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### A REPORT FOR THE CALIFORNIA CHERRY BOARD

### GENERAL ISSUES OF INTEREST TO THE CCB:

#### U.S. Officially Withdraws from Trans-Pacific Partnership

- On January 30, 2017, the Office of the U.S. Trade Representative (USTR) [informed](#) Trans-Pacific Partnership (TPP) signatories of its formal withdrawal from the proposed multilateral free trade agreement. This action followed [guidance](#) issued by U.S. President Donald Trump on January 23, 2017 ordering USTR to complete the TPP withdrawal procedure (*BCI Monitor* 1-24-17).
- The letter notes the U.S. looks forward to further discussions regarding the promotion of more efficient markets and higher levels of economic growth in the U.S. and around the world. Peter Navarro—appointed by President Trump to lead the administration's National Trade Council—stated the U.S. will move forward by pursuing bilateral trade agreements with individual TPP signatories as well as other countries. According to White House Press Secretary Sean Spicer, USTR will remain as the leader in trade deal negotiations, but will be working collaboratively with the newly established National Trade Council and the U.S. Department of Commerce.
- The remaining TPP signatories acknowledge TPP cannot enter into force without U.S. involvement due to the implementing provisions specified in the text of the agreement. As such, they are considering alternative trade arrangements; Chile has reportedly invited the remaining TPP signatories—as well as China and South Korea—to a summit in March to discuss how to proceed with regional trade liberalization efforts.

#### Canada Opens Comment Period Regarding Proposed Food Safety Regulations

- On January 21, the Government of Canada [launched](#) a 90-day public consultation period regarding its proposed Safe Food for Canadians Regulations (SFCR) by publishing the [draft regulations](#) in the *Canada Gazette*, Part I. This publication represents an important step toward the implementation of the Safe Food for Canadians Act (SFCA), which was approved by Canada's Parliament in 2012.
- The proposed regulations would establish new food safety rules based on three main elements: 1) licensing; 2) traceability; and 3) preventative control plans. Additional information about these key elements is available in the following U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#). The proposed SFCR would also consolidate 13 food commodity-based regulations as well as the food-related measures in Canada's Consumer Packaging and Labeling Regulations (CPLR) into a single food regulation.
- These measures would apply to all food that is imported, exported, or prepared for inter-provincial trade. Notably, Canada's proposed regulations are designed to align with similar food safety initiatives in countries such as the U.S., EU, Australia, and New Zealand.
- Comments on the proposed SFCR are due by April 21, 2017. Following this consultation period, the Canadian Food Inspection Agency (CFIA) will review submissions and may incorporate changes before publishing final regulations in the *Canada Gazette*, Part II.

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### Canada Eliminates Tariffs on Various Agri-Food Inputs

- Canada recently eliminated its most favored nation (MFN) tariffs on a wide variety of agri-food products regularly used as ingredients by its domestic food manufacturing industry. The order was [published](#) in the *Canada Gazette*, Part II on December 28, 2016 and the tariff reductions entered into effect on January 16, 2017. The move was designed to lower production costs for Canadian food production businesses, thereby enhancing their overall competitiveness both domestically and abroad.
- The list of products subject to this order includes sweet cherries (HS 0809.29) imported for use in food processing.
- Under the North American Free Trade Agreement (NAFTA), U.S. exports of these products already enter Canada duty-free. However, as a result of the order, the U.S. loses its relative preferential access as other countries can now export these products to Canada duty-free as well. In 2015, the U.S. exported nearly \$2 billion worth of the products included in the order, accounting for approximately 74 percent of Canada's imports of the specified products.

### European Parliament Trade Committee Approves Canada-EU Free Trade Agreement

- On January 24, the Comprehensive Economic and Trade Agreement (CETA) negotiated by Canada and the European Union (EU) was approved by the European Parliament's International Trade Committee.
- It is now possible for the agreement to be voted on by all members of European Parliament (MEPs) during a plenary session scheduled for February 13-16 in Strasbourg, France. According to a recent European Parliament [press release](#), if MEPs approve CETA, the trade deal could be applied provisionally as early as April 2017.
- While provisional application would include tariff reductions, individual ports of entry may begin to apply the lower tariffs at slightly different dates. Although parts of the agreement would be applicable on a provisional basis, CETA will require approval by national and regional parliaments throughout the EU before all aspects of the agreement can enter into force.

### Panel Established for U.S.-China WTO Dispute over Agricultural Subsidies

- At a World Trade Organization (WTO) Dispute Settlement Body (DSB) meeting held on January 25, the U.S. delegation made its second [request](#) (details on page 6) for the establishment of a panel to consider U.S. claims against China regarding its agricultural subsidies.
- This action follows the first U.S. request to establish a panel—presented at a December 16, 2016 DSB meeting—after an initial 60-day consultation period expired (*BCI Monitor* 9-20-16; 12-13-16). Under WTO dispute settlement rules, China is permitted to block the first request for a panel but cannot block a second request. Accordingly, a WTO DSB panel will now be established.
- The panel will determine the validity of U.S. [claims](#) against China which argue the country has breached its WTO Agriculture Agreement commitment by providing market price support for rice, wheat, and corn products in excess of the 8.5 percent limit it agreed to during its accession to the WTO. The case contains underlying market access implications and may have a systemic impact as it is the first such challenge of a pricing program at the WTO.

### Australia Invites Stakeholder Feedback on Proposed Updates to Imported Food Control Regulations

- Australia recently initiated a public consultation period regarding proposed changes to its Imported Food Control Regulations, according to a recent World Trade Organization (WTO) [notice](#). The proposals are part of an effort by Australia's Department of Agricultural and Water Resources (DAWR) to review and update the country's Imported Food Control Regulations before certain provisions expire in October 2018.
- The proposals outlined in the DAWR [report](#) include revisions to: 1) increase flexibility for stakeholders to satisfy risk management requirements; and 2) update inspection and testing procedures to align with current Australian standards and international standards. DAWR also intends to reformat and simplify the regulations as they are updated.
- The deadline to submit comments on the proposed changes is 5pm AEDT on February 24, 2017. Following this consultation period, Australia's DAWR intends to begin drafting revisions to the proposed regulations in May 2017 and will initiate a subsequent public consultation period for the revised regulations in August 2017.