



News Release

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COMMERCE DEPARTMENT CLOSES CHINESE APPLE JUICE CONCENTRATE IMPORT LOOPHOLE

USApple Commends Decision to Extend Antidumping Duties To All Non-Frozen Chinese Concentrate Imports

McLean, Va. – The U.S. Department of Commerce today announced that it would apply antidumping duties of up to 52 percent on all forms of non-frozen Chinese apple juice concentrate, including semi-frozen concentrate, closing a loophole that previously permitted suppliers and importers to circumvent the U.S. government’s ruling against unfairly-priced imports.

The U.S. apple industry requested in April that the Commerce Department expand its antidumping ruling to include semi-frozen concentrate to prevent Chinese suppliers and some U.S. importers from illegally circumventing U.S. antidumping duties on non-frozen apple juice concentrate from China by chilling Chinese concentrate and shipping it duty-free to the United States.

“Today’s ruling eliminates a loophole that permitted unscrupulous apple juice concentrate suppliers in China and their trading accomplices to avoid paying antidumping duties on unfairly priced imports,” said U.S. Apple Association (USApple) President and CEO Kraig R. Naasz, whose group spearheaded the apple industry’s antidumping complaint against the People’s Republic of China.

The U.S. government levied antidumping duties of up to 52 percent on Chinese concentrate imports in June 2000, following the Commerce Department and U.S. International Trade Commission’s rulings that Chinese concentrate was sold in the U.S. market at prices

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below production costs causing economic harm to U.S. concentrate producers – a practice called dumping. While the volume of imported Chinese concentrate through June 2001 has declined only slightly by 7 percent compared to the previous year, the value of Chinese concentrate imports has increased by nearly 94 percent – reflecting the duties’ upward impact on price – according to the U.S. Customs Service.

Meanwhile, however, some Chinese concentrate suppliers devised ways to evade the U.S. antidumping duties. One method involved chilling non-frozen concentrate to a semi-frozen state and declaring it to be “frozen concentrate,” which is not subject to U.S. antidumping duties. Some of this so-called “frozen concentrate” was shipped directly from China to the United States, while other suppliers shipped Chinese concentrate to Canada to be chilled and re-exported to the United States.

In fact, imports of so-called frozen apple juice concentrate from China increased a whopping 717 percent in the past year, from 82.2 million single strength equivalent (SSE) gallons in June 2000 to 670.3 million SSE gallons in June 2001. In addition, imports of so-called frozen concentrate imports from Canada, much of which was known to contain product of Chinese origin, increased by 258 percent from 14.3 million SSE in June 2000 to 51.2 SSE in June 2001.

“Now that we’ve closed this door to illegal trade of so-called “frozen” apple juice concentrate from China, we are focusing our attention on the investigation of other forms of circumvention, such as false country of origin declarations, to illegally avoid antidumping duties,” said Naasz.

The Customs Service is investigating leads on illegal schemes designed to circumvent antidumping duties by falsely labeling the country of origin of apple juice concentrate imports. Industry sources indicate that a significant volume of Chinese apple juice concentrate is being shipped to third party countries where it is blended with domestic product or falsely relabeled as product of the third party country and then re-exported duty-free to the United States.

Additionally, the Customs Service is fine-tuning its scientific methods for identifying illegally blended and mislabeled Chinese apple juice concentrate. Earlier this year, the Customs Service asked for USApple’s assistance in collecting concentrate samples to aid its investigation.

“USApple will continue to work closely with the Commerce Department and the

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Customs Service to achieve a fair market for U.S. apple juice concentrate and juice apples,” said Naasz. “We want our government to strictly enforce our nation’s trade laws and, as a new member of the World Trade Organization, we expect China to adhere to the rules for fair trade.”

The U.S. apple industry’s antidumping initiative was filed by the Coalition for Fair Apple-Juice Concentrate Trade (FACT), which is comprised of apple associations, processors and concentrators, and is administered by USApple. For more information, please contact USApple at (703) 442-8850.

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The U.S. Apple Association (USApple) is the national trade association representing all segments of the apple industry. USApple’s members include 40 state and regional apple associations representing 9,000 apple growers throughout the country, as well as more than 500 individual firms involved in the apple business. USApple’s mission is to provide the means for all segments of the U.S. apple industry to join in appropriate collective efforts to profitably produce and market apples and apple products.

Note: The text of this release can be downloaded from the News Room section of USApple’s website, at <http://www.usapple.org>.