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SPECIFIC ISSUES OF INTEREST TO THE CCB:

U.S. Could Face Retaliatory Tariffs from Mexico Due to World Trade Organization Dispute Regarding Dolphin-Safe Tuna Labeling

- In the latest stage of a World Trade Organization (WTO) [dispute](#) that has found U.S. dolphin-safe tuna labeling requirements to be non-compliant with WTO trade rules, Mexico, on March 10, requested authorization from a WTO Dispute Settlement Body (DSB) to impose retaliatory tariffs on a wide range of U.S. exports worth \$472.3 million annually.
- Following Mexico's request, on March 22 the U.S. formally objected to the retaliation amount of \$472.3 million. The appropriate final amount will now be determined by a WTO arbitrator. The decision on the retaliation amount could be circulated as early as May, at which point Mexico would be able to immediately impose retaliatory tariffs on certain U.S. exports.
- According to media sources, Mexico's list of items subject to retaliation will likely be similar to the list Mexico used in an earlier WTO dispute with the U.S. regarding cross-border trucking. In that dispute, U.S. exports of fresh cherries were among the items subjected to retaliatory tariffs by Mexico.
- Despite a [recent effort](#) by the U.S. to avoid retaliation, at a March 23 WTO DSB meeting, Mexico confirmed its intention to move forward with arbitration and retaliation, noting that it has not fully analyzed the latest rule modifications made by the U.S. and any new requirements will take time to implement.
- At this stage, the U.S. may seek a second WTO compliance panel to determine whether the latest U.S. rule modifications are enough to avoid retaliation. Alternatively, it is possible that the WTO arbitrator will simultaneously consider the modifications to the labeling rules alongside consideration of the retaliation amount.

GENERAL ISSUES OF INTEREST TO THE CCB:

Visa Dispute Threatens Ratification of Canada-EU Free Trade Agreement

- A dispute between Canada and the European Union (EU) regarding visas for foreign travelers is straining bilateral relations between the two countries as both sides are aiming to ratify the EU-Canada Comprehensive Economic and Trade Agreement (CETA) later this year.
- According to EU rules, member states are obligated to reciprocate when unwarranted visas are imposed on citizens of an EU country. With Canada continuing to require visas for Romanians and Bulgarians, EU member states must now consider the imposition of visa restrictions on Canadians traveling to the EU. In a [press release](#) issued on April 12, the European Commission called on EU member states to immediately launch discussions to determine their respective positions on the issue by July 12, 2016.
- The disagreement is generating uncertainty regarding CETA ratification, particularly as dissatisfied Romanian and Bulgarian officials will be involved in the ratification process.
- This could also be an issue for the U.S. as it requires visas for citizens from Romania, Bulgaria, Croatia, Cyprus, and Poland. If left unresolved, the dispute could have an adverse effect on U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) negotiations as well.



**A Report for
the California
Cherry Board**

Thirteenth Negotiating Round for Transatlantic Trade and Investment Partnership Tentatively Scheduled for April 25

- U.S. and European Union (EU) negotiators are planning to meet in New York City the week of April 25 to hold the next formal round of negotiations for the Transatlantic Trade and Investment Partnership (TTIP), according to media sources.
- Both sides have vowed to accelerate negotiations in an effort to achieve their stated goal of finalizing the agreement this year. Since the last formal round of negotiations took place in late February, EU Trade Commissioner Cecilia Malmström and U.S. Trade Representative Michael Froman have met three times to assess their progress toward concluding the deal, with the latest meeting taking place in London from April 10-11.
- Both sides are clear in their desire to complete TTIP negotiations in 2016, especially due to the fact that U.S. political support for the deal may fade when the Obama administration is replaced by a new administration in early 2017. Despite the concerted effort by U.S. and EU officials to advance negotiations, substantial disagreements remain in areas such as agricultural market access, geographical indications, and procurement.

EU, Mercosur Advance Free Trade Agreement Negotiations

- According to a recent European Commission [press release](#), the European Union and Mercosur have agreed to move forward with free trade agreement (FTA) negotiations. The announcement followed a meeting in Brussels, Belgium between EU Trade Commissioner Cecilia Malmström and the current president of Mercosur, Uruguayan Foreign Minister Rodolfo Nin Novoa. The South American trading bloc includes Argentina, Brazil, Paraguay, Uruguay, and Venezuela; however, Venezuela is not currently participating in negotiations with the EU.
- Negotiations for an EU-Mercosur FTA originally began in 1999 but have stalled as a result of various issues including Argentina's economic crisis and its reluctance to remove trade barriers. That said, a newly elected government administration in Argentina has helped to move the prospective trade agreement forward.
- The two sides will exchange market access offers during the second week of May, with representatives planning to meet in June, September, and November 2016. Despite renewed political support by various representatives on both sides, agricultural ministers from a number of EU member states expressed opposition to the announcement, arguing that the exchange of market access offers should not include sensitive goods at this time, particularly due to ongoing challenges within the EU agricultural sector.
- The EU is Mercosur's largest trading partner while Mercosur is the sixth-largest export destination for the EU. Two-way trade surpassed \$100 billion in 2015.

Netherlands Voters Reject EU-Ukraine Association Agreement in Referendum

- In a referendum held on April 6, voters in the Netherlands demonstrated opposition to the European Union's (EU) association agreement with Ukraine. According to preliminary results, voter turnout amounted to 32 percent, with over 60 percent of voters rejecting the association agreement while 38 percent voted to support it.
- The EU-Ukraine Association Agreement has already been ratified by the EU's 27 other member states and has been provisionally in force for approximately two years, but the referendum has stalled formal ratification by the Netherlands. Although the vote is non-binding, the Dutch government has agreed to [reconsider](#) its support for further economic integration between Ukraine and the EU due to the fact that voter turnout surpassed 30 percent.
- Supporters of the association agreement claim closer ties with Ukraine will facilitate increased stability in the country, while opponents assert that Ukraine is not a suitable partner for the EU due to ongoing conflicts in the region.
- The outcome of the referendum, which underscores growing opposition to EU solidarity, takes place ahead of a widely anticipated June 23 referendum in the United Kingdom (UK) that will allow UK voters to determine whether the country will remain in the EU. A vote to leave the EU (commonly referred to as a "Brexit") would have a significant impact on regional and global trade. U.S. officials have warned that if the UK exits the EU, it will lose key trade benefits and face higher tariffs.

European Commission and African Union Commission Meet to Strengthen Bilateral Ties

- On April 7 in Addis Ababa, Ethiopia, the European Commission and African Union Commission held the eighth College-to-College meeting, the largest annual meeting between the two political entities.
- Following the meeting, the two sides published a [joint communiqué](#) outlining the discussion topics, which included: 1) peace and security; 2) sustainable economic growth; and 3) continental integration. During the meeting, the European Commission reaffirmed its support for the establishment of a Continental Free Trade Area (CFTA) in Africa; the 54 member states of the African Union are aiming to complete CFTA negotiations in 2017. The European Commission also supported the African Union's ambition to increase value-added exports to the EU and to triple intra-African trade in agricultural products by 2025.
- The meeting highlighted the continuing effort by the EU to promote trade expansion and development in Africa.