (IBC). IBC is a media group, located in an agricultural region in northern Japan. IBC is known for its investigative reporting including current domestic and international agricultural issues. A press release (see Exhibit 21) covering a meeting between U.S. and Japanese cut-flower growers would provide a news hook for IBC.
- ICAABT should work with the growing Japanese consumer advocate movement to generate public awareness of the impact trade barriers have on the Japanese economy. In the past, Japanese consumers have not had a strong voice. This is changing and can be used to ICAABT's advantage in establishing Japanese support for liberalization measures.
- ICAABT should try to persuade Japanese cut-flower retailers and associations to publish pieces in industry newsletters that explain why U.S. imports are good for the industry. The Japan Cut Flower Importer's Association should be approached to gauge the level of support they might provide.

B) Other International Media

- ICAABT should also work with media in Australia and South America to put pressure on Japan to liberalize agricultural trade barriers. Cut flowers could be used as an initial test case.

- Finally, ICAABT should identify international cut-flower retailers and associations that might publish pieces (industry newsletters and publications) on why U.S. imports are good for their industries (Flower Export Council of Australia, Australian Flora & Protea Growers' Association).

Exhibits

Coalition Against Agricultural Barriers to Trade
(CAABT)

Exhibit 1

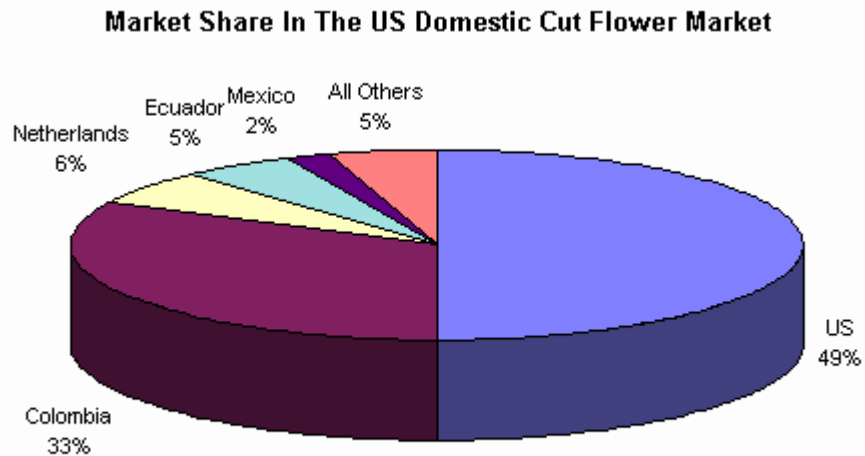


Exhibit 2

<i>Value of Floricultural Imports to the United States by Country of Origin, 1994-96 (US\$1,000s)</i>			
Country of origin	1994	1995	1996
North America	18,166	30,646	29,534
Caribbean	2,048	1,831	2,056

Central America	21,641	22,359	23,892
South America	299,155	374,089	437,640
European Union	56,886	65,429	62,739
Other Western Europe	3	0	1
East Europe and Former Soviet Union	0	156	77
Middle East	1,089	3,049	3,387
North Africa	232	221	270
Other Africa	822	1,103	1,316
South Asia	0	3,792	2,943
Other Asia	4,261	5,261	5,063
Australia and Oceania	3,329	3,586	3,634
Total World	407,632	511,522	572,552
Aggregate values for all cut flower products including fresh, dried, dyed, and preserved.			
Source: Economic Research Service, USDA.			

Exhibit 3

Total U.S. & Australian World Cut Flower Exports (US\$1,000s)						
					Forecasted*	Forecasted*
Country	1993	1994	1995	1996	1997	1998

United States	\$39,100	\$37,913	\$40,314	\$47,502	\$51,302	\$55,406
Australia	\$15,739	\$18,241	\$19,839	\$21,116	\$22,805	\$24,630

Exhibit 4

<i>Total Cut Flower Imports to Japan (\$1,000s)</i>						
					<i>Forecasted*</i>	<i>Forecasted*</i>
Country	1993	1994	1995	1996	1997	1998
Australia	\$8,872	\$10,327	\$12,117	\$10,893	\$11,764	\$12,706
Colombia	\$4,223	\$5,810	\$7,392	\$8,162	\$8,815	\$9,520
Netherlands	\$56,413	\$65,889	\$74,505	\$48,202	\$52,058	\$56,223
United States	\$5,219	\$6,175	\$5,696	\$4,549	\$4,913	\$5,306
World	\$157,506	\$191,471	\$216,125	\$170,845	\$184,513	\$199,274

United Nations Statistical Data, May 1998. *based on expected six percent annual increase in export markets for cut flowers.

Exhibit 5

<i>World Consumption of Flowers</i>			
<i>and Plants per Capita and Market Size</i>			
			<i>Value of</i>
	<i>Per Capita</i>	<i>Population</i>	<i>total market</i>
	<i>Consumption</i>	<i>(millions)</i>	<i>(US\$</i>
	<i>(\$)</i>		<i>millions)</i>

Austria	150	7.99	836
Belgium/Luxembourg	66	10.49	690
China	0.4	1209.10	488
Czech Republic	9	10.43	92
Denmark	80	5.20	416
Finland	66	5.09	335
France	66	58.11	3,828
Germany	94	81.34	7,607
Greece	31	10.65	332
Ireland	12	3.55	44
Italy	60	58.26	3,496
Japan	43	125.51	5,397
The Netherlands	77	15.45	1,191
Norway	160	1.33	608
Spain	24	39.40	950
Sweden	85	8.82	752
Switzerland	167	7.08	1,183
United Kingdom	29	58.30	1,680
United States	55	263.81	14,586
Total of World Floral Market			44,596

Exhibit 6: Sample Letter To U.S. Cut-Flower Industry

Dear Cut-Flower Industry Leader:

I am writing to invite you to join the ***Coalition Against Agricultural Barriers to Trade (CAABT)***, a new organization dedicated to lowering agricultural trade barriers in international markets.

CAABT was formed by the Flower Marketing Cooperative (SDPF) after it tried and failed to export cut-flowers to Japan, a promising new market for flowers. Although Japanese retailers were eager to receive SDPF's products, many shipments were held up by lengthy, non-transparent customs procedures, blocked distribution channels, and excessive SPS requirements. In 1997, after numerous shipments were severely damaged by the delays (some were even destroyed), SDPF terminated its export program. SDPF simply couldn't bear the costs of Japan's trade barriers.

In 1997, American cut-flower growers export less than 1.3 percent of their \$3.57 billion sales. However, as domestic markets become more and more competitive, SDPF's members believe that export markets are the future for the American floriculture industry. Indeed, American growers are well positioned to compete in foreign markets. They have an advantage over European cut-flower producers who pay higher wages and higher freight costs to Asia. European producers also do not have the U.S. microclimates that produce the various non-mainstream flower varieties demanded in Asia. American growers are undoubtedly well prepared to compete in world markets—if they can gain fair access to those markets.

CAABT's goal is to build domestic and international support for agricultural trade liberalization. Initially, it will address Japanese barriers to trade in cut flowers. CAABT already is working with the United States Department of Agriculture (USDA) and other government agencies to liberalize both tariff and non-tariff barriers. However in order to have any real influence in Washington, CAABT needs a broad base of support from the agricultural industry.

Please join the SDPF and the California Cut Flower Commission at CAABT's organizational meeting in San Diego, February 4, 1999. Fill out and fax the membership form to CAABT today. I will call next week to explain further how you can take an active role in CAABT.

We look forward to your attendance and participation on February 4th.

Sincerely,

Heather Grell

Trade Specialist for CAABT

Exhibit 7: Sample Letter To Agricultural Community

Dear Agricultural Leader:

I am writing to invite you to join the ***Coalition Against Agricultural Barriers to Trade(CAABT)***, a new organization dedicated to lowering agricultural trade barriers in international markets.

CAABT was formed by the Flower Marketing Cooperative (SDPF) after it tried and failed to export cut-flowers to Japan, a promising new market for flowers. Although Japanese retailers were eager to receive SDPF's products, many shipments were held up by lengthy, non-transparent customs procedures, blocked distribution channels, and excessive SPS requirements. In 1997, after numerous shipments were severely damaged by the delays (some were even destroyed), SDPF terminated its export program. SDPF simply couldn't bear the costs of Japan's trade barriers.

CAABT has already been successful in recruiting support from cut-flower exporters nationwide. But we hope to expand our membership to encompass as many agricultural sectors as possible. Indeed, most agricultural sectors face serious trade barriers in foreign markets. By joining together and creating a united agricultural front, we will be more likely to succeed in persuading U.S. government officials to advance agriculture's interest in liberalizing foreign markets. CAABT is also working with foreign agricultural exporters to create international pressure for liberalizations.

Currently, the coalition is pursuing bilateral negotiations with Japan concerning its discriminatory barriers to trade in cut flowers. With wide support from the agricultural community these negotiations can establish a precedent for the entire agriculture community.

Exports are more important than ever to American farmers. But to fully benefit from trade, the American agricultural community will have to step forward and play a proactive role in opening international markets. The purpose of NAFTA and the World Trade Organization is to facilitate trade. **Let's make the system work for us!**

Become a member now by filling out and faxing the enclosed a membership application. I will contact you within a week to discuss the role of your organization in CAABT.

Sincerely,

Heather Grell

Trade Specialist for CAABT

Exhibit 8: Sample USDA/USTR Letter

Dear Wendy Cutler, Assistant USTR
Pat Sheik, Deputy Administrator of International Trade Policy Division, USDA
Larry Denton, Director of Bilateral Trade Policy, USDA

I am writing to introduce you to the ***Coalition Against Agricultural Trade Barriers (CAABT)***, a new organization dedicated to addressing discriminatory agricultural trade barriers.

CAABT was established by the Flower Marketing Cooperative (SDPF) after it tried and failed to export cut-flowers to Japan, a promising new market for flowers. Although Japanese retailers were eager to receive SDPF's products, many shipments were held up by lengthy, non-transparent customs procedures, blocked distribution channels, and excessive SPS requirements. Numerous shipments were severely damaged by the delays (some were even destroyed), and in 1997, SDPF terminated its export program. SDPF simply couldn't bear the costs of Japan's trade barriers

In 1997, American cut-flower growers exported less than 1.3 percent of their \$3.57 billion sales. However, as domestic markets become more and more competitive, SDPF's members believe that export markets are the future for the American floriculture industry. Indeed, American growers are well positioned to compete in foreign markets. They have an advantage over European cut-flower producers who pay higher wages and higher freight costs to Asia. European growers also do not have the U.S. microclimates that produce the various non-mainstream flower varieties demanded in Asia. American growers are undoubtedly well prepared to compete in world markets—if they can gain fair access to those markets.

CAABT is working to consolidate support for agricultural liberalization among U.S. and foreign agricultural interests. CAABT looks forward to working with the United States Department of Agriculture (USDA) and the U.S. Trade Representative on this important issue.

I look forward to meeting with you to discuss our efforts.

Sincerely,

Heather
Trade Specialist for CAABT

Grell

Exhibit 9: Fact Sheet

The U.S. Cut-Flower Industry: Information for every decision-maker.

- 41 of the 50 U.S. states produce cut flowers.
 - California, Florida, Michigan, Texas and Ohio lead the nation in production.
 - The U.S. market for cut-flowers is worth \$8.2 billion.
 - In 1997, U.S. cut-flower growers sold \$3.57 billion domestically.
 - California and Florida account for 39 percent of total U.S. production.
 - Global retail floriculture sales were \$44.6 billion in 1997.
 - Global cut-flower markets grow 6 to 9 percent annually.
 - There are 26 major cut-flower producing countries.
 - The top three cut-flower markets are the United States, Germany and Japan.
 - The Japanese cut-flower market is worth \$5.4 billion.
 - Since 1996, American cut-flower exports to Japan declined 15 percent.
 - Domestic cut-flower prices have been stagnant for the last 10 years.
 - In 1996, U.S. cut-flower exports to world markets were \$47.5 million.
-

Exhibit 10: Sample "Dear Colleague" Letter

Dear Congressional Colleague:

I am writing to request your support for U.S. cut-flower producers. For the most part, these producers are small to medium size businessmen who are looking to export markets in order to survive in the face of increasing domestic competition and stagnant domestic market prices. These farmers are not asking for subsidies. But they need U.S. government assistance in breaking down barriers to foreign market access.

This is an issue of national importance. Farmers grow cut flowers in 41 of the 50 states, and they need better access to foreign markets if they are to survive. In 1997, American cut-flower growers' domestic sales were worth \$3.57 billion. They exported just \$47.5 million.

The average American cut-flower grower:

- Is a small to medium grower;
- Grossed between just \$10,000 and \$99,000 in 1997;
- Pays high costs of production; and
- Has limited export experience.

To work towards reducing barriers to foreign market access, the Flower Marketing Cooperative (SDPF) has established a national coalition of agricultural producers known as the Coalition Against Agricultural Barriers to Trade (CAABT). SDPF conceived the idea for CAABT after it tried and failed to export cut flowers to Japan, a promising new market for flowers. Although Japanese retailers were eager to receive SDPF's products, many shipments were held up by lengthy, non-transparent clearance procedures, blocked distribution channels, and excessive SPS requirements. Numerous shipments were severely damaged by the delays (some were even destroyed), and in 1997, SDPF terminated its export program. SDPF simply couldn't bear the costs of Japan's trade barriers

Without export markets, the future of American cut-flower production, as well as other agricultural production, is threatened. **I urge you to support the opening of export markets.** Export markets are the key to local economic growth and jobs. Without exports, the American agricultural sector will decline, taking with it rural jobs.

Now is the time to support the agricultural sector and push for the liberalization of international agricultural markets. Please join us in support of the efforts of CAABT at USTR and USDA.

Sincerely,

Senator Barbara Boxer, Representative Sam Farr, Representative Randy Cunningham

Exhibit 11: Congressional Testimony

House Sub-Committee on Foreign Agricultural Trade Barriers

Introduction

Thank you, Mr. Chairman and Members of the House Sub-Committee on Foreign Agricultural Trade Barriers for the opportunity to testify today. My name is Hyacinth Bloom, Chairman of the Board of the Coalition Against Agricultural Trade Barriers.

A number of Coalition members are with us today, including members representing the Flower Marketing Cooperative, the California Cut Flower Commission, the Lettuce Growers Association, and the California Strawberry Commission. Cut-flower growers from Florida and Texas are also present.

Today's inauguration of the House Sub-Committee on Foreign Agricultural Barriers to Trade is a landmark event. It sends a strong signal to our trading partners that the United States government will be giving agriculture top priority on its trade agenda.

Thank you for providing strong leadership on agricultural trade issues.

The Coalition Against Agricultural Trade Barriers

The Coalition Against Agricultural Barriers to Trade (CAABT) was founded by the Flower Marketing Cooperative, a small cut-flower cooperative in Carlsbad, California. CAABT works with cut-flower growers and other agricultural groups across the United States and abroad to identify and mitigate unfair barriers to trade, including restrictive trade practices that violate World Trade Organization (WTO) obligations.

Export Markets

The United States is a net importer of floriculture products. California, Florida, Michigan, Texas and Ohio account for 54 percent of total U.S. production. In the face of increasing competition from Latin American cut-flower growers (competition that is driving down domestic prices), American growers are looking to export markets to lessen dependence on domestic markets. Indeed, the global cut-flower market offers plenty of opportunity; it is currently worth over \$44 billion with expected annual growth rates of six to nine percent.

Foreign markets represent enormous opportunities for U.S. cut-flower growers. These markets can be the difference between success and failure of the domestic industry, and they can save American jobs. Export markets must be opened to support labor and rural economies.

Japan's \$5 billion cut-flower market holds enormous potential for cut-flower growers. But Japan's cut-flower imports are still only \$170 million annually, or 3.1 percent of the Japanese market. Although Japanese consumers are willing to pay a premium price for high quality presentation of their flowers, excessive sanitary and phytosanitary (SPS) and non-transparent measures delay timely delivery and damage the quality of imported flowers to Japanese retailers.

Currently, U.S. cut-flower export volumes are not large enough to employ costly in-country inspections and advanced technology. Market access is a two-fold issue, which demands advanced technology and market liberalization.

History of the Flower Marketing Cooperative

In 1996, Florimex approached the SDPF about exporting various native Australian flower varieties to Japan. These flowers are extremely popular in Japan, and many SDPF growers produce them because San Diego's microclimate is well suited to their cultivation. Australian producers had been searching for an off-season production source in order to maintain demand in Japan during the off-season. Moreover, Japanese retailers had been searching for guaranteed supply and were pleased to work with U.S. growers.

SDPF exported nine weekly shipments to Japan. However, when these shipments failed to move through customs in a timely manner, their shelf-life and quality were dramatically reduced. Indeed, even after SDPF established an alliance with Federal Express (which reduced shipment times from seven to five days), shipments were still delayed long enough that their quality degraded as Japanese freight forwarders were moved ahead of SDPF's shippers. Additionally, because pests were detected, Japanese customs officials required entire shipments to be treated with methyl bromide, which further damaged product quality. Each SDPF shipment incurred heavy losses.

Nonetheless, SDPF decided to continue its export efforts a second year because the shipments yielded a reasonable return even after deductions for losses, and Japanese retailers were enthusiastic to receive the flowers. But when Japanese customs officials destroyed the entire first two 1997 shipments because they did not meet Japan's stringent SPS requirements, SDPF decided to cease exporting completely.

The Flower Marketing Cooperative knew that penetrating the Japanese high-end specialty market would not be easy, but it expected its returns to surpass losses. To facilitate the delivery of its product, the Flower Marketing Cooperative attempted to overcome the obstacles it could control. What they found is that the Japanese market is effectively closed.

Australian, Colombian and other flower producing countries have found technological solutions that have helped facilitate the entry of their cut-flower shipments into Japan. Nonetheless, they continue to face market access barriers that restrict their ability to compete fairly in Japan, and these technological solutions are too costly for American exporters whose shipment volumes are still very small.

The goal of the Coalition Against Agricultural Barriers to Trade is to obtain a Japanese commitment that Japan will reform its trade regime. Japan is a WTO member and, therefore, should comply with WTO transparency and SPS requirements.

The Coalition Against Agricultural Barriers to Trade is currently pursuing U.S.-Japan bilateral trade negotiations through the USDA. If negotiations are not successful, the Coalition is prepared to pursue a WTO dispute panel complaint. We urge the Sub-Committee to pass a resolution in support of CAABT's campaign. Such a resolution would put Japan on notice that it needs to improve

its agricultural trade regime. It would also put pressure on the Administration to take action on this issue.

On behalf of the Coalition Against Agricultural Barriers to Trade, I thank the Members of the Sub-Committee for their support.

After my colleagues have testified, we welcome questions.

Thank you.

Exhibit 12

Potential California Legislative Support

Last Name	Name	Party	Branch	District	Cut-Flower Growers	State
Ackerman	Dick	R	CA State Assembly	72nd District	Y	CA
Alquist	Elaine	D	CA State Assembly	22nd District	Y	CA
Aroner	Dion	D	CA State Assembly	14th District	Y	CA
Baldwin	Steve	R	CA State Assembly	77th District	Y	CA
Bordonaro, Jr.	Tom J.	R	CA State Assembly	33rd District	Y	CA
Brown	Valerie	D	CA State Assembly	7th District	Y	CA
Cunneen	Jim	R	CA State Assembly	24th District	Y	CA
Figueroa	Liz	D	CA State Assembly	20th District	Y	CA
Firestone	Brooks	R	CA State Assembly	35th District	Y	CA

Frusetta	Peter	R	CA Assembly	State	28th District	Y	CA
Goldsmith	Jan	R	CA Assembly	State	75th District	Y	CA
Honda	Mike	D	CA Assembly	State	23rd District	Y	CA
Kaloogian	Howard	R	CA Assembly	State	74th District	Y	CA
Keeley	Fred	D	CA Assembly	State	27th District	Y	CA
Midgen	Carole	D	CA Assembly	State	13th District	Y	CA
Shelley	Keith	D	CA Assembly	State	12th District	Y	CA
Storm-Martin	Virginia	D	CA Assembly	State	1st District	Y	CA
Sweeney	Mike	D	CA Assembly	State	18th District	Y	CA
Takasugi	Nao	R	CA Assembly	State	37th District	Y	CA
Thompson	Bruce	R	CA Assembly	State	66th District	Y	CA
Alpert	Deidre	D	CA Senate	State	39th District	Y	CA
Burton	John	D	CA Senate	State	3rd District	Y	CA
Calderon	Charles M.	D	CA Senate	State	30th District	Y	CA

Craven	William A.	R	CA Senate	State	38th District	Y	CA
Haynes	Ray	R	CA Senate	State	36th District	Y	CA
Hurt	Rib	R	CA Senate	State	34th District	Y	CA
Kelley	David G.	R	CA Senate	State	37th District	Y	CA
Kopp	Quentin L.	I	CA Senate	State	8th District	Y	CA
Lockyer	Bill	D	CA Senate	State	10th District	Y	CA
McPherson	Bruce	R	CA Senate	State	15th District	Y	CA
Mountjoy	Richard	R	CA Senate	State	29th District	Y	CA
O'Connell	Jack	D	CA Senate	State	18th District	Y	CA
Sher	Byron	D	CA Senate	State	11th District	Y	CA
Thompson	Mike	D	CA Senate	State	2nd District	Y	CA
Vasconcellos	John	D	CA Senate	State	13th District	Y	CA
Wright	Cathie	R	CA Senate	State	19th District	Y	CA

Exhibit 13

Potential Congressional Support

Last Name	Name	Party	Branch	Grower	State	Support HR54**
Becerra	Xavier	D	U.S. House	Y	CA	
Bilbray	Brian	R	U.S. House	Y	CA	
Boucher	Rick	D	U.S. House		VA	X
Brown	George, Jr	D	U.S. House		CA	X
Calvert	Ken	R	U.S. House		CA	X
Campbell	Tom J.	R	U.S. House	Y	CA	X
Capps	Lois	D	U.S. House	Y	CA	X
Clyburn	James	D	U.S. House		SC	X
Condit	Gary	D	U.S. House		CA	X
Cunningham	Randy "Duke"	R	U.S. House	Y	CA	X
Doolittle	John	R	U.S. House		CA	X
Dreier	David	R	U.S. House	Y	CA	
Eshoo	Anna	D	U.S. House	Y	CA	X

Farr	Sam	D	U.S. House	Y	CA	X
Fazio	Vic	D	U.S. House		CA	X
Filner	Bob	D	U.S. House	Y	CA	X
Furse	Elizabeth	D	U.S. House		OR	X
Galleghy	Elton	R	U.S. House	Y	CA	X
Hall	Ralph	D	U.S. House		OH	X
Hefley	Joel	R	U.S. House		CO	X
Herger	Wally	R	U.S. House	Y	CA	
Horn	Stephen	R	U.S. House	Y	CA	X
Hunter	Duncan	R	U.S. House	Y	CA	
Kanjorski	Paul	D	U.S. House		PA	X
Kaptur	Marcy	D	U.S. House		OH	x
Lantos	Tom J.	D	U.S. House	Y	CA	X
Lofgren	Zoe	D	U.S. House	Y	CA	X

Matsui	Robert	D	U.S. House		CA	X
McKeon	Howard	R	U.S. House	Y	CA	
Miller	George	D	U.S. House	Y	CA	
Miller	George	D	U.S. House		FL	X
Ney	Robert	R	U.S. House		OH	X
Packard	Ron	R	U.S. House		CA	X
Pallone	Frank, Jr.	D	U.S. House		NJ	X
Pelosi	Nancy	D	U.S. House	Y	CA	
Peterson	Collin	D	U.S. House		MN	X
Pombo	Richard	R	U.S. House		CA	X
Radanovich	George	R	U.S. House		CA	X
Riggs	Frank	R	U.S. House	Y	CA	X
Roybal-Allard	Lucille	D	U.S. House		CA	X
Schaffer	Bob	R	U.S. House		CO	X

Skelton	Ike	D	U.S. House		MO	X
Smith	Robert	R	U.S. House		OR	X
Solomon		R	U.S. House		NY	X
Stark	Pete	D	U.S. House	Y	CA	X
Tauscher	Ellen O.	D	U.S. House	Y	CA	X
Taylor	Charles	R	U.S. House		NC	X
Waxman	Henry A.	D	U.S. House	Y	CA	
Woolsey	Lynn	D	U.S. House	Y	CA	X
Boxer	Barbara	D	U.S. Senate	Y	CA	
Faircloth	Lanch	R	U.S. Senate		NC	X
Feinstein	Diana	D	U.S. Senate	Y	CA	
Lautenberg	Frank	D	U.S. Senate		NJ	X

** HR 54 is an amendment by Rep. Farr to the Andean Trade Agreement to end preferential treatment for imported flowers.

Potential Congressional Support

Exhibit 14

TOTAL 1997 U.S. CUT- FLOWER PRODUCTION				
	Cut Flowers & Greens			Cut Flowers & Greens
	\$1,000			\$1,000
Alabama	\$487		Mississippi	\$254
Alaska	n/a		Missouri	\$321
Arizona	\$1,698		Montana	\$457
Arkansas	\$8		Nebraska	\$155
California	\$283,013		Nevada	n/a
Colorado	\$13,516		New Hampshire	n/a
Connecticut	\$1,729		New Jersey	\$9,317
Delaware	\$92		New Mexico	\$4,000
Florida	\$28,380		North Dakota	n/a
Georgia	\$147		Ohio	\$4,982
Hawaii	\$12,531		Oklahoma	\$207
Idaho	\$537		Oregon	\$10,023
Illinois	\$3,078		Pennsylvania	\$6,397
Indiana	\$3,881		Rhode Island	n/a

Iowa	\$139		South Carolina	\$1,035
Kansas	\$15		South Dakota	\$89
Kentucky	\$343		Tennessee	\$558
Louisiana	\$162		Texas	\$180
Maine	\$419		Utah	\$708
Maryland	\$301		Vermont	\$120
Massachusetts	\$5,878		Virginia	\$3,057
Michigan	\$11,107		Washington	\$11,745
Minnesota	\$6,854		West Virginia	\$649
New York	\$5,944		Wisconsin	\$2,732
North Carolina	\$2,854		Wyoming	n/a

Exhibit 15 : Sample Press Release

FOR IMMEDIATE RELEASE

Contact: Heather Grell
Coalition Against Agricultural Barriers to Trade
831/647-5555

**AMERICAN CUT-FLOWER GROWERS MOUNT SURPRISE ATTACK
ON JAPANESE GROWERS**

San Diego, CA, February 1999 – California cut-flower growers have launched the Coalition Against Agricultural Barriers to Trade (CAABT) with the goal of ensuring that all countries comply with their WTO commitments on agriculture.

California growers were joined by flower growers from across the country, as well as other agricultural commodity producers, who face excessive barriers to trade in export markets.

The new coalition is concerned with certain countries' failure to comply with the WTO Sanitary Phytosanitary Agreement (SPS). CAABT's goal is to build consensus for trade liberalizations among agricultural producers worldwide; to advance solutions that meet the interests of international and domestic parties; and to create international pressure for better implementation of the SPS Agreement by all WTO members. Without a serious commitment by member countries, the WTO fails to serve the interests of the international agricultural community.

CAABT is particularly concerned with Japanese barriers to trade in cut-flowers. U.S. cut-flower growers have found that Japan's excessive SPS measures and restrictive trade practices have effectively closed the \$5 billion Japanese cut-flower market.

Exhibit 16: Sample Press Release

FOR IMMEDIATE RELEASE

Contact: Heather Grell

Coalition Against Agricultural Barriers to Trade

831/647-5555

CONGRESS LOSES PATIENCE WITH JAPANESE GOVERNMENT

Washington, D.C., September 1999 – A newly established House Sub-Committee on Foreign Agricultural Trade Barriers heard testimony from the Coalition Against Agricultural Trade Barriers (CAABT). CAABT members who testified were members of the Flower Marketing Cooperative, the California Cut Flower Commission, the California Strawberry Commission, and the Lettuce Growers Association. Cut-flower growers from Florida and Texas also testified.

CAABT's president, Hyacinth Bloom, declared the hearing "a landmark event" that signals to U.S. trading partners that the U.S. government is serious about enforcing the World Trade Organization (WTO) Sanitary Phytosanitary Agreement.

The hearing focused on the current U.S.-Japan cut-flower negotiation, which was initiated after the Flower Marketing Cooperative (SDPF) tried and failed to gain access to the Japanese market.

U.S. consumers purchase \$8 billion in cut flowers annually, but U.S. growers supply just \$3 billion of this total. American growers are often forced to leave their product in the field because the cost of harvesting the flowers is greater than current market prices. Cheap Latin American imports have flooded the market.

Exports are key to the future health of the American cut-flower industry, and Japan's \$5 billion market demands the high-end, hard to grow flowers that American microclimates produce.

Exhibit 17 Sample Q&A

What is CAABT's objective?

CAABT's objective is to ensure that every WTO member lives up to its obligations under the SPS Agreement. Without consistent application of SPS rules, the WTO agreements are worthless to the agricultural sector.

The United States pushes other countries to implement WTO obligations, but doesn't it maintain its own barriers to agricultural trade?

The United States market is the most open market in the world. The transparency of our trade rules cannot be found elsewhere. Moreover, the United States is on the forefront of liberalization initiatives. We urge the international community to take seriously their WTO trade obligations so that all participants can compete in a fair international market.

Why did the Flower Marketing Cooperative create CAABT?

In 1996 and 1997, SDPF tried and failed to export cut flowers to Japan. SDPF was unable to penetrate the Japanese market because Japan maintains excessive and non-transparent SPS measures and discriminatory customs procedures. Foreign access to Japanese distribution channels is also limited.

CAABT was established to bring together cut-flower and other agricultural producers who face common barriers when exporting to international markets. This broad coalition has successfully brought its issue to the attention of U.S. and foreign governments.

Why should the U.S. government act on behalf of cut-flowers growers when all agricultural commodities face SPS and market access barriers?

CAABT's objective is to address trade barriers that all agricultural exporters face. CAABT initiated the cut-flower case with the intent of expanding the scope of its activities to include other commodities. By including other commodity producers

in our Coalition, we only strengthen our position in approaching bilateral consultations with Japan. CAABT membership is opened to all agriculture producers.

What is the potential global cut-flower market for American growers?

The global cut flower market is a \$44.6 billion market, but the United States exports only \$47.2 million annually. Restrictive trade practices deny American producers fair access to international markets. For example, the Japanese cut-flower market is a \$5 billion market, but because of Japan's trade barriers, U.S. exporters were only able to supply \$43,000 of that market in 1996.

What is needed for the cut-flower sector to export successfully to international markets?

Increasing competition from South America and other regions is forcing U.S. growers to look beyond American borders for markets. To maintain production, American cut-flower growers need the U.S. government to fully support efforts to open international markets. The first step is to press Japan to bring its SPS measures in line with WTO rules and then implement these and other customs measures on a uniform basis.

What is the status of your bilateral discussions with Japan?

CAABT is currently working with USDA to initiate bilateral consultations with the Japanese government.

If bilateral negotiations fail, what is the next step for CAABT?

Export markets are the future of American agriculture. If bilateral negotiations fail, CAABT and its members are prepared to take this issue to the WTO.

What impact will the recent WTO panel ruling on Japan's varietal testing requirements have on cut-flower exports?

The recent ruling by the WTO is a breakthrough for U.S. agriculture. The ruling establishes a precedent for agriculture and will be a useful tool for opening trade routes to Japan and other countries. The WTO ruling reiterates that SPS rules must be transparent and based on sound science. Because Japan is appealing the panel ruling, full implementation of the panel decision is currently delayed. We are confident, however, that the United States will prevail in the appellate process.

How can Congress assist cut-flower growers and CAABT?

CAABT needs Congress to recognize the importance of addressing international agricultural trade issues. We request congressional support in pushing USDA and USTR to act on behalf of cut-flower growers and all agricultural producers.

A new round of agricultural negotiations will begin in 1999, why can't CAABT pursue its interests during these upcoming negotiations?

The upcoming agricultural negotiations are crucial to further liberalizations. CAABT's largest concern, however, is Japan's and other countries' failure to implement previously negotiated agreements. CAABT will take an active interest in the 1999 agricultural negotiations, while simultaneously pursuing bilateral efforts with Japan.

Exhibit 18: Sample Letter to the Editor

(For a Local Newspaper)

Dear Editor:

Changes in the farm bill and the globalization of economies has made it essential for many American farmers to look to export markets for new business opportunities. Cut-flower growers are one such group. They are looking to export markets in order to replace domestic market share lost to Latin American producers of cheap flowers.

So far, however, cut-flower growers have had very limited export success. In a global cut-flower market worth \$44.6 billion, American cut-flower growers export only \$47.5 million. The United States is a leader in agricultural production, but other countries' market access barriers make it difficult, if not impossible, to export successfully.

While most countries that trade with the United States are members of the World Trade Organization (WTO), their application of WTO agreements is not uniform across countries. Japan is a perfect example. Japan's sanitary and phytosanitary measures are excessive and fly in the face of the country's WTO commitments concerning these measures. Japan further violates the WTO agreement by maintaining discriminatory and non-transparent customs procedures.

Increased compliance with international trade agreements is crucial to the health of the American cut-flower industry, as well as other local and international industries and economies.

I applaud the recent WTO dispute panel ruling that found Japan's varietal testing requirements to be excessive. I hope that the decision helps Japan realize that the world will not tolerate artificial barriers to trade. It is time to work together as a community to ensure that agricultural trade is conducted on a fair and level playing field.

Let your elected officials know that Japan's barriers to trade are unacceptable.

Sincerely,

Cut-Flower Grower

Exhibit 19: Sample Letter to Australian Growers

Dear Flower Export Council of Australia and
Australian Flora & Protea Growers' Association (AFPGA)

International cut-flower exporters need to consolidate their efforts to encourage the consistent application of WTO standards and practices around the world. In response to discriminatory practices it encountered in Japan, the Flower Marketing Cooperative (SDPF) in conjunction with the Coalition Against Agricultural Trade Barriers has established the International Coalition Against Agricultural Barriers to Trade (ICAABT). ICAABT's membership consists of U.S. and international agricultural producers who face barriers to trade in Japan.

ICAABT's objective is to work with U.S. and foreign government agencies to ensure that each country fully implements its agricultural obligations under the World Trade Organization (WTO).

In 1996, the SDPF exported native Australian varieties to Japan with limited success. While some shipments were cleared without complications, others faced lengthy non-transparent clearance procedures, blocked distribution channels, and excessive SPS requirements. In 1997 the SDPF's export program was terminated because the costs associated with these barriers were simply too great.

SDPF's export experience is not unique. Most fresh produce exporters have had similar experiences in Japan. Nevertheless, export markets are important to the future of the American floriculture industry, just as exports are important to the Australian industry. Australian and American growers produce various specialty varieties popular in Asia, such as protea and waxflowers. Our complementary growing seasons make growers in Australia and the United States obvious partners for supplying global demand for specialty flowers.

Japan is a significant market for our industries; forecasted 1998 cut-flower exports to Japan by the United States and Australia are \$16 million. Although competitors are emerging from countries such as Colombia and South Africa, U.S. and Australian exporters are well positioned to take full advantage of Japan's \$5 billion market—that is, if trade rules are liberalized based on WTO rules.

The chairman of ICAABT's board and two of its directors will be in Australia in June 1999 and would like the opportunity to meet with you to explore possibilities for cooperation between our organizations. I will contact you in two weeks to see if we can arrange a meeting.

Sincerely,

Heather Grell

Trade Specialist for ICAABT

Exhibit 20: Sample Letter to Japanese Cut-Flower

(To be translated to Japanese)

Dear Japanese Cut-Flower Industry Leader,

The Flower Marketing Cooperative (SDPF), in coordination with the U.S.-based Coalition Against Agricultural Trade Barriers, has created the International Coalition Against Agricultural Trade Barriers (ICAABT). ICAABT's goal is to address export practices in international markets. Agricultural growers, retailers and wholesalers around the world need to work together to establish common trading practices that live up to World Trade Organization (WTO) standards.

ICAABT's objective is to create a group of U.S. and other agricultural producers who have a common interest in ensuring that agricultural markets are open to foreign trade. ICAABT works with the United States Department of Agriculture (USDA) and other international government agencies to proactively implement and establish fair international trade practices and standards. Although the WTO has already established some rules for ensuring fair agricultural trade, not all governments have implemented these rules fairly.

ICAABT members believe that export markets are the future for agriculture around the world. A perfect example is coordination between Australian and American exporters of various specialty cut-flower varieties, such as protea and wax flowers. Together, growers in Australia and the United States can provide a consistent, year-round supply of protea and waxflowers to Japan. However these countries face significant barriers in getting their flowers into Japan.

ICAABT requests the opportunity to explore possible cooperation between ICAABT and the Japanese cut-flower industry. ICAABT's chairman and two directors will be in Japan in June 1999 and would like to meet with representatives from your organization. I will contact you in two weeks to see if we might schedule a meeting.

Sincerely,

Heather Grell

Trade Specialist for ICAABT

Exhibit 21: Sample Press Release for Japan

FOR IMMEDIATE RELEASE

Contact: Heather Grell
Coalition Against Agricultural Barriers to Trade
831/647-5555

U.S. AND JAPANESE CONSUMERS AND PRODUCERS UNITE

Japan, June 1999 – Members of the Coalition Against Agricultural Barriers to Trade (CAABT) met with Japanese cut-flower growers to identify common interests between the American and Japanese cut-flower industries. The Coalition Against Agricultural Barriers to Trade is a U.S. organization with an international affiliate coalition. Its goal is to ensure every country's full implementation and enforcement of its WTO commitments on sanitary and phytosanitary (SPS) measures and market access.

The Japanese market is worth more than \$5 billion annually. U.S. and Australian cut-flower exporters claim that unjustifiable market access barriers restrict exporters from supplying Japanese consumers with quality cut flowers—flowers that Japanese retailers are eager to sell.

The meeting focused on the current U.S.-Japan cut-flower negotiations, which were initiated by the Flower Marketing Cooperative (SDPF). SDPF ended its export efforts to Japan after facing excessive SPS and market access barriers. CAABT's goal is to build a broad, international coalition to support market liberalization of international agricultural sectors. All countries need to live up to their WTO commitments.

CAABT representatives and Japanese growers stated the meeting today was useful in opening a dialogue between the two groups. CAABT officials will meet with other agricultural sectors during their visit to Japan.

The Budget
The following budget is an estimate of costs involved in launching and maintaining the proposed strategy during the first year of activity. If the strategy is approved, a more precise budget will be provided to the Flower Marketing Cooperative's Board of Directors.

Resources	Needed	Estimated	Cost
Option			1
Staff			
Consultant		\$	40,000

Assistant Domestic Postage Phone			\$	30,000	Travel
Membership	Recruitment			\$130,000	
Webpage					
CAABT	Member	Meetings		(3)	
Use Free Media					
Total				\$200,000	
Contingency Allowance 15%			\$ 30,000		
Option					2
Paid Domestic Media	Campaign			\$1,000,000	
Additional Postage and phone			\$ 2,000		
Total				\$1,003,000	
Contingency Allowance 15%			\$ 150,000		
Options 1 & 2 Total				\$1,203, 000	
Option					3
Hire	Washington	DC		\$300,000	Lobbyist
(100 hours @ \$300 per hour)					

Option 4

Form a Political Action Committee Preliminary donations assessment is \$1,000 per coalition member to be set by Board

Revenue

Revenue will be generated from membership fees. The membership fee will be determined based on a company's annual sales and/or number of employees.

Exhibit 23: Proposed 1999 Timeline

The Coalition Against Agricultural Barriers to Trade (CAABT) should be established as quickly as possible. The dates set forth on the following pages are benchmarks for the first ten months of the implementation of the proposed strategy. The strategy should be fully implemented by the end of September 1999. A U.S.-Japan resolution will likely require two to three years of work. Prospective CAABT members should be informed that their support will be needed throughout this period. CAABT will evaluate its success frequently and adjust its approaches based on the results of these evaluations.

Weekly Planner
Work in Progress