

FEBRUARY 14, 2017

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A REPORT FOR THE CALIFORNIA CHERRY BOARD

SPECIFIC ISSUES OF INTEREST TO THE CCB:

Korea to Reinstate U.S. Cherries to Preferred Testing List

- South Korea recently [notified](#) the World Trade Organization (WTO) of the Korean Ministry of Food and Drug Safety's (MFDS) "[Proposed Amendments to Border Inspection Regulation for Foods](#)" (30 pages, in Korean). The amendments aim to revise various declaration and testing requirements for various imported food commodities.
- Notably, the modifications include adjustments to the scope of foods that MFDS recognizes as safe due to a history of compliance with inspections. According to an unofficial translation of the document, as a result of five years of increased inspections and no history of nonconformity, cherries produced in the U.S. are being proposed to be added to Korea's preferential testing list.
- The deadline for comments on the proposed amendments is April 7, 2017. Comments will be submitted supporting the addition of cherries imported from California to the preferential testing list.

GENERAL ISSUES OF INTEREST TO THE CCB:

Canadian Officials Visit U.S. to Discuss Bilateral Relationship

- On February 8, Canada's Foreign Minister Chrystia Freeland concluded a two-day working [visit](#) to Washington, D.C. to discuss the importance of the U.S.-Canada bilateral relationship with U.S. officials.
- After meeting with her counterpart, U.S. Secretary of State Rex Tillerson, the two representatives highlighted the value of bilateral trade between the U.S. and Canada. The officials reportedly did not engage in a detailed discussion regarding the renegotiation of the North American Free Trade Agreement (NAFTA) because key Trump Administration officials, such as the U.S. Trade Representative and Secretary of Commerce, have yet to be confirmed.
- Minister Freeland also met with a number of U.S. lawmakers. According to media reports, she noted the Canadian Government would not state its position on the border adjustment tax being considered by U.S. Congress until there is a concrete, fully formed proposal. That said, Minister Freeland did note Canada would be "strongly opposed" to any new tariffs on Canadian exports and would "respond appropriately" if such taxes were imposed.
- Officials continued discussions regarding the U.S.-Canada bilateral relationship when Canadian Prime Minister Justin Trudeau [met](#) with U.S. President Donald Trump in Washington, D.C. on February 13. The talks were focused on how to promote jobs and economic development on both sides of the border. Prime Minister Trudeau urged President Trump to not let any renegotiation of NAFTA disrupt the closely integrated trading relationship between the two countries.

Japan, U.S. Agree to Establish Bilateral Economic Dialogue

- Japanese Prime Minister Shinzo Abe and U.S. President Donald Trump reaffirmed the importance of bilateral economic cooperation between the two countries during a meeting in Washington, D.C. on February 10, according to [joint remarks](#) published by the White House.

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Japan, U.S. Agree to Establish Bilateral Economic Dialogue

- Notably, the two sides agreed to establish a bilateral economic dialogue which will be led by Vice President Mike Pence and Deputy Prime Minister Taro Aso. While officials did not rule out the possibility of a bilateral free trade agreement between the two countries, they noted the economic dialogue was set up to address not only trade but a wide range of economic issues.
- Following its withdrawal from the Trans Pacific Partnership (TPP), the U.S. Government stated it is interested in establishing new trade agreements on a bilateral basis. Japan has been cited as a key market for U.S. exporters and could be the first country to engage with the U.S. in bilateral free trade agreements talks, although no formal announcements have been made. Japanese officials noted the country has approved the TPP and remains convinced of its strategic and economic value despite the decision of the U.S. to withdraw from the agreement.

European Parliament to Vote on EU-Canada Free Trade Agreement

- On February 15, Members of European Parliament (MEPs) will vote on the proposed free trade agreement (FTA) between the European Union (EU) and Canada, according to a recent European Parliament [newsletter](#).
- Once approved by the European Parliament, it will be possible to apply the EU-Canada Comprehensive Economic and Trade Agreement (CETA) on a provisional basis as early as March or April 2017. Provisional application would include the tariff concessions agreed upon in the deal. Full entry into force would occur after CETA is approved by EU national and regional parliaments.
- On February 16, Canadian Prime Minister Justin Trudeau will speak in front of MEPs about EU-Canada relations, becoming the first Canadian Prime Minister to formally address the European Parliament.
- CETA negotiations were originally launched in 2009 and concluded in 2014, though technical discussions to finalize the agreement continued. The formal signature and finalization of the agreement took place in October 2016 (*BCI Monitor* 11-1-16). Additional information regarding CETA benefits is available in the following European Parliament [press release](#).

European Commission Launches Public Consultation on EU Common Agricultural Policy

- On February 2, the European Commission [launched](#) a public consultation on the European Union's (EU) Common Agricultural Policy (CAP). Both EU and international stakeholders are invited to participate.
- The CAP, which was originally launched in 1962 and has been reformed multiple times since then, aims to ensure there is a safe and sustainable food supply for EU consumers. Currently, the annual CAP budget amounts to over \$60 billion and is utilized to boost the competitiveness and sustainability of agriculture throughout the EU. Notably, the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service recently [asserted](#) certain aspects of the CAP have constrained the growth of U.S. agricultural exports to the EU (*BCI Monitor* 2-7-17).
- The current consultation period ends on May 2, 2017. The results will be discussed at a CAP reform conference scheduled for July 7, 2017. The European Commission intends to subsequently publish a communication detailing its assessment of the current CAP and potential options for the future by the end of 2017. Formal legislative proposals are expected by early 2018, with the modernized CAP entering into effect in 2020.

India Goods and Services Tax Regime Implementation Delayed Until July

- India is delaying the implementation of its newly developed Goods and Services Tax (GST) regime until July 1, 2017, according to media sources. The government originally intended to apply GST by April 1, 2017 (*BCI Monitor* 8-9-16).
- India's GST regime is designed to create a more efficient tax system by consolidating the country's various indirect taxes, duties, and surcharges into a single, streamlined tax structure. By uniting India's 29 states under a single tax system, the government hopes to facilitate the movement of goods and improve the ease of doing business throughout the country. According to India's National Council of Applied Economic Research, the new GST system could generate a 3.2 percent to 6.3 percent increase in exports and a 2.4 percent to 4.7 percent increase in imports.
- The GST Council, established to oversee India's tax overhaul, is reportedly scheduled to meet on February 18 to finalize GST implementing legislation before it is presented to India's Parliament and state legislatures for approval.