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## SPECIFIC ISSUES OF INTEREST TO THE CCB:

### France Asks European Commission to Ban Use of Insecticide Dimethoate

- France recently has called on the European Commission to adopt emergency measures to prevent the use of products containing the insecticide dimethoate, as well as the marketing of domestic and imported cherries grown using the compound, throughout the 28 European Union (EU) member states.
- In February, France banned the domestic use of dimethoate-based products on cherries, following a 2013 European Food Safety Authority (EFSA) report which left it up to member states to assess the dangers of the compound on a case-by-case basis. France is now seeking an EU wide ban, in part to prevent disparate impact on French cherry growers from unfair competition with other cherry-producing EU member states that are still allowed use of the insecticide.
- Following a meeting of EU country representatives on April 15, Italy and Spain have said they would move to withdraw the chemicals in their respective markets. The European Commission, however, is opposed to implementing immediate, EU-wide restrictions.
- Last week, EFSA issued a [new report on dimethoate](#) which found that current available data is not sufficient to “clearly exclude a human health risk.” As a result of this report, EFSA has committed to reviewing current EU maximum residue levels (MRLs) for dimethoate on multiple fruits and vegetables, including cherries, and will employ refined risk assessments to confirm or reject possible concerns. The EU’s current MRL for dimethoate on cherries is 0.2 parts per million (ppm), which is already more restrictive than the established U.S. and Codex MRLs of 2 ppm.
- Notably, there have been zero reported uses of the insecticide dimethoate on cherries grown in California in the past three most recent reporting years (2012, 2013, and 2014). BCI will continue to track further EU actions on this issue.

### U.S. Requests Second Compliance Panel in World Trade Organization Dispute with Mexico Regarding Dolphin-Safe Tuna Labeling

- On April 11, the United States delivered a [notification](#) to the World Trade Organization (WTO) requesting the formation of a second compliance panel to determine if its latest [changes](#) to U.S. dolphin-safe tuna labeling rules are enough to avoid retaliation from Mexico.
- Due to an earlier WTO Dispute Settlement Body (DSB) ruling that found the U.S. rules to be non-compliant with WTO global trade rules, Mexico recently requested authorization to impose retaliatory tariffs on a wide range of U.S. exports worth \$472.3 million annually. U.S. cherries are among the items that may be subject to Mexico’s retaliatory tariffs. The U.S. formally objected to this request and the final retaliation amount must now be determined by a WTO arbitrator.
- The U.S. hopes that a second compliance panel will evaluate the rule modifications and determine that they are compliant before the WTO arbitrator formally authorizes Mexico to impose retaliatory tariffs.
- Mexico and the U.S. will likely need to discuss the issue and reach an agreement regarding the sequence of proceedings. At this point, it is unclear if arbitration and compliance proceedings will move forward simultaneously.



**A Report for  
the California  
Cherry Board**

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### Indonesia Grants South Africa Country of Recognition Status for Fruit Exports

- On April 11, Indonesia's Agricultural Quarantine Agency (IAQA) officially gave South Africa country of recognition status for 15 horticultural products. The products are specified in a [press release](#) published by South Africa's Hortgro. The agreement certifies South Africa's food safety systems for the specified products and will increase the competitiveness of South African fruit exports in Indonesia.
- The status, which applies to cherries, will simplify documentation procedures for South African products entering Indonesia and ensure more certainty regarding market access. Notably, the deal will allow the specified South African horticultural products to enter Indonesia at the Port of Jakarta, giving South African exporters better access to Indonesia's largest market.
- Many agricultural exporting countries are interested in exporting to Indonesia—the world's fourth most populous nation. Countries including the U.S., Canada, Australia, and New Zealand have already acquired country of recognition status in Indonesia. However, Indonesia's non-tariff barriers continue to constrain trade and are the subject of ongoing World Trade Organization (WTO) disputes.

### GENERAL ISSUES OF INTEREST TO THE CCB:

#### European Union, Chile Conclude Negotiations on Organic Trade Agreement

- The European Union (EU) and Chile have concluded negotiations for an organic equivalency agreement, according to a recent European Commission [press release](#).
- The deal will allow EU and Chilean organic products to be recognized and sold as organic in each other's markets. The agreement, which includes all EU and Chilean organic products, also includes a framework to facilitate increased cooperation and information exchange regarding organic trade and dispute settlement. For the EU, this is its first bilateral recognition organic agreement with a Latin American country.
- The EU organic sector has grown approximately 5.5 percent annually in the past decade. Chile's organic sector has also witnessed significant growth in recent years; between 2013 and 2014, Chilean organic exports rose 12 percent to reach nearly \$200 million. Fruits and vegetables accounted for 45 percent of this total. Considerable organic sector growth has also occurred in the U.S., where approximately two-thirds of all certified organic producers are located, according to a recent U.S. Department of Agriculture (USDA) [press release](#).

#### European Commission Proposes Changes to Value Added Tax System

- On April 7, the European Commission published an [Action Plan](#) designed to facilitate the creation of a single value added tax (VAT) area for the entire European Union (EU).
- The plan, which includes principles for the future system and short term measures to deal with fraud, aims to initiate a debate with EU member states and the European Parliament. The current VAT system is a significant source of revenue for EU countries; however, approximately 15 percent of total revenue is lost each year due to fraud.
- Notably, the action plan contains proposals to modernize the VAT rate framework to allow more autonomy for member states to choose their own rate policy.
- Ultimately, the new system will need to be unanimously accepted by all 28 EU member states before it can enter into force.
- Additional information regarding the VAT Action Plan is available [here](#).

#### Twelfth Round of Regional Comprehensive Economic Partnership Negotiations Scheduled for April 22

- The twelfth round of negotiations for the Regional Comprehensive Economic Partnership (RCEP) will take place April 22-29 in Perth, Australia. The proposed free trade agreement includes the ten members of the Association of Southeast Asian Nations (ASEAN) as well as Australia, China, India, Japan, South Korea and New Zealand.
- This round of negotiations is expected to involve the discussion of each country's market access offer. RCEP countries previously agreed to immediately eliminate tariffs on 65 percent of goods and eventually eliminate tariffs on an additional 20 percent of goods. According to media sources, negotiators are expected to discuss this threshold and whether tariffs can be eliminated for the remaining 15 percent of goods.
- Progress during the twelfth round will determine the likelihood of finalizing the agreement this year, which is the stated goal of the prospective member countries. A thirteenth round of negotiations is scheduled for June 12-18 in New Zealand.
- If completed, RCEP would encompass approximately half of the world's population and over a quarter of global gross domestic product.