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**A Report for
the California
Cherry Board**

SPECIFIC ISSUES OF INTEREST TO THE CCB:

Update on Taiwan's Cherry Market

- The U.S. remains the leading supplier of cherries to Taiwan despite increased competition, according to a recently published U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#).
- Taiwan, which relies entirely on imported cherries to satisfy domestic demand, represents a key export market for the U.S. In 2015, Taiwan was the fifth-largest market for U.S. cherries and the fourth-largest market for California cherries specifically. Taiwan's consumers perceive cherries as specialty items and are willing to pay a premium for products of the highest quality. However, demand for cherries varies depending on the supply of other locally-produced fresh fruit.
- In 2015, relatively weak economic performance in Taiwan and unfavorable weather conditions in the U.S. contributed to a decline in trade volumes. Overall, Taiwan's cherry imports in 2015 declined by 22 percent compared to the previous year, amounting to 9,252 metric tons (MT). Imports from the U.S. declined by 29 percent to a total of 4,657 MT.
- U.S. market share in Taiwan has declined in recent years as a result of increased competition from southern hemisphere suppliers such as Australia, Chile, and New Zealand. That said, the U.S. retained a 50 percent share of the market in 2015.

GENERAL ISSUES OF INTEREST TO THE CCB:

Philippines Publishes Draft Code of Practice Standards for Fresh Agricultural Products

- The Philippines recently notified the World Trade Organization (WTO) of two draft standards concerning codes of practice for the handling and sale of fresh agricultural products.
- The first [notification](#), which applies to fresh agricultural and fishery products, includes a [Draft Philippine National Standard \(PNS\)](#) establishing a code of hygienic practice for the sale of fresh agricultural products in the Philippines. It is based on the related Codex Alimentarius standard for fresh agricultural product hygienic practices.
- The second [notification](#), which applies specifically to fresh fruits and vegetables, includes a [Draft PNS](#) establishing a code of practice designed to help producers maintain product quality during transportation and marketing of fresh fruits and vegetables. It is similarly based on the related Codex Alimentarius code of practice, though certain modifications have been made to account for domestic production practices.
- While comments for each draft standard are due by November 15, 2016, proposed dates of entry into force have yet to be determined.

Ecuador Moves Forward with Phase-out of Tariff Surcharge

- On September 6, Ecuador adopted a resolution to lower its tariff surcharge on imports, according to a recent [press release](#) published by the country's Ministry of Foreign Trade.

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Ecuador Moves Forward with Phase-out of Tariff Surcharge

- In March 2015, Ecuador imposed a 45 percent tariff surcharge on imports of final consumer goods as an emergency measure to safeguard its balance of payments. The surcharge—an ad valorem tax applied in addition to existing applicable tariffs—was subsequently lowered to 40 percent in January 2016. It will be reduced to 35 percent on October 26, 2016, according to the provisions of the resolution.
- Ecuador originally planned to fully eliminate the surcharge by June 2016. However, unfavorable international conditions and the negative impact of an April 2016 earthquake led Ecuador to delay this phase-out (*BCI Monitor* 7-12-16). The country is aiming for complete elimination of the surcharge by June 2017.
- Ecuador's Minister of Foreign Trade, Juan Carlos Casinelli, will provide a status update on the issue during a World Trade Organization (WTO) Committee on Balance of Payments meeting on November 29, 2016.

U.S. House of Representatives Evaluates Agricultural Trade with Cuba

- On September 14, the U.S. House of Representatives Committee on Agriculture held a [hearing](#) to discuss U.S. agricultural trade with Cuba.
- The U.S. and Cuba have increased official bilateral cooperation in the past year and are working to promote agricultural collaboration. However, current U.S. prohibitions—such as financing restrictions which require Cuba to pay for agricultural products in cash or through third-party financing—continue to restrict U.S. exports to the country.
- At the hearing, Committee on Agriculture Chairman Conaway stated there is an opportunity to make changes that will benefit U.S. agricultural producers and contribute to economic growth in Cuba. Discussions centered on the Cuba Agricultural Exports Act ([H.R. 3687](#)), which proposes to remove the financing restrictions currently constraining U.S. agricultural trade with Cuba.
- U.S. agricultural exports to Cuba would likely expand if remaining trade barriers are removed; global agricultural exports to Cuba have doubled over the past decade to surpass \$2 billion in value and the country imports between 70 and 80 percent of its food, according to the World Food Program. Additional information about agricultural trade between the U.S. and Cuba is available in the following Congressional Research Service [report](#).

Mercosur Calls for European Union to Strengthen Engagement in Free Trade Agreement Negotiations

- At the United Nations General Assembly meeting in New York, the foreign ministers of Mercosur issued a declaration to the European Union (EU) underscoring the importance of advancing negotiations for a free trade agreement (FTA) between the two trade blocs, according to a [press release](#) published by Brazil's Ministry of Foreign Affairs.
- The Mercosur member states participating in the negotiation include Argentina, Brazil, Paraguay, and Uruguay; Venezuela, though a member of Mercosur, is not currently participating.
- Representatives will meet from October 10-14 in Brussels, Belgium for the first official negotiating round since the two sides agreed to move forward with the protracted negotiations in April 2016. Officials are expected to discuss revisions to market access offers made in May 2016. Market access for beef products—a major export commodity for Mercosur—will remain at the forefront of the negotiations.
- The EU is a key export market for Mercosur's agricultural commodities; in 2013, agricultural products accounted for 43 percent of Mercosur's exports to the EU. Overall bilateral trade in goods reached nearly \$105 billion in 2015.

European Parliament Approves Trade Agreement with Southern African Countries

- The European Parliament recently [approved](#) an Economic Partnership Agreement (EPA) between the European Union (EU) and six countries of the Southern African Development Community (SADC). The six SADC members that are a part of the EPA—Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland—are collectively referred to as the SADC EPA group.
- The EPA—signed by the two sides in June 2016—will guarantee immediate duty-free access to the EU for Botswana, Lesotho, Mozambique, Namibia, and Swaziland and enhance market access for South Africa. The EU will also benefit from greater market access, although the six countries will reduce barriers asymmetrically. Additional details about the key benefits of the agreement are available [here](#).
- The EPA will enter into force following formal approval by the European Council and ratification by the national parliaments of the six African countries. The EU is the largest trading partner of the SADC EPA group, importing nearly \$36 billion in goods from the six countries in 2015. Bilateral trade in goods between the two sides surpassed \$70 billion in 2015.