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SPECIFIC ISSUES OF INTEREST TO THE CCB:

U.S. Department of Agriculture Assesses European Union Cherry Market

- Overall cherry production in the European Union (EU) is forecast to decrease by 11 percent to a total of 623,664 metric tons (MT) in 2016. Modest production growth in Poland and Spain is expected to be overshadowed by more substantial production declines in Italy and Greece. Poland accounts for nearly 40 percent of EU cherry production, though sweet cherries only represent approximately 20 percent of the country's total production.
- EU cherry consumption is estimated to be 378,738 MT in 2016, a slight decline compared with the previous year. Italy is the largest consumer of fresh cherries. As is the case in Italy, consumption in Spain, Portugal, France, and Greece is primarily limited to fresh seasonal cherries.
- As a result of low commodity prices, the value of EU cherry exports in 2015 declined by 30 percent despite a volume increase of 22 percent to reach 47,600 MT. Moving forward, however, export volumes are expected to decline in 2016 as a result of lower production. Declining exports are expected to contribute to an expansion of cherry import volumes in 2016, which are forecast to reach 60,000 MT.
- U.S. exports to the EU remain partially constrained due to an earlier decision by France to temporarily ban the import of cherries from countries where the insecticide dimethoate can be used on cherry crops (*BCI Monitor* 4-19-16). U.S. cherry exports to France reached a value of nearly \$500,000 in 2015.
- Additional information about cherry production, consumption, and trade in the EU is available in the following U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#).

GENERAL ISSUES OF INTEREST TO THE CCB:

China Notifies WTO of Pesticide Maximum Residue Level Proposal

- China recently [notified](#) the World Trade Organization (WTO) of a new proposal on pesticide maximum residue levels (MRLs).
- The document is similar to one China published domestically in December 2015. However, a number of MRLs from the initial version have been omitted in this updated draft.
- The proposal notified to the WTO includes 1,058 MRLs covering 160 pesticides, with 938 MRLs conforming to Codex Alimentarius levels. The document includes 13 pesticide MRL specifications for cherries. An unofficial translation is available in the following U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#).
- China will be accepting comments on this WTO notification through October 4, 2016. A proposed date of entry into force has yet to be determined.

India Publishes Irradiated Food Standard

- India has finalized its irradiated food standard and published the regulation in the Official Gazette of India, according to a recent [notice](#) published by the Food Safety and Standards Authority of India (FSSAI). The regulation entered into force upon publication in the official government gazette on August 23, 2016. *(Continues on next page)*

**A Report for
the California
Cherry Board**

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India Publishes Irradiated Food Standard

- The regulation specifies standards and labeling requirements for irradiated food. Permitted radiation doses for fresh fruits and vegetables are specified in Class 2. Dose limits for packaging materials are also included.

U.S. Initiates WTO Dispute Challenging China's Agricultural Subsidies

- On September 13, the U.S. notified the World Trade Organization (WTO) Secretariat of its request for consultations with China regarding the country's agricultural subsidies for rice, wheat, and corn.
- The U.S. claims that China has breached its WTO Agriculture Agreement commitment by providing market price support for rice, wheat, and corn in excess of the 8.5 percent limit it agreed to during its accession to the WTO. In a [press release](#) on the issue, the Office of the U.S. Trade Representative (USTR) estimated that China's subsidies for these products exceeded its WTO commitments by nearly \$100 billion in 2015.
- According to media sources, USTR Michael Froman also highlighted the underlying market access implications of this complaint, stating the case was the first challenge of a pricing program at the WTO and would have a systemic impact.
- In a related [statement](#), U.S. President Barack Obama linked the trade enforcement action to the Trans-Pacific Partnership (TPP) by emphasizing the need for the U.S. to establish and enforce high-standard international trade rules. President Obama noted this is the fourteenth WTO case the U.S. has launched against China during his administration and the U.S. has won every case that has been decided.
- The request for consultations by the U.S. formally initiates a WTO dispute. If the two sides are unable to resolve the issue through consultations within 60 days, the U.S. may request adjudication by a WTO panel at a subsequent Dispute Settlement Body (DSB) meeting.

Canada and China Agree to Launch Feasibility Study for Bilateral Free Trade Agreement

- Canada and China are moving forward with discussions regarding a potential free trade agreement (FTA) between the two countries. Chinese Premier Li Keqiang will visit Canadian Prime Minister Justin Trudeau from September 21-24, 2016 to explore the potential of the Canada-China trade and investment relationship, according to a recent [news release](#) published by the Canadian Prime Minister's Office.
- The visit by Premier Keqiang follows Prime Minister Trudeau's first official visit to China in late August for bilateral meetings with Chinese officials ahead of the G20 Leaders' Summit. According to [comments](#) made by Premier Keqiang following the meetings, the two countries have agreed to launch a feasibility study for a Canada-China FTA as soon as possible.
- There has been a marked upturn in bilateral engagement between Canada and China since the election of Canadian Prime Minister Trudeau in late 2015. FTA discussions between China and Canada's previous government administration had unraveled in 2012.
- Trade between Canada and China is substantial, with bilateral merchandise trade reaching approximately \$85 billion in 2015, a 10 percent increase compared to 2014. The Canada-China Business Council estimates that an FTA between the two countries could boost Canadian exports to China by \$7.7 billion over the next fifteen years.
- China currently imposes a ten percent most favored nation (MFN) tariff on fresh cherry imports from both Canada and the U.S.

Fifteenth Round of U.S.-EU TTIP Negotiations Scheduled for First Week of October

- On September 15, U.S. Trade Representative (USTR) Michael Froman met with European Union (EU) Trade Commissioner Cecilia Malmström in Brussels, Belgium to discuss the status of U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) negotiations. According to a brief [announcement](#) following the meeting, the fifteenth round of TTIP negotiations is scheduled to take place during the week of October 3 in New York.
- TTIP talks have been hindered by disagreements regarding protections for geographical indications (GIs) and market access for services and government procurement. In a recent [letter](#) to the president of the European Wine Companies Committee (CEEV), Commissioner Malmström noted that the European Commission is committed to securing the highest level of GI protections "in light of the market and legal situation of each trading partner."
- Ahead of the fifteenth round of negotiations, EU trade ministers will meet on September 22-23 in Bratislava, Slovakia to assess the progress of the negotiations. French Trade Minister Matthias Fekl recently announced he will request an immediate suspension of the negotiations during the meeting (*BCI Monitor* 9-6-16). However, in a recent [letter](#) to Commissioner Malmström, twelve EU trade ministers expressed their support for the continuation of talks. As a result of the varying positions of EU trade ministers, the meeting is not expected to result in a clear consensus regarding the path forward for TTIP negotiations.