

AMERICAN POTATO TRADE ALLIANCE

C/O BRYANT CHRISTIE INC.

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The Honorable Chuck Grassley
Chairman, Senate Finance Committee
United States Senate
Washington, DC 20510

Dear Senator Grassley:

On behalf of the American Potato Trade Alliance (APTA), a group of potato growers, processors, and quick service restaurants dedicated to eliminating trade barriers for US processed potato exports, I am writing in support of Permanent Normal Trade Relations (PNTR) for Vietnam.

APTA has worked for the past three years to secure significant tariff reductions for processed potato exports to Vietnam. Through the diligent work of the US negotiators, Vietnam agreed in their World Trade Organization accession package with the US to reduce their 50% frozen fry tariff (HS 2004.1) to 13% over six years. Likewise, Vietnam committed to reducing its potato chip tariff (HS 2005.2) from 50% to 18% over five years. These reductions will allow the US to export additional quantities of U.S. processed potato products to Vietnam in the years ahead.

With a population of 84 million, many of whom are young and increasingly affluent, the prospects for increased US potato exports to Vietnam are good. Currently, the US exports \$189,000 of frozen fries (60% of the market) and \$585,000 of potato chips to Vietnam (most of the market). Once the tariff reductions are fully in place, the U.S. potato industry expects exports of up to \$10 million within five years.

Competition between the US, EU, Canada, and New Zealand for new Asian processed potato markets is fierce. To date, the US potato exports have dominated the market, but in recent years, largely due to free trade agreements, Canada and New Zealand have taken market share. In order for the US to maintain a predominate position in Vietnam, US potato exporters must be able to sell at the lowest price possible. Therefore, we must be able to ship under the WTO tariff rates to which Vietnam has agreed. Inability to ship under these rates will cede the market to our competitors. Therefore, APTA supports PNTR for Vietnam.

Thank you for your consideration of this request.

Best regards,

Mark Dunn
APTA Chairman

YUM! BRANDS INC. (A&W, KFC, LONG JOHN SILVERS, PIZZA HUT, TACO BELL) * WENDY'S INTERNATIONAL, INC.
J.R. SIMPLOT CO. * CONAGRA FOODS/LAMB-WESTON INC. * MCCAIN FOODS INC. * BASIC AMERICAN FOODS INC.
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