

FEBRUARY 27, 2018

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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

Comprehensive and Progressive Agreement for Trans Pacific Partnership Text Released

- On February 21, New Zealand released the [legally verified text](#) for the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP). The CPTPP involves 11 countries in the Pacific region including New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Vietnam.
- The CPTPP eliminates more than 98 percent of tariffs in a trade zone that represents 495 million people with a combined gross domestic product of CAD \$13.5 trillion – a full 13.5% of global GDP. The text will be signed by all parties on March 8, in Chile. The exact implementation date of the agreement has not yet been announced, but it is expected to be in late 2018 or early 2019.
- Included in the text were the tariff reduction schedules for each signatory. Japan will gradually eliminate its base 8.5 percent tariff rate. In Year 1 of the agreement, the tariff will be reduced to 4.2 percent, in Year 2 it will be 3.4 percent, in Year 3 it will be 2.5, in Year 4, it will be 1.7 percent, in Year 5 it will be 0.8 percent, and in Year 6 the tariff will be eliminated.
- Vietnam will reduce its base 20 percent tariff rate to 10 percent in Year 1 of the agreement, and the tariff will be eliminated Year 2.
- Malaysia will eliminate its 5 percent base tariff when the agreement comes into force. The remaining CPTPP nations either already have a zero percent base tariff rate for cherries, or the U.S. has a free trade agreement in place that eliminates the tariff.

50th Session of the Codex Committee on Pesticide Residues

- On February 21, the U.S. Department of Agriculture (USDA) [announced](#) a public meeting taking place in Washington, D.C. in anticipation of the upcoming [50th Session of the Codex Committee on Pesticide Residues \(CCPR\)](#).
- The meeting will be held on March 15, 2018 from 1:00 pm to 4:00 pm (EST) and will include discussion of [agenda](#) items for the 50th Session of the CCPR taking place April 9-14, 2018 in Haikou, China. The meeting will include draft U.S. positions and will also accept public comments.
- Interested parties are invited to call into the meeting and/or [submit](#) comments to the U.S. Delegate for the CCPR, Captain David Miller.

United States Department of Agriculture Opens New Office in Vietnam

- The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (USDA-APHIS) has [opened](#) a new office in Hanoi, Vietnam.

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United States Department of Agriculture Opens New Office in Vietnam

- The growing agricultural trade between the United States and Vietnam has increased pest and disease risk and having in-country expertise will help ensure safe trade, according to USDA Under Secretary Greg Ibach. The APHIS Hanoi office will maintain technical working relationships with their Vietnamese counterparts to resolve any concerns associated with the science-based standards both countries employ to prevent the introduction of animal and plant pests and diseases.
- Vietnam is a \$2.5 billion-dollar agricultural export market and one of the fastest growing for U.S. farm and food products.

Communication from Korea on MRL Transition

- On Friday, Korea's Ministry of Food and Drug Safety (MFDS) circulated a memo to all foreign embassies in Korea, encouraging industries to submit import tolerance (IT) applications in time for its transition to a new national system regulating pesticide maximum residue levels (MRLs).
- According to the memo, if submissions are made by April 30, 2018, MFDS will review the request and establish appropriate ITs before the full implementation of the new system, which will take place on January 1, 2019.
- Bryant Christie Inc. continues to work with chemical registrants to encourage as many submissions as possible to ensure the required MRLs are established in Korea following the transition.

India Hoping to Increase Trade with the United States

- At a recent event, the Indian Embassy's Minister of Commerce Puneet Kundal discussed plans to purchase more goods from the United States.
- Cherries are among the list of goods India would like to import, and in return, India wants to export mangos, grapes, and pomegranates to the United States.
- The Indian economy is one of the fastest-growing in the world. U.S. goods and services trade with India totaled an estimated \$114.8 billion in 2016. U.S. exports to India were worth \$42.0 billion, and imports from India were \$72.8 billion.

Seventh Round of North American Free Trade Agreement Negotiations

- The seventh round of the North American Free Trade Agreement (NAFTA) negotiations began on Sunday, February 25 with negotiators postponing negotiation sessions for automotive rules of origin – one of the most hotly debated topics – as the lead negotiator was pulled back to Washington for consultations.
- At this round of negotiations, the U.S. is looking to build upon the progress made so far to modernize the agreement and address the “staggering trade deficit” according to the Office of the U.S. Trade Representative (USTR). Additionally, according to media sources, USTR has shared a text on labor standards with certain advisors but will not put it forward at this negotiating round.
- Mexico is expected to advance proposals on dispute settlement, investment, and the sunset clause at this negotiating round and work towards modernizing the chapters on telecoms, digital trade, good regulatory practices, technical barriers to trade, and sanitary and phytosanitary measures.
- The self-imposed March 2018 deadline for finishing the negotiations is looking more and more unattainable and many businesses and individuals are beginning to worry that another negotiating round will conclude with little progress. This round of negotiations is set to conclude on March 5.

Canada and Mercosur Conclude Exploratory Talks

- Canada and the Mercosur member states – Argentina, Brazil, Paraguay, and Uruguay – have [announced](#) the positive conclusion of exploratory discussions on a comprehensive free trade agreement.
- According to media sources, Canada and Mercosur are expected to announce the formal launch of trade talks next month during a March 9 meeting between Canadian trade minister François-Philippe Champagne and his Mercosur counterparts in Paraguay.
- Canada already has trade agreements with Mexico, Colombia, Peru, and Chile and it is also involved in talks to become an associate member of the Pacific Alliance which includes the aforementioned nations. Canada is also tied to Mexico, Peru, and Chile through the recently concluded Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
- Meanwhile, Mercosur has also been pursuing closer ties with the Pacific Alliance and is in the process of concluding formal negotiations for a free trade agreement with the European Union.