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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

SPECIFIC ISSUES OF INTEREST TO THE CCB:

Uzbekistan to Export Cherries to China

- China's General Administration of Quality, Inspection, and Quarantine (AQSIQ) has recently published the "[Protocol on the Phytosanitary Requirements for Uzbekistan Fresh Cherry Exports to China.](#)"
- The protocol designates the sweet cherry producing areas that will be allowed to export to China, and requires that all orchards, packaging plants, and cold treatment facilities be registered with the Ministry of Agriculture and Water Resources (MAWR) of Uzbekistan and approved by both countries. The protocol also details quarantine pest concerns, pre-export requirements, and entry inspection procedures, as well as establishing the procedures for cold processing.
- Before exports can begin, MAWR and AQSIQ will carry out field visits to cherry producing areas, orchards, and packaging facilities, and will then jointly review the entities that choose to register for export to China. AQSIQ will publish the approved list of orchards, packaging plants, and cold treatment facilities on its official website.
- Uzbekistan is a relatively small producer of cherries. Total production in the 2016/2017 season was approximately 140,000 metric tons (MT) with the majority consumed domestically. The Government of Uzbekistan in recent years has been encouraging the agricultural sector's transition from water-inefficient cotton to high value alternatives such as fruit, vine crops, and vegetables. Much of the agricultural sector has been privatized and Uzbekistan's economy has grown rapidly over the past decade. However, Uzbekistan ranks as the worst in the world for corruption; furthermore, its lack of diversification and extensive dependence on commodity exports have left it vulnerable to external shocks such as the recent fall in world commodity prices that led to a drop in cumulative exports for the nation.

Update on Turkey's Cherry Sector

- Turkey is aiming to be a major exporter of cherries with the goal of producing around 10 percent of the total world cherry production, according to a [GAIN report](#) covering Turkey's stone fruit sector recently published by the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS).
- Overall cherry production in Turkey is forecast to reach 500,000 metric tons (MT) in marketing year (MY) 2017/2018, a 5 percent decline compared with MY 2016/2017 production estimates. The decline can be attributed to rain and hail damage in June that resulted in a reduced fruit set.
- Sweet cherries account for approximately 350,000 MT of total projected production, while sour cherries represent the remaining 150,000 MT. Sweet cherry tree numbers have increased 35 percent in the last five years and farmers have gradually been replacing old trees with varieties that are more popular in export markets.

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Update on Turkey's Cherry Sector

- There are more than one hundred varieties of sweet cherries produced in Turkey, but the *0900 Ziraat* variety (Turkish Napoleon), which was developed domestically, is the most popular as it meets the characteristics demanded by export markets. The major export markets for Turkish cherries are Germany, Russia, and the Netherlands.

GENERAL ISSUES OF INTEREST TO THE CCB:

Update on U.S. – Korea Free Trade Agreement

- The first-ever special session of the U.S.-Korea Free Trade Agreement (KORUS) was held on August 22 in Seoul, South Korea. U.S. Trade Representative (USTR) Robert Lighthizer took part in the discussions via video conference, and in Seoul the U.S. was represented by Assistant USTR for Japan, Korea, and APEC Michael Beeman, and USTR Chief of Staff Jamieson Greer.
- USTR Lighthizer called for the KORUS joint committee special session on July 12 to discuss implementation concerns as well as potential amendments to the agreement to remedy the large trade imbalance the U.S. has with Korea (*BCI Monitor* 7-18-17).
- During the special session, Korea's trade minister Kim Hyung-chong defended KORUS, as well as the mutual benefits it provides to both parties, and did not agree to amend the agreement. According to media sources, South Korea proposed conducting a joint study of KORUS's impact – and the cause of the U.S. goods trade deficit.
- According to a USTR [press release](#), discussions will continue over the coming weeks regarding issues raised during the special session of the joint committee. The next meeting date has yet to be announced.

North American Free Trade Agreement Renegotiation Commences

- On August 16, the North American Free Trade Agreement (NAFTA) renegotiation kicked off with the U.S. Trade Representative (USTR) Robert Lighthizer, Canadian Foreign Minister Chrystia Freeland, and Mexican Economy Secretary Ildefonso Guajardo opening the inaugural negotiation round with a series of three speeches. USTR Lighthizer, in stark contrast to his Canadian and Mexican counterparts, stated that he intends to do far more than tweak the NAFTA agreement and will focus on the trade deficits the U.S. has with the other NAFTA signatories.
- In response, agricultural groups in Mexico, Canada, and the U.S. voiced concern over Lighthizer's focus on trade deficits and issued their own negotiation priorities in a [joint letter](#) to the trade chiefs from each country.
- So far, negotiators have reportedly discussed financial services, investment, digital trade, textiles, small and medium-sized enterprises, legal and institutional issues, technical barriers to trade, labor, government procurement, and sanitary and phytosanitary issues. There has been much contention surrounding the automobile industry and the U.S.'s desire to prioritize a tightened auto rule of origin. Additionally, a potentially controversial proposal that would allow seasonal growers to qualify as the domestic industry in trade remedy cases despite not representing at least 51 percent of the U.S. industry is expected to be tabled.
- The next negotiating round is scheduled for September 1-5 in Mexico City, and the third round will take place September 23-27 in Canada. The quick succession of negotiating rounds reflects the aggressive pace that all three countries have expressed interest in pursuing. While the U.S. has shied away from setting a hard deadline, all three nations have set a soft deadline for the talks to conclude later this year or early next.

European Commission Requesting Comments on Food Supply Chain

- The European Commission (EC) has launched a [public consultation](#) aiming to make the European Union (EU) food supply chain fairer.
- The EC is consulting the public regarding unfair trading practices, market transparency, and producer cooperation. The input will be used to complement work on the modernization of the Common Agricultural Policy (CAP) for which the EC also held a public consultation. The results of that consultation were published in July and showed that EU citizens favored agricultural policy decisions being managed at the EU level to ensure equality within the single market (*BCI Monitor* 7-18-17).
- The consultation asks farmers, citizens, and other interested parties to share their views on the functioning of the food supply chain and to assess the necessity and expedience of possible measures to be taken at the EU level to address or regulate unfair trading practices with respect to agri-food products. The public consultation concludes on November 17, 2017.