

BCI MONITOR

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SPECIFIC ISSUES OF INTEREST TO THE CCB:

Chilean Cherry Production Expected to Recover in Upcoming Season

- After unfavorable weather conditions caused Chilean cherry production to decline to 102,900 metric tons (MT) in marketing year (MY) 2015/16, production volumes are expected to reach 135,000 MT in MY 2016/17, according to a recent U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#).
- Cherry production in Chile is concentrated in the regions of O'Higgins and Maule, which together represent over 80 percent of total planted area. The leading varieties are Bing, Lapins, and Santana, accounting for 21.6 percent, 21.3 percent, and 13.2 percent of planted area, respectively.
- Substantial growth is also projected for exports—MY 2016/17 export volumes are expected to reach 110,000 MT, a 7 percent increase versus MY 2014/15 and a 32 percent increase versus MY 2015/16. China remains the top export destination for Chilean cherry exports, accounting for approximately 80 percent of total shipments. The U.S. is the second-largest importer of Chilean cherries.

GENERAL ISSUES OF INTEREST TO THE CCB:

Possible New Requirements for Shipments to China

- The U.S. Department of Agriculture (USDA) is in the process of determining whether new requirements implemented by China earlier this year related to the Zika virus will affect U.S. agricultural shipments to the market.
- In March, China implemented a new requirement whereby any consignments originating from countries affected by the Zika virus must provide a "mosquito eradication certificate" with each shipment. Without such a certificate, the importer will be required to fumigate the consignment upon arrival. This new policy decision was [published](#) on the website of China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) in March 2016. At that time, a total of 40 Zika-affected countries and regions were included on the list, which, notably, did not include the United States.
- However, on August 12, 2016, AQSIQ published on its website a [notice](#) that it has updated its directory of Zika-affected countries, which now includes the United States. While this notice does not explicitly state whether the new mosquito fumigation and documentation shipment requirements notified in March will now apply to U.S. shipments, it does indicate which areas have reported cases of Zika virus.
- The USDA's Animal and Plant Health Inspection Service (APHIS) is currently discussing this new Zika-related requirement with Chinese authorities to determine whether U.S. shipments must now meet China's new mosquito eradication treatment and certificate requirements.
- BCI will continue to closely track this issue and provide updates as the situation develops.



**A Report for
the California
Cherry Board**

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U.S. Trade Representative Submits Trans-Pacific Partnership Draft Statement of Administrative Action to Congress

- On August 12, the Office of the U.S. Trade Representative (USTR) delivered the Trans-Pacific Partnership (TPP) [Draft Statement of Administrative Action \(SAA\)](#) to Congress.
- The draft SAA provides a detailed description of the actions proposed by the Obama administration to implement U.S. obligations under TPP. The statement, which generally follows the organization of the TPP text, includes an explanation of how the forthcoming implementing bill and the proposed administrative action will modify existing laws. It also provides rationale for the inclusion of each action in the implementation process.
- The submission of the draft SAA represents a significant procedural step toward presenting the TPP to Congress. According to the provisions of the Trade Promotion Authority (TPA or “fast track”) law passed in June 2015, the Obama administration must send the draft SAA to Congress at least 30 days before it submits the draft implementing bill. After 30 days, the Obama administration will be able to submit the draft implementing legislation for TPP, initiating a 90-day period for Congress to review and vote on the agreement as stipulated by TPA requirements.
- Although President Obama intends to submit the bill this year and complete the implementation of TPP before his presidency officially ends on January 20, 2017, the administration has not stated when it will submit the draft implementing legislation to Congress. The timing of this step is complicated by the fact that a number of Congressional representatives have expressed opposition to TPP and an unwillingness to vote on the agreement during the lame-duck session of Congress.

U.S. Department of Agriculture Evaluates Horticultural Market of the Netherlands

- The Netherlands remains a key global market and logistics hub for trade in horticultural products, according to a recent [GAIN report](#) published by the U.S. Department of Agriculture’s (USDA) Foreign Agricultural Service (FAS). Horticultural products are defined in the report to include HS Chapter 06 (Live trees and plants), HS Chapter 07 (Vegetable products), and HS Chapter 08 (Edible fruits and nuts).
- Overall, the Netherlands exported \$22 billion worth of horticultural products in 2015 for a 13 percent share of the global market. Approximately 85 percent of horticultural exports go to other European Union (EU) member states, with Germany being the primary destination.
- In 2015, Dutch fruit and nut imports amounted to \$6.6 billion. That said, over 70 percent of Dutch fruit and nut imports are re-exported. Exports reached a value of \$5.9 billion, with fresh cherries accounting for nearly \$20 million of this total.

Peru Ratifies Free Trade Agreement with Honduras

- Peru has ratified its free trade agreement (FTA) with Honduras, according to a recent [news release](#) published by Peru’s Ministry of Foreign Affairs and Tourism (Mincetur). The agreement was signed by the two countries in May 2015 and subsequently ratified by Honduras in September 2015. Following Peru’s ratification, the two countries will now decide on a date for the FTA’s entry into force.
- Approximately 80 percent of Peruvian exports to Honduras will enter duty-free immediately or within five years following entry into force of the agreement. Honduras imports a relatively small volume of cherries, with Chile and the U.S. as its only suppliers. Peru currently faces a 15 percent most-favored-nation (MFN) tariff rate when exporting cherries to Honduras while Chilean and U.S. cherries enter the country duty-free. That said, while Peru is increasing investment in cherry production, Peruvian cherries are not yet exported in significant volumes.