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SPECIFIC ISSUES OF INTEREST TO THE CCB:

Update on Japan's Cherry Market

- Japanese cherry production is projected to reach 19,500 metric tons (MT) in 2016, an eight percent increase compared to 2015. That said, production in 2017 is forecast to decrease to 18,500 MT. Domestic production has remained relatively stagnant in recent years, partly due to challenges including labor constraints caused by an aging population.
- The U.S. is Japan's primary supplier of cherries, accounting for 99 percent of the 4,900 MT of cherries imported in 2015. Despite this dominant market share, U.S. cherry export volumes to Japan have decreased considerably in recent years; a total of 10,000 MT of U.S. cherries were exported to Japan in 2012. Relatively static cherry consumption in Japan and increased demand for alternative options—such as imported kiwifruit and grapes—are key factors contributing to this trend.
- Implementation of the Trans-Pacific Partnership (TPP) could help increase the competitiveness of U.S. cherries in Japan. According to the provisions of the agreement, Japan would reduce its tariff on U.S. cherries from 8.5 percent to 4.2 percent upon entry into force, then gradually reduce the tariff to zero in five annual stages.
- Additional information about Japan's cherry production, consumption, and trade is available in the following U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#).

GENERAL ISSUES OF INTEREST TO THE CCB:

Chile, India Expand Preferential Trade Agreement

- At a meeting on September 6 in New Delhi, India, Chilean and Indian officials signed an agreement to formally expand the Partial Scope Agreement (AAP) between the two countries.
- The expansion of the AAP—in force since 2007—will raise the total number of items subject to tariff preferences from 474 to approximately 2,800. The agreement also addresses technical barriers to trade and sanitary and phytosanitary issues in an effort to eliminate non-tariff barriers.
- Notably, tariff reductions for Chilean cherries are included in the expansion, according to a [news release](#) published by Chile's Directorate General of International Economic Relations (DIRECON). Although the reductions for each commodity are not specified, the average tariff reduction is cited as being between 80 percent and 100 percent. Both Chilean and U.S. cherry exports to India currently face a 30 percent most favored nation (MFN) tariff.
- Chilean exports to India consist primarily of extractive resources and fresh and processed agricultural products, while India's exports to Chile include textiles, apparel, and transportation equipment. Bilateral trade between the two countries surpassed \$2.6 billion in 2015.

France to Ban Neonicotinoid Insecticides

- France is preparing to ban the use of neonicotinoid insecticides from September 1, 2018. The ban was included in a bill on biodiversity adopted by the French Parliament in July 2016. *(Continues on next page)*



**A Report for
the California
Cherry Board**

France to Ban Neonicotinoid Insecticides

- Neonicotinoid insecticides have been subject to increased scrutiny regarding their environmental impact, with some studies linking their use to honey bee colony collapse disorder (CCD).
- France's Agency for Food, Environmental, and Occupational Health and Safety (ANSES) will conduct a risk-benefit analysis to help determine if exemptions may be granted for farmers. The European Food Safety Authority (EFSA) is already reviewing the environmental risks of neonicotinoid insecticides and is expected to complete its evaluation by January 2017.
- Additional information regarding this issue is available in the following U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#).

Philippines Publishes Draft Standard on Contaminants in Food

- The Philippines recently [notified](#) the World Trade Organization (WTO) of a draft standard concerning the presence of contaminants and toxins in food.
- The [draft standard](#) establishes maximum levels for various contaminants and toxins in food products and provides guidelines regarding sampling procedures. The maximum levels are generally based on Codex Alimentarius recommendations and include guidance regarding cadmium and lead in fruits.
- Comments on the draft standard are due by November 11, 2016. A proposed date of entry into force has yet to be determined.

Korea Proposes Amendments to Imported Food Safety Control Regulations

- Korea recently [notified](#) the World Trade Organization (WTO) of proposed changes to the enforcement regulations of its Imported Food Safety Controls. The amendments seek to impose stricter checks on food products imported by "dishonest importers."
- Among the amendments in this proposal are proposed changes to Korea's classification for imported foods as "Same Company Same Product" (Identical Imported Foods of the Same Company). Under Korea's current testing policy, food products from any new exporter/packinghouse combination will be subject to testing upon arrival. However, under this proposal the importer will also be added to this policy, meaning that any new combination of exporter, packinghouse OR importer will prompt initial on-arrival testing.
- The proposal will also add a new requirement that food products must undergo mandatory lab testing once every five years. This requirement would apply even if the same exporter/packinghouse/importer combination remained unchanged, and would not take into consideration the product's compliance history or whether that product had also undergone random inspection during that period.
- Though Korea has closed a formal consultation on this proposal, the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) plans to submit official comments objecting to these potentially problematic amendments.

Australia, Indonesia Conclude Fourth Round of Free Trade Agreement Negotiations

- The fourth round of negotiations for the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) was held in Sydney, Australia from August 23-26, 2016.
- Australia and Indonesia have held two rounds of negotiations since trade ministers from the two countries announced their intention to reactivate the talks in March 2016 (*BCI Monitor* 3-29-16). The fifth overall round of negotiations is scheduled to take place in Indonesia in October or November 2016.
- Although neither side cited any major breakthroughs during the fourth round, chief negotiators from the two countries reaffirmed their goal of concluding the negotiations within 12 to 18 months.
- Bilateral trade between Australia and Indonesia is relatively underdeveloped given the size of the two economies and their geographical proximity. Two-way trade amounted to less than \$9 billion in 2015, a nearly 20 percent decline compared to 2014.
- Additional information regarding the status of IA-CEPA negotiations is available [here](#).