

TABLE 1.—YA PEARS FROM CHINA AND DOMESTICALLY PRODUCED FRESH PEARS, QUANTITIES, AND PRICES

Year	YA pear imports ¹ (1,000 kg)	Import prices ¹ (\$/kg)	Domestic production fresh pears ² (1,000 kg)	Domestic prices ² ² (\$/kg)	Chinese pear exports to Canada ³ (1,000 kg)
1996	NA	NA	416,897	\$0.62	321
1997	NA	NA	519,191	0.41	182
1998	329	\$1.48	466,107	0.44	909
1999	2,058	1.26	486,410	0.43	1,899
2000	5,264	0.73	496,348	0.36	4,663
2001	6,654	0.54	494,588	0.43	NA

NA = not available.

¹ Data for 1998–2002 are from FAS (2002), and data for 2001 are from the World Trade Atlas, which obtains its data from the U.S. Bureau of the Census.

² The nominal price data during 1996–1998 are from NASS (1999), and data for 1999–2001 are from NASS (2002).

³ China currently exports fragrant pears (and possibly Ya pears) to Canada. These data are from (FAS 2002).

We used time-series data on U.S. Ya pear imports from China, domestic fresh pear production and prices, and total domestic expenditures on fruit during 1996–2001 to estimate the rate of substitution between Ya pears and domestically produced pears in order to glean information about the potential rate of substitution between fragrant pear imports and domestic pears.³ In particular, we estimated a linear relationship between fresh domestic pear prices and a constant, fresh domestic production, and Ya pear imports from China. Prices and expenditures were converted to 2001 dollars using a fresh fruit consumer price index. The constant, Ya pear imports, real expenditures on fruit, and total pear production were used as instruments in the instrumental variables estimation procedure. The constant and the coefficient estimate on utilized fresh pear production are statistically different from zero, at a 5 percent significant level, and the

coefficient estimate on production has the appropriate sign (table 2). The coefficient estimate on Ya pear imports is negative but not statistically different from zero, indicating that Ya pears did not substitute for domestically produced pears during 1998–2001.

During 1998–2001, U.S. imports of Ya pears from China increased an average 236 percent per year, mainly due to a 526 percent increase between 1998 and 1999 (table 1). More recently, imports increased 26 percent between 2000 and 2001. Import restrictions on Ya and fragrant pear imports from China imposed by the Canadian Food Inspection Agency are somewhat similar to those APHIS would impose and, as a result, Canadian imports of Chinese Ya and fragrant pears provide additional information regarding potential future U.S. imports of these commodities. During 1996–2000, Canadian imports increased an average 153 percent per year, increasing 146 percent between 1999 and 2000. There are no data to

indicate directly whether U.S. imports of fragrant pears from China may compete with domestically produced pears. However, if the relationship between Ya pears and domestic pears is similar to the relationship between fragrant pears and domestic pears, then the estimation results in table 2 indicate that U.S. imports of fragrant pears from China will not compete with domestically produced pears during the next several years. If U.S. imports of fragrant pears from China increase rapidly over time, however, fragrant pears may eventually compete with some varieties of domestic pears over the long run. Be that as it may, all of the available data indicate that Chinese fragrant pears will not compete with domestic pears in the short run and, therefore, that allowing the importation of fragrant pears from China would likely not adversely impact U.S. pear producers in the short run.

TABLE 2.—INSTRUMENTAL VARIABLES ESTIMATION RESULTS FOR INVERSE FRESH DOMESTIC PEAR DEMAND *

Variable	Coefficient estimate	Standard error	T-statistic	P-value
Constant	1.30–	0.36	3.62	0.000
Utilized fresh pear production	– 1.75e–09	7.65e–10	– 2.29	0.022
Ya pear imports	– 6.63e–09	8.30e–09	– 0.80	0.425

Dependent variable: Fresh pear prices.

Instruments: Constant, Ya pear imports, fruit expenditures, domestic pear production.

Observations: 6 [1996–2001].

Standard error of the regression: 0.05.

Coefficient of determination: 0.83.

F-Stat (over-identifying restrictions): 0.46 [0.55].

* Sources for the 1996–2001 data are reported in the text (See Benefits and Costs) and in table 1. Estimates were obtained using the TSP statistical analysis software package.

Allowing the importation of fragrant pears from China would, however, likely provide benefits to U.S. importers of Chinese fragrant pears, as well as

domestic pear consumers. The U.S. Small Business Administration defines a small pear importer (NAICS 42248, Fresh Fruit and Vegetable Wholesalers)

as one with annual sales receipts of \$100 million or less. There are no data to indicate directly the level of benefits that may accrue to small pear importers

³ Data on U.S. Ya pear imports from China begin in the year 1998. As a result, Ya pear imports are

zero for 1996 and 1997. Quantity data are in

kilograms, and expenditure data are in billions of dollars.