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GENERAL ISSUES OF INTEREST TO THE CCB:

United Kingdom Votes to Leave European Union

- In a referendum held on June 23 to determine whether the United Kingdom (U.K.) should withdraw from or remain in the European Union (EU), 51.9 percent of voters supported the U.K. leaving the EU. U.K. Prime Minister David Cameron, who petitioned for the U.K. to remain in the EU, [announced](#) he will resign by October 2016.
- A recently published European Commission [fact sheet](#) outlines the framework of the withdrawal process, which will be governed by [Article 50](#) of the Treaty of Lisbon. Once Article 50 is invoked, the U.K. will have two years to negotiate the terms of its withdrawal from the EU. Although EU officials have [called](#) for the U.K. to initiate the formal withdrawal process as soon as possible, there is no impending deadline for the U.K. to officially invoke Article 50.
- No immediate changes to rules and regulations will occur as a result of the referendum. However, once complete, the withdrawal could have a significant long-term impact on agricultural trade with the U.K. The extent of the impact will depend on the specific terms of the withdrawal, which will be negotiated by U.K. and EU representatives.
- The negotiations must address issues such as the U.K.'s participation in free trade agreements between the EU and other countries as well as the U.K.'s terms of trade with the EU itself. Additionally, as the EU sets rules regarding agriculture for all of its members, the forthcoming withdrawal may lead to significant changes in the agricultural policies of the U.K.
- In a [statement](#) on the referendum, U.S. President Barack Obama underscored the enduring importance of trade and cooperation between the U.S., U.K., and EU. U.S. Trade Representative (USTR) Michael Froman [noted](#) that the U.S. will evaluate the impact of the U.K.'s decision on the ongoing U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) negotiations.

Secretariat of World Trade Organization Organizing Workshop on Maximum Residue Levels

- A special workshop on maximum residue levels (MRLs) will be held by the World Trade Organization (WTO) in Geneva, Switzerland from October 24-25, 2016, according to a recently published WTO [notification](#).
- The workshop will be followed by informal and formal meetings of the Sanitary and Phytosanitary (SPS) Committee on October 26-27, 2016.
- The proposed workshop agenda, which includes information on pesticide residue work conducted by regional and international bodies such as the Codex Committee on Pesticide Residues (CCPR), is included within the above-mentioned notification. Stakeholders may submit comments on the proposed program by July 29, 2016.

UAE Publishes Proposed National Food Product Registration System

- The United Arab Emirates (UAE) recently [notified](#) the World Trade Organization (WTO) of a proposed [decree](#) which would establish a requirement that all imported and domestic foodstuff and fodder must be registered with the Ministry of Climate Change and Environment's national registration system.

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**A Report for
the California
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UAE Publishes Proposed National Food Product Registration System

- The product registration requirement would apply to all imported food products (including fresh and processed fruits and vegetables). The UAE importer will be the entity required to register the product with the Ministry, and will need to provide all relevant information on the product, such as country of origin, brand, packaging type, and product.
- Importantly, BCI has received clarification from FAS that this new, national UAE product registration requirement is in fact an extension of the currently existing product registration system that is in place for importing foods specifically into the Emirate of Dubai. Currently, other points of entry (such as the Emirates of Abu Dhabi and Sharjah) do not have such product registration requirements.
- When it enters into force, this decree would establish product registration requirements at the national level, meaning it would be required for entry into all Emirates of the UAE. The system that is currently being used by the Emirate of Dubai to register food products will be moved/copied over to the Ministry (including all data on the system). BCI is seeking to confirm that importers will indeed not be required to re-register products at a national level that have already been registered with Dubai.

Additional Compliance Panel Established in U.S.-Mexico World Trade Organization Tuna Labeling Dispute

- At a World Trade Organization (WTO) Dispute Settlement Body (DSB) meeting on June 22, Mexico's [request](#) for the establishment of a compliance panel was approved. This is the latest development in the ongoing WTO dispute between the U.S. and Mexico which has found U.S. dolphin-safe tuna labeling rules to be discriminatory against Mexico.
- The WTO DSB, following separate requests from each country, has approved the establishment of compliance panels for both the U.S. and Mexico to review U.S. changes to its dolphin-safe tuna labeling requirements [published](#) in March 2016. Both compliance panel requests occurred after Mexico requested authorization to impose retaliatory tariffs on various U.S. exports worth \$472.3 million annually. The final amount, which was disputed by the U.S., has yet to be determined by a WTO arbiter.
- The U.S. maintains that the arbiter should not issue a final determination on the retaliatory tariffs prior to a compliance panel judgement. At the meeting, the U.S. [reiterated](#) (page 15) its commitment to cooperation on procedural matters. However, moving forward, the specific timing of each of the proceedings is unclear. According to media sources, each proceeding may move forward simultaneously. Alternatively, the compliance panels requested by each country as well as the arbitration proceeding may be merged into a single process.

U.S. Department of Agriculture Reports on Value of Free Trade Agreements for U.S. Agricultural Exports

- Free trade agreement (FTA) partners of the U.S. are becoming increasingly significant markets for U.S. agricultural exports, according to a recent U.S. Department of Agriculture (USDA) [report](#).
- The U.S.—which has 14 FTAs with 20 countries—now exports more agricultural products to FTA partner countries than it does to the rest of the world, excluding China. In 2015, U.S. agricultural exports to FTA partner countries accounted for 43 percent of total U.S. agricultural exports to the world, up from 29 percent in 1990. During the same period, U.S. agricultural exports to non-FTA partners (excluding China) declined from 69 percent to 42 percent. While the implementation of new FTAs has contributed to this trend, the report underscores that U.S. agricultural exports to FTA partners have grown noticeably faster than U.S. agricultural exports to the rest of the world.
- U.S. agricultural exports are more competitive in FTA partner markets; the aggregated U.S. market share in these markets is 40 percent, while in non-FTA partner countries, aggregated U.S. market share is just 11 percent.
- In analyzing the importance of FTA's for U.S. agricultural exporters, the report emphasizes the expected benefits of the Trans-Pacific Partnership (TPP), which represents 36 percent of global gross domestic product (GDP), and the proposed Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and European Union (EU).

European Commission Develops New Strategy for Relationship with China

- On June 22, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy adopted a [Joint Communication](#) entitled "Elements for a new EU strategy on China." The communication, which will be presented to the European Parliament and Council, is designed to provide a policy framework for the European Union's (EU) relationship with China over the next five years.
- According to the communication, the EU-China relationship should be fundamentally based on the principle of reciprocal benefit in both economic and political terms. The document reaffirms a commitment to supporting sustainable economic growth in China, particularly within the context of EU support for rules-based international order and the continued development of the entire Asia-Pacific region. The completion of a comprehensive EU-China investment agreement is cited as an immediate priority of European Commission. This would represent a key step toward a potential comprehensive free trade agreement between the two sides.
- China and the EU are two of the three largest global economies and traders. China is the EU's second-largest trading partner, while the EU is China's largest trading partner. Bilateral trade in goods surpassed \$588 billion in 2015.