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GENERAL ISSUES OF INTEREST TO THE CCB:

U.S. Trade Representative Publishes 2016 National Trade Estimate Report

- On March 31, U.S. Trade Representative (USTR) Michael Froman released the 2016 National Trade Estimate Report (NTE). The annual report examines foreign barriers to U.S. exports and outlines the recent accomplishments as well as the ongoing work by USTR and the Obama administration to reduce and eliminate these barriers.
- The report addresses trade barriers and U.S. actions to remove these obstacles in over 50 countries and provides summaries of key issues relating to trade enforcement, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), and digital trade. The report highlights a number of key achievements, including 1) the conclusion of Trans-Pacific Partnership (TPP) negotiations; 2) the signing of an organic equivalency agreement with Switzerland; and 3) progress made toward addressing the challenges originating from China's protracted biotech approval process and limited regulatory transparency.
- The full 2016 NTE Report is available [here](#).

U.S. Department of Agriculture Examines U.S.-EU Trade

- The U.S. Department of Agriculture (USDA) recently published a [report](#) assessing the challenges faced by U.S. agricultural exports to the European Union (EU).
- Between 2014 and 2015, the U.S. trade deficit with the EU for farm and food products rose 15 percent to reach \$12 billion. While U.S. imports from the EU rose to a record \$25 billion, exports to the EU fell 4 percent to less than \$13 billion.
- The trade deficit is largely due to established preferential trade agreements between the EU and many important agricultural and food-producing countries such as South Africa, Chile, Peru, and Mexico. For example, South African farm and food exports to the EU have more than doubled since 2000 while Chilean agricultural exports have tripled. For both of these countries, trade expansion was primarily the result of significant growth in exports of fresh fruit and other horticultural products.
- According to the report, the Transatlantic Trade and Investment Partnership (TTIP)—which is currently being negotiated between the U.S. and EU—would improve U.S. agricultural export opportunities and benefit producers and consumers in both regions. To underscore the importance of the TTIP, USDA Secretary Tom Vilsack is visiting with officials in Berlin and Paris this week.

EU-India Summit Highlights Potential for Greater Trade

- The 13th Summit between the European Union (EU) and India was held March 30 in Brussels, Belgium. At the summit, European Commission President Jean-Claude Juncker and Indian Prime Minister Narendra Modi reaffirmed their commitment to strengthen cooperation between India and the EU.

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EU-India Summit Highlights Potential for Greater Trade

- In a [joint statement](#) published after the summit, the two sides addressed a number of issues of mutual interest and agreed to expand their economic partnership. Notably, the leaders expressed support for continuing discussions regarding the EU-India Broad-based Trade and Investment Agreement (BTIA). BTIA negotiations began in 2007 but stalled due to a number of disagreements. Despite the challenges to concluding BTIA negotiations, the two sides committed to upholding their strategic partnership by updating the EU-India Agenda for Action through 2020.
- The EU is India's largest trading partner, accounting for 13 percent of the country's total trade. India is the EU's ninth-largest trading partner. In 2015, two-way trade surpassed \$43 billion.

Korea, Mexico Agree to Expand Bilateral Relationship, Resume Free Trade Agreement Talks

- At a summit held in Mexico City on April 4, Korean President Park Geun-hye and Mexican President Enrique Peña Nieto agreed to expand bilateral ties between the two countries, according to a Mexican government [press release](#).
- Importantly, the two leaders agreed to resume bilateral free trade agreement (FTA) negotiations and hold working-level talks in the fourth quarter of 2016. Negotiations for a bilateral FTA between Korea and Mexico began in 2007 but stalled in 2008 due to opposition from Mexico's automobile industry. Of note, Mexico is a prospective member of the Trans-Pacific Partnership (TPP), which was signed in February, while Korea has expressed interest in joining the multilateral trade deal. As such, the TPP is likely to be a point of discussion during the working-level talks.
- During the summit, Korean and Mexican officials also signed a number of memorandums of understanding (MOU) to facilitate bilateral trade expansion. Korea is Mexico's sixth-largest trading partner while Mexico is Korea's largest trading partner in Latin America. Bilateral trade between the two countries has risen from approximately \$4 billion in 2005 to more than \$14 billion in 2015.

China's Ministry of Finance Announces New Tax Policy for Imported E-Commerce Products

- China's Ministry of Finance (MOF) recently published a [notice](#) introducing changes to its tax system for foreign goods purchased online. The new rules will enter into force on April 8, 2016.
- The policy change will modify the treatment of foreign retail products that enter China via e-commerce platforms. These items—which include food, health care, and cosmetic products—will no longer be subject to the personal postal articles tax, which was previously the only tax imposed on the goods. Instead, the products will now be subject to tariffs as well as value-added and consumption taxes based upon the product type and value.
- 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 doubled since 2012 to reach a value of approximately \$773 billion in 2015.

European Union Amends Regulation Regarding Bisphenol A in Food Contact Material

- The European Union (EU) recently [notified](#) the World Trade Organization (WTO) of a [draft regulation](#) specifying proposed amendments to European Commission regulation No 10/2011 regarding bisphenol A (BPA) in materials that come into contact with food.
- The draft regulation contains two key amendments to regulation No 10/2011, which authorizes the use of BPA in the production of plastic materials. The first amendment lowers the specific migration limit (SML) from 0.6 milligrams (mg) of BPA per kilogram (kg) of food to 0.5 mg of BPA per kg of food for all plastic materials coming into contact with food. This change is based on the European Food Safety Authority's (EFSA) latest scientific advice regarding BPA.
- The second amendment contained in the draft regulation addresses the use of BPA in varnishes and coatings for items such as food cans. Following industry reports of practical burdens caused by divergent national measures, the European Commission has proposed to extend the SML of 0.5 mg of BPA per kg of food to varnishes and coatings. Due to the extended application of the SML, the European Commission also included a [draft regulation](#) that would require business operators to include a written declaration with such items to verify compliance.
- According to the WTO notification, the proposed date of adoption and publication for these amendments is September 2016. The new requirements will enter into force 20 days after publication and will be applied six months following entry into force.