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### INSIDE THIS ISSUE

- Japanese Officials Verify Compliance of Chilean Cherry Export Practices
- WTO Panel Rules in Favor of U.S. Challenge Against Indonesia's Agricultural Import Restrictions
- U.S. Challenges China's Administration of Tariff Rate Quotas for Agricultural Products
- Australia Publishes Draft Group Pest Risk Assessment for Thrips and Tospoviruses in Horticultural Imports
- Update on Status of U.S.-EU Transatlantic Trade and Investment Partnership Negotiations

### A REPORT FOR THE CALIFORNIA CHERRY BOARD

### SPECIFIC ISSUES OF INTEREST TO THE CCB:

#### Japanese Officials Verify Compliance of Chilean Cherry Export Practices

- In December 2016, officials from Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) visited cherry farms and related facilities in Chile to verify compliance of the country's cherry production and export practices under the systems approach agreement between Japan and Chile, according to a [press release](#) (in Spanish) published by Chile's Agricultural and Livestock Service (SAG).
- In 2013, Japan and Chile reached a systems approach agreement to facilitate the export of Chilean cherries to Japan. The deal allowed Chilean cherries to be exported to Japan without methyl bromide fumigation, which previously constrained opportunities for Chilean exporters.
- Japan is not a leading export destination for Chilean cherries; the country's Chilean cherry imports totaled \$295,000 in 2015, representing less than 0.1% of Chile's total cherry exports (\$393.7 million) that year. Nonetheless, Chilean producers noted the positive compliance record of Chilean cherry exports to Japan has contributed to the opening of new export markets such as South Korea, which agreed to allow non-fumigated Chilean cherries in January 2016.

### GENERAL ISSUES OF INTEREST TO THE CCB:

#### World Trade Organization Panel Rules in Favor of U.S. Challenge Against Indonesia's Agricultural Import Restrictions

- In a World Trade Organization (WTO) dispute initiated by the U.S. against Indonesia, a WTO panel has found a number of Indonesia's agricultural import regulations to be inconsistent with WTO rules. The case was originally brought by the U.S. in 2013 after Indonesia began implementing a series of trade-restrictive requirements in 2012.
- The [panel report](#) agreed with each of the 18 claims raised by the U.S. and co-complainant New Zealand, determining that the related Indonesian policies represent restrictive or prohibitive trade barriers and are incompliant with WTO rules. These policies include: 1) restrictions on agricultural imports to avoid competition with domestic producers; 2) additional restrictions on the use, sale, and distribution of certain imported agricultural products; and 3) limited time periods for import license applications as well as short validity periods for such licenses.
- Under WTO rules, the U.S. or New Zealand may request adoption of the panel report by the WTO within 60 days of the report's publication. Indonesia would then be required to bring its measures into conformity with its WTO obligations within a period of time agreed upon by the parties involved. If Indonesia appeals the report, the case would be reviewed by the WTO Appellate Body, which would then subsequently publish a decision either reaffirming or refuting the determinations of the original panel.

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### *World Trade Organization Panel Rules in Favor of U.S. Challenge Against Indonesia's Agricultural Import Restrictions*

- Indonesia is the fourth most populous country in the world and represents a growing market for U.S. agricultural exports. According to a recent U.S. Trade Representative (USTR) [press release](#), U.S. agricultural exports affected by Indonesia's import licensing regime reached a value of nearly \$115 million in 2015.

### **U.S. Challenges China's Administration of Tariff Rate Quotas for Agricultural Products**

- The U.S. recently [requested](#) consultations with China regarding the country's administration of tariff rate quotas (TRQs) for rice, wheat, and corn, alleging China is breaking its World Trade Organization (WTO) commitments. The U.S. may request the establishment of a panel to evaluate China's TRQ administration 60 days after the consultation request was made.
- TRQs allow a country to import a pre-determined volume of a commodity at a lower duty rate while maintaining a higher duty rate on additional imports of the same commodity. While acknowledging WTO rules do not require TRQs to be filled, the U.S. argues China's administration of its TRQs for rice, wheat, and corn lack transparency and are unpredictable. According to U.S. representatives, China's unreasonable administration of these TRQs prevents U.S. agricultural exporters from being able to fully access the market, blocking as much as \$3.5 billion in imports in 2015 alone.
- This consultation request follows a related development in September 2016 in which the U.S. requested consultations with China regarding its domestic subsidies for rice, wheat, and corn. More recently, the U.S. requested the establishment of a panel to evaluate its dispute with China regarding the aforementioned subsidies at a WTO Dispute Settlement Body (DSB) meeting on December 16 (*BCI Monitor* 12-13-16).
- Additional information about the requested consultations is available in the following [press release](#) published by the Office of the U.S. Trade Representative (USTR).

### **Australia Publishes Draft Group Pest Risk Assessment for Thrips and Tospoviruses in Horticultural Imports**

- Australia's Department of Agriculture and Water Resources (DAWR) recently [published](#) a draft pest risk assessment (PRA) evaluating the biosecurity risks posed by plant-eating insects called thrips associated with fresh fruit, vegetable, and foliage imports. The PRA also analyzed the potential biosecurity impacts of tospoviruses, which are transmitted by some thrips.
- The draft report identifies 80 thrips species and 27 tospoviruses as key quarantine pests of importance to Australia. The PRA proposes a change to the quarantine status of three thrips species present in Australia that are able to transmit tospoviruses.
- In specific cases where risk mitigation is required, the PRA identifies appropriate phytosanitary measures. For fresh fruits and vegetables, the proposed measures would require verification through standard visual inspection procedures to ensure fresh horticultural consignments are not infested with quarantine thrips.
- Comments on the PRA are due by March 14, 2017. This draft report represents the first group PRA to be released for public consultation; DAWR [introduced](#) the group PRA to enhance Australia's understanding of major biosecurity pest groups and the risks they pose.

### **Update on Status of U.S.-European Union Transatlantic Trade and Investment Partnership Negotiations**

- In December 2016, the European Commission published the latest Transatlantic Trade and Investment Partnership (TTIP) advisory group meeting [report](#). The report summarizes TTIP-related discussion topics and outcomes of the advisory group meeting held on November 22, 2016. The Chair of the advisory group, Ignacio Garcia Bercero—who is also the EU's chief TTIP negotiator—noted the election of Donald Trump as U.S. President has led to uncertainties regarding the future of TTIP negotiations.
- According to the report, while tariff negotiations have reached a mature stage, issues regarding tariffs for sensitive products remain. Disagreements concerning issues related to technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures also remain.
- Ahead of the inauguration of President-elect Trump, Chairman Bercero stated the aim of the European Commission and the current U.S. Administration is to create a commonly agreed upon record of progress made in the negotiations. In concluding the meeting, Chairman Bercero recommended a more detailed discussion on the future of TTIP and the advisory group should take place once the new U.S. Administration assumes office.