

AUGUST 8, 2017

INSIDE THIS ISSUE

- **West Coast Longshore Workers Ratify Contract Extension**
- **Update on North American Free Trade Agreement Renegotiation**
- **United Kingdom and Turkey Agree on Export Partnership**
- **Ecuador Confirms Final Removal of Import Surcharges**
- **South Korea Requesting Comments on Amendment of Special Act on Imported Food Safety Management**
- **Australia Launches Trade Push to Grow Horticultural Exports**

*A REPORT FOR
THE CALIFORNIA
CHERRY BOARD*

GENERAL ISSUES OF INTEREST TO THE CCB:

West Coast Longshore Workers Ratify Contract Extension

- On August 4, the International Longshore and Warehouse Union's (ILWU) Coast Balloting Committee confirmed that the West Coast longshore workers at 29 ports throughout California, Oregon, and Washington have officially ratified a three-year contract extension the Pacific Maritime Association.
- The contract passed as expected with 67 percent of members voting in favor of the extension. The newly approved contract extension will expire on July 1, 2022.

Update on North American Free Trade Agreement Renegotiation

- As the North American Free Trade Agreement (NAFTA) renegotiation talks are fast approaching, two members of the House of Representatives are seeking signatures on a letter that is calling for the U.S. Trade Representative (USTR) to develop improved transparency policies.
- The letter, addressed to USTR Robert Lighthizer, says the trade negotiation transparency guidelines laid out under the Trade Promotion Authority (TPA) law are insufficient and need modification with regards to congressional staff and members of the trade advisory committees having access to negotiating texts, the final text of an agreement, and U.S. negotiating proposals.
- In 2015 when TPA was passed, it was mandated that USTR would lay out guidelines for how USTR interacts with congress. In those guidelines, staff members of congressional trade committees were cleared to view negotiating texts on their own; however, not all demands made by the leaders of the congressional trade committees were met, and have now been renewed in this letter.
- Meanwhile, Mexico and Canada are in the process of finalizing their negotiating teams for the renegotiation. Mexican Economy Minister Ildefonso Guajardo Villarreal announced his negotiating team will be led by Ken Smith Ramos, head of the Trade and NAFTA Office of the Ministry of the Economy of Mexico, based in Washington. Canada's negotiating team will be led by Steve Verheul, the chief negotiator on the Canada-EU Comprehensive Economic and Trade Agreement.
- The first round of NAFTA negotiations is set for August 16-20 in Washington DC and, according to media sources, the second round of negotiations is scheduled for September 1-5 in Mexico City.

United Kingdom and Turkey Agree on Export Partnership

- The United Kingdom's (UK) export credit agency, UK Export Finance (UKEF), has signed an agreement with its Turkish counterpart, the Export Credit Bank of Turkey (ECBT), to strengthen commercial cooperation and increase investment between the two countries, according to a UK Government [press release](#).

(Continues on Next Page)

United Kingdom and Turkey Agree on Export Partnership

- UKEF and ECBT will partner to identify and promote opportunities for UK-Turkey trade. The agencies will now also be able to co-finance projects in other countries, combining their financial support to help UK and Turkish exporters secure global contracts.
- This export partnership comes as a part of the UK's plan to increase financial assistance to exporters. UKEF will double its support for exports to Turkey to 3.5 billion pounds, making an additional 1.75 billion pounds available for UK companies selling to Turkey and Turkish investors buying goods and services from the UK.
- The UK is Turkey's second largest export destination, with the bilateral trade volume increasing 5.6 percent over 2015 and reaching 17 billion USD in 2016. While there has been a general increase in exports, exports of Turkish cherries to the UK have been steadily declining. Between 2005-2015, export values have declined from 23.4 million to 3.58 million over the 10-year period with the UK accounting for only 2.2 percent of cherry exports in 2015.

Ecuador Confirms Final Removal of Import Surcharges

- In a July 21 meeting of the World Trade Organization's Committee on Balance-of-Payments Restrictions, Ecuador announced that it has completely removed import surcharges, as the final phase-out of the surcharges was made effective June 1.
- The surcharge was an ad valorem tax applied in addition to existing applicable tariffs. The measure included a 45 percent tax on final consumer goods such as fresh and processed food products, although this surcharge was reduced to 40 percent in January 2016.
- Ecuador originally imposed surcharge to safeguard its balance of payments beginning March 2015 for 15 months as a response to a drastic drop in oil prices in late 2014 (*BCI Monitor* 3-10-15). Ecuador decided to extend the surcharge for one year in June 2016, with plans for a one-third reduction by April 2017 and a complete phase-out by June 2017 (*BCI Monitor* 7-12-16).
- During the six previous rounds of consultations by the committee on this issue, WTO members were divided on whether the import surcharge complied with WTO rules. Ecuador was urged to keep making progress and confirm the dismantling of the surcharge as soon as possible. At this past meeting, WTO members thanked Ecuador for its cooperation and transparency with the committee; however, several members were concerned that Ecuador might be considering adopting new measures to replace the import surcharges and urged the country to not take any actions which might be counter to WTO rules.

South Korea Requesting Comments on Amendment of Special Act on Imported Food Safety Management

- On August 8, the Korean Ministry of Food and Drug Safety (MFDS) [notified](#) the World Trade Organization (WTO) of a proposal to amend Korea's Special Act on Imported Food Safety Management. The Act provides a framework for imported food policies and was originally proposed to improve Korea's import inspection system as all policies and measures related to imported food had previously been spread across four separate acts.
- Key changes include: 1) Korea will recognize an electronic version of the export health certificate submitted by an exporter's government in addition to the export health certificate in paper form; 2) the scope of applicable documents required for the exemption from GMO labeling will include a test report issued by a testing agency recognized by the MFDS.
- The final date for comments on the amendment is October 7, 2017.

Australia Launches Trade Push to Grow Horticultural Exports

- Australia's horticulture industry has laid out a plan to grow exports by 2025. Assistant Minister for Agriculture and Water Resources Anne Ruston launched the trade push on August 1 in coordination with Hort Innovation, Australia's grower-owned research and development corporation.
- The plan includes a new "Taste Australia" brand to promote premium Australian produce overseas, increased funding for trade shows, and increased funding for research and development to get farmers ready to export.
- Opening new markets and increasing trade have been important goals for Australia's current administration. During the most recent G20 summit in Hamburg, Germany, Australia's Trade Minister Steve Ciobo reaffirmed the goal of concluding negotiations on the Australia-Indonesia Comprehensive Economic Partnership by the end of 2017. Additionally, Australia is conducting free trade talks with India, the Pacific Alliance, Hong Kong, Peru, and working to lay the groundwork for formal trade negotiations with the United Kingdom and the European Union.
- The ambitious trade agenda to open new markets seems to be paying off. Since 2013, Australia has concluded five major free trade agreements and confidence about international opportunities has grown among Australia's small business exporters, according to recent [survey](#) results.