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SPECIFIC ISSUES OF INTEREST TO THE CCB:

European Commission Extends Protective Measures for Fruit and Vegetable Sector

- On June 10, the European Commission officially [extended](#) its safety net measures for various fruit and vegetable sectors in the European Union (EU). The measures—which were introduced in 2014 following Russia's ban on fruit and vegetable imports from the EU—will remain in place until June 30, 2017. Many fruit and vegetable products are covered by these protective measures, including cherries, which were not included last year.
- The measures consist of withdrawals of produce for free distribution to charitable organizations and for other destinations such as animal feed. They are designed to help producers who are struggling as a result of Russia's import ban; before the ban was implemented, Russia was a key market for EU fruit and vegetable exports. For cherries, the maximum support provided is 48.14 EUR/100kg for free distribution and 32.09 EUR/100 kg for other destinations. As of May 31, 2016—under the measures currently in force—more than 323,000 metric tons (MT) have been withdrawn from the market, with an estimated cost to the EU budget of \$126 million.
- The extension comes shortly after Russia's prime minister announced a proposal to extend the country's import ban (*BCI Monitor* 5-31-16). This month, EU representatives are expected to discuss whether to extend EU sanctions against Russia, which are currently scheduled to expire in July.

GENERAL ISSUES OF INTEREST TO THE CCB:

Mexico Requests Compliance Panel in World Trade Organization Tuna Labeling Dispute with U.S.

- On June 9, Mexico [notified](#) the World Trade Organization (WTO) of its request for the establishment of a compliance panel to review the changes to U.S. tuna labeling requirements [published](#) in March 2016. This is a recent development in the ongoing U.S.-Mexico WTO tuna labeling dispute.
- In April, without first requesting consultations with Mexico, the U.S. [requested](#) a compliance panel to review the March 2016 rule change. This panel was [established](#) on May 9 and [constituted](#) on May 27. In response to this development, Mexico requested consultations with the U.S.; a meeting was held on June 2. At the meeting, the two sides failed to resolve the dispute, leading Mexico to move forward with its June 9 request for a panel. Mexico has asked that its request be placed on the agenda of the WTO Dispute Settlement Body (DSB) meeting scheduled for June 22.
- As a result of the procedural steps taken by each side, the DSB must consider how to proceed with dispute resolution. The process of authorizing Mexico to impose retaliatory tariffs on a wide variety of U.S. products worth \$472.3 million has already been initiated. With the U.S. formally objecting to this amount, a WTO arbiter must now make a final determination.
- However, due to the more recent compliance panel requests by the U.S. and Mexico, it is unclear when that decision will be made and whether Mexico will be authorized to retaliate while the above-mentioned compliance panel proceedings move forward.



**A Report for
the California
Cherry Board**

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Australia's Biosecurity Act 2015 Enters into Force on June 16, 2016

- Australia's [Biosecurity Act 2015](#) is scheduled to enter into force on June 16, 2016, one year after receiving royal assent. The Biosecurity Act 2015 will replace the Quarantine Act of 1908 and is designed to provide a broader legislative framework for addressing Australia's modern biosecurity risks.
- Australia's Department of Agriculture and Water Resources will continue its stakeholder engagement efforts to facilitate a smooth transition. According to the Department's website, some aspects of the new biosecurity legislation are subject to transitional arrangements which will allow for an incremental adjustment to the new operating environment.
- Further information on Australia's Biosecurity Act 2015, including all primary and supporting legislation and information relating to what various stakeholders should expect on June 16, is available [here](#).

Canada Proposes Elimination of Most Favored Nation Tariff on Various Food Imports for Processing

- Canada's Department of Finance is inviting comments from interested stakeholders on its [proposal](#) to eliminate most favored nation (MFN) tariffs on a wide variety of food imports used as ingredients by its domestic food manufacturing industry. Comments are due by June 21, 2016. The proposal is part of an effort by the Canadian government to promote the competitiveness of domestic food processors by reducing production costs.
- The list of products subject to this proposal includes sweet cherries for processing (HS 0809.29). A full list of products subject to this proposal, along with additional information on Canadian imports of each product in 2015, is included in the following U.S. Department of Agricultural (USDA) Foreign Agriculture Service (FAS) [GAIN report](#).
- Under the North American Free Trade Agreement (NAFTA), U.S. exports of these products already enter Canada duty-free. However, if the proposal is implemented, the U.S. would lose its relative preferential access as additional countries would also be able to export these products to Canada duty-free. In 2015, the U.S. exported nearly \$2 billion worth of the products included in the proposal, accounting for approximately 74 percent of Canada's imports of the specified products.

Canada Enters into Strategic Partnership with Pacific Alliance

- On June 8 in Mexico City, Mexico, trade ministers from Canada and the four countries of the Pacific Alliance—Chile, Colombia, Mexico, and Peru—signed a [joint declaration](#) outlining their commitment to boost trade and cooperation between the two sides.
- The declaration specifies a number of areas for increased collaboration, including trade facilitation and promotion, technology and innovation, and responsible natural resource development.
- Although pre-existing free trade agreements (FTAs) already link Canada with each of the four Pacific Alliance members, the new agreement is expected to provide additional benefits by allowing the parties to create a regional FTA with a single set of rules.
- Bilateral trade in goods between Canada and the Pacific Alliance surpassed \$46 billion in 2015. Collectively, the four Pacific Alliance countries account for more than 70 percent of Canada's trade with Latin America.

European Union Signs Economic Partnership Agreement with Southern African Countries

- On June 10 in Botswana, the European Union (EU) and six countries of the Southern African Development Community (SADC) [signed](#) an Economic Partnership Agreement (EPA) designed to boost economic growth and sustainable development between the two sides. The six SADC members that are a part of the EPA—Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland—are collectively referred to as the SADC EPA group.
- The EPA will guarantee duty-free access to the EU for Botswana, Lesotho, Mozambique, Namibia, and Swaziland and enhance market access for South Africa. The EU will also benefit from greater market access, although the six countries will reduce barriers asymmetrically. Additional details about the key benefits of the agreement are available [here](#).
- The EU is the largest trading partner of the SADC EPA group, importing nearly \$36 billion in goods from the six countries in 2015. Bilateral trade in goods between the two sides surpassed \$70 billion in 2015.