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A REPORT FOR THE CALIFORNIA CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

U.S.-Mexico Organic Certification Requirements Forthcoming

- The U.S. Department of Agriculture (USDA) and Mexico's National Service for Animal and Plant Health, Food Safety and Quality (SENASICA) are implementing import certification requirements for organic products traded between the U.S. and Mexico.
- The new requirements followed a meeting in October 2016 in which the two countries announced plans to establish a Joint Organic Compliance Committee to facilitate and enhance bilateral trade in organic products. According to the committee [work program](#), the U.S. and Mexico agreed to implement the use of import certificates within six months of the date of signature of the agreement, which occurred on October 19, 2016. Accordingly, the latest date that certificate requirements could be implemented is April 19, 2017.
- In December 2016, the USDA's Agricultural Marketing Service (AMS) noted the U.S. will implement its organic certification requirements for products from Mexico starting on January 16, 2017. However, in a new [notice](#) published on January 10, 2017, AMS stated it is "delaying this requirement until a future date." Once in effect, organic products entering the U.S. from Mexico must be accompanied by a National Organic Program (NOP) import certificate as well as a certificate from an accredited organic certification agency to verify compliance with U.S. organic standards.
- In December 2016, the Mexican Government published the international transaction [document](#) (in Spanish) which must accompany consignments of U.S. organic products entering the country once Mexico implements the new arrangement. A related instruction document (in Spanish) is available [here](#). U.S. organic products exported to Mexico will also need to be accompanied by a copy of the organic certificate issued by an organic certification agency accredited by the Mexican Government to verify compliance with the country's organic standards. According to the most recent AMS notice, Mexico plans to implement its own requirements for organic products imported from the U.S. later in the year.

California Department of Food and Agriculture Expands MedFly Quarantine Area in Los Angeles County

- On January 3, 2017, the California Department of Food and Agriculture (CDFA) expanded the Mediterranean Fruit Fly (MedFly) quarantine zone in Los Angeles County surrounding the neighborhoods of Arleta and Panorama City. A map of the quarantine area is available [here](#).
- The quarantine zone, which originally entered into effect on November 29, 2016, and had previously been expanded on December 2, 2016, was expanded again as a result of multiple trapped flies in the area (*BCI Monitor* 12-6-16).
- Medfly is known to attack over 250 types of fruits and vegetables, including cherries. Safeguard measures must be employed for consignments passing through the zone and by freight forwarders located in the zone.

European Union Free Trade Agreement with Ecuador Provisionally Enters into Effect

- In December 2016, members of European Parliament voted to approve Ecuador's accession to the European Union's (EU) free trade agreement (FTA) with Colombia and Peru, according to a European Parliament [press release](#). That month, Ecuador's National Assembly also approved the protocol for its accession to the FTA. The protocol was previously signed by the FTA members in November 2016 (*BCI Monitor* 11-29-16).
- The FTA entered into effect, on a provisional basis, on January 1, 2017. Ecuador's accession to the FTA allows it to retain preferential access to the EU, which it would have otherwise lost due to a reform of the EU's trade preferences scheme.
- Under the terms of the agreement, Ecuador immediately eliminated tariffs on 60 percent of imports from the EU, including cherries. The EU immediately eliminated nearly 95 percent of its tariffs on products from Ecuador.
- The agreement is designed to boost trade between the EU and the Andean Community, which includes Bolivia, Colombia, Ecuador, and Peru. The framework of the agreement allows for Bolivia to seek accession if it wishes. Bilateral trade in goods between the EU and Ecuador reached nearly \$5 billion in 2015. In the same year, two-way trade between the EU and the Andean Community amounted to \$30 billion. Additional information about the trade relationship between the EU and the Andean Community is available [here](#).

U.S. Department of Agriculture Provides Information Regarding China's New Cross-Border E-Commerce Policies

- In December 2016, the U.S. Department of Agriculture's (USDA) Foreign Agriculture Service (FAS) published a [GAIN report](#) providing additional information on China's new policies regarding cross-border e-commerce (CBEC).
- In April 2016, China modified CBEC policies to subject certain products to tariffs as well as value-added and consumption-based taxes. China also created a positive list containing various food, healthcare, and cosmetic products which are allowed to be imported via CBEC. Items not on the positive list will not be allowed entry via CBEC. The positive list includes fresh cherries (HS 0809).
- According to media sources, although tax rates for many products are expected to rise, the change is not likely to cause a large decline in demand as Chinese consumers are willing to pay more for high quality products produced in foreign countries. E-commerce sales in China have more than doubled since 2012 and reached a value of approximately \$773 billion in 2015.

European Union Launches Consultations on Proposed Multilateral Investment Court

- In December 2016, the European Union (EU) and Canada co-hosted [discussions](#) on a proposed multilateral investment court. The European Commission is aiming to move away from the ad hoc system of investor state dispute settlement (ISDS) and establish a permanent multilateral investment court to decide investment disputes. The court would replace the bilateral investment court systems included in current EU agreements with free trade agreement (FTA) partners.
- Following the initial discussions, the European Commission [launched](#) a public consultation to gather stakeholder feedback on the proposal. The consultation is open until March 15, 2017. Additional discussion regarding ISDS reform is expected to occur on the sidelines of the World Economic Forum in Davos, Switzerland on January 20, 2017 and throughout the rest of the year.
- The current ISDS system has been a point of contention in multiple FTA negotiations, including the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) talks.