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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

U.S. to Withdraw from TPP, Renegotiate NAFTA

- On January 23, U.S. President Donald Trump issued a [memorandum](#) directing the Office of the U.S. Trade Representative (USTR) to formally withdraw the U.S. from the proposed Trans-Pacific Partnership (TPP) free trade agreement (FTA). Had it been implemented by all twelve original signatories, the TPP would have liberalized trade between countries accounting for approximately 40 percent of the global economy.
- In the memorandum, President Trump noted the TPP—a multilateral FTA designed to allow additional countries to join in the future—does not align with his administration's intention to negotiate trade deals with individual countries on a bilateral basis.
- Although the specific terms of the current TPP agreement preclude entry into force without U.S. involvement, leaders representing the remaining signatory countries have begun conversations regarding the viability of pursuing a modified TPP deal without the U.S. Representatives of various Asia-Pacific countries also cited the ongoing Regional Comprehensive Economic Partnership (RCEP) negotiations as an alternative path toward international trade liberalization. The prospective RCEP agreement currently includes the ten-member Association of Southeast Asian Nations (ASEAN), Australia, China, India, Japan, New Zealand, and South Korea. The seventeenth round of RCEP talks is scheduled for February 27-March 3, 2017 in Japan.
- In continuing with the President's agenda to reshape U.S. trade policy, the Trump Administration also intends to initiate a renegotiation of the North American Free Trade Agreement (NAFTA). A meeting between President Trump and Mexican President Enrique Peña Nieto is reportedly scheduled for January 31, while a meeting between President Trump and Canadian Prime Minister Justin Trudeau has yet to be scheduled. On January 23, a group of U.S. food and agricultural organizations sent a [letter](#) to President Trump underscoring their collective priorities regarding the proposed renegotiation of NAFTA.

Indonesia to Appeal WTO Ruling Against its Agricultural Import Policies

- According to media sources citing comments made by Indonesian Trade Minister Enggartiasto Lukita, Indonesia's government intends to appeal a recent World Trade Organization (WTO) [ruling](#) which found a number of its agricultural import regulations to be inconsistent with WTO rules.
- Trade Minister Lukita reportedly added Indonesia has already implemented economic policy packages which have deregulated agricultural imports; he claimed these changes would address the concerns raised by the U.S. and New Zealand in the dispute.
- Under WTO rules, appeals must be submitted within 60 days following the publication of the panel ruling, which occurred on December 22, 2016. Accordingly, the deadline for Indonesia's government to appeal the panel's ruling is February 20, 2017.

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- In related news, the Indonesian government is reportedly considering a new policy designed to encourage importers to purchase domestically produced horticultural products. Trade Minister Lukita noted the policy would not lower current horticultural import levels and that further details would be announced soon.

Canada Notifies of Entry into Force of Amendments to Food and Drug Regulations

- Canada recently [notified](#) the World Trade Organization (WTO) of the entry into force of its amended nutrition labeling regulations.
- The *Regulations Amending the Food and Drug Regulations (Nutrition Labelling, Other Labelling Provisions and Food Colours)* were adopted on December 2, 2016 and entered into force on December 14, 2016, upon [publication](#) in the *Canada Gazette*, Part II.
- The amendments to Canada's *Food and Drug Regulations* include changes designed to:
 - Modernize and improve food labeling to reflect the latest science (e.g. updates to Daily Values (DV) for nutrients to be based on the most recent dietary recommendations);
 - Introduce new requirements such as: mandating how serving sizes are determined for multiple-serving packages, requiring a footnote at the bottom of the nutritional label explaining the percent DV, requiring a percent DV for sugars, grouping sugar-based ingredients between parentheses under the name "sugars" in the list of ingredients, and improving legibility in the list of ingredients;
 - Expand the use of health claims for fruits and vegetables to allow a disease reduction health claim linking their consumption to a reduction in heart disease; and
 - Allow for approved nutrient content and health claims to be made on prepackaged fresh fruits and vegetables without additional labelling requirements.
- Although the amendments officially entered into force on December 14, 2016, products may be labeled in accordance with the former regulations or the new regulations for a period of five years following the date of entry into force of the new regulations.

U.S., European Union Publish TTIP Progress Report

- On January 17, the U.S. and European Union (EU) published a [joint report](#) assessing the progress made in the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) negotiations.
- The report summarizes the current status of the TTIP negotiations, stating the two sides have made considerable progress since talks launched in July 2013.
- Although U.S. and EU negotiators agreed to eliminate 97 percent of tariffs, the report notes significant work remains to resolve differences regarding phase-out periods for the remaining three percent of tariffs. Differences regarding sanitary and phytosanitary measures was also cited as an issue that has not yet reached a resolution.
- Officials on both sides expect TTIP negotiations to pause as a result of the transition to a new government administration in the U.S.

United Kingdom's Prime Minister Clarifies Priorities for EU Withdrawal Negotiations

- In a January 17 [speech](#), the United Kingdom's (U.K.) Prime Minister Theresa May clarified the negotiating priorities of the U.K. for upcoming talks regarding its withdrawal from the European Union (EU).
- Prime Minister May stated the U.K. cannot remain within the EU single market but would push for the freest possible trade with European countries. In leaving the single market of the EU, the U.K. would no longer be bound by shared external tariffs and would instead be able to establish preferential tariff rates for individual trading partners through new trade agreements. Prime Minister May also noted both houses of British Parliament will have an opportunity to vote on the final withdrawal deal once negotiations are complete.
- To initiate the negotiations, the U.K. must formally trigger [Article 50](#) of the Treaty of Lisbon, which stipulates the process for a member state to leave the EU. Prime Minister May has pledged to formally start negotiations by the end of March 2017. Notably, on January 24 the Supreme Court of the U.K. ruled Prime Minister May must seek approval from British Parliament before formally triggering the country's withdrawal process. Once Article 50 is invoked, the U.K. and the European Commission—negotiating on behalf of the EU—will have two years to negotiate the specific terms of the U.K.'s withdrawal.