

**OCTOBER 2, 2018****INSIDE THIS ISSUE**

- **U.S., Canada, and Mexico Reach an Agreement on NAFTA**
- **U.S. and Japan Agree to Begin Talks for a Bilateral Trade Agreement**
- **Australia Pest Risk Assessment on Mealybugs and Plant Import Pathways**
- **Light Brown Apple Moth Boundary Changes**
- **WTO Members Question U.S. Farm Aid Package**
- **South Korea and Mercosur Hold First Round of Negotiations**

**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD****GENERAL ISSUES OF INTEREST TO THE CCB:****U.S., Canada, and Mexico Reach an Agreement on NAFTA**

- The U.S., Canada, and Mexico have reached a trilateral deal on an updated North American Free Trade Agreement (NAFTA). The agreement has been renamed the U.S.-Mexico-Canada Agreement (USMCA).
- The USMCA keeps much of the original NAFTA agreement intact, including duty-free access for U.S. agricultural exports, with a few updates in terms of agriculture.
 - Mexico and the U.S. agreed that grading standards and services will be non-discriminatory for all agricultural goods and agreed to establish a dialogue to discuss grading and quality trade related matters.
 - The U.S., Mexico, and Canada have agreed to increase transparency on the development and implementation of SPS measures, improve processes for certification, conduct system-based audits, improve transparency for import checks, and to work together to enhance compatibility of measures.
 - The United States, Mexico, and Canada agreed on the Annex on Proprietary Food Formulas, which requires each party to protect the confidentiality of proprietary formulas for food products in the same manner for both domestic and imported products.
 - The U.S., Mexico, and Canada agreed to a text that covers all biotechnologies, including technologies such as gene editing. All three parties have agreed to provisions to enhance information exchange and cooperation on agricultural biotechnology trade-related matters.
- Differences between the NAFTA and the USMCA include an increase in the portion of a car that must be produced in North America, the U.S. obtaining greater access to Canada's dairy market, and a new currency chapter that commits all parties to maintain market-determined exchange rates and disallows competitive devaluations of currencies.
- The three parties reached a compromise on the dispute settlement measures in NAFTA. Chapter 11 (mechanism for solving disputes between companies and NAFTA governments) was severely restricted between the U.S. and Mexico while the dispute settlement mechanisms of Chapter 19 and Chapter 20 remained intact. The U.S. proposed 5-year sunset clause was changed to a 16-year term for the agreement, with a review and an option for extension after six years.
- The renegotiated agreement requires congressional approval. The text of the agreement can be found [here](#).

U.S. and Japan Agree to Begin Talks for a Bilateral Trade Agreement

- On September 26, the U.S. and Japan agreed to begin negotiations for a bilateral trade agreement. The announcement marks a change in the Japanese position; Japan had previously strongly encouraged the United States to re-join the Trans-Pacific Partnership (TPP).
- According to a White House [press release](#), “the United States and Japan will enter into negotiations, following the completion of necessary domestic procedures, for a United States–Japan Trade Agreement on goods.”
- U.S. Trade Representative Robert Lighthizer told reporters that he expects the agreement will require congressional approval, and that he plans to begin the process under the Trade Promotion Authority. USTR must notify Congress 90 days before formally entering into trade negotiations. The notification to Congress has not yet been made.

Australia Pest Risk Assessment on Mealybugs and Plant Import Pathways

- On October 1, Australia [notified](#) the World Trade Organization (WTO) of a draft [group pest risk assessment](#) on all members of three mealybug families. The families are Pseudococcidae, Putoidae and Rhizoecidae, in the insect order Hemiptera.
- The draft pest risk analysis assesses the biosecurity risk posed by mealybugs, the biosecurity risk posed by viruses transmitted by mealybugs, and the plant import pathways on which mealybugs can enter Australia. Plant import pathways include fresh fruit and vegetables.
- The [consultation](#) for the group pest risk assessment closes on November 27, 2018. A final report will be released in 2019 following consideration of stakeholder comments.

Light Brown Apple Moth Boundary Changes

- The Light Brown Apple Moth LBAM (*Epiphyas postvittana*) quarantine boundaries have changed in Ventura County.
- Effective September 25, the LBAM regulated area for Ventura County has been expanded and can be found in grid [436](#).
- For more information on LBAM, as well as the Southern California, Northern California, and full state quarantine maps, please see the California Department of Food and Agriculture [website](#).

WTO Members Question U.S. Farm Aid Package

- During a World Trade Organization (WTO) agriculture committee meeting, members questioned the methodology, duration, and the consistency of the new \$12 billion farm aid package first announced by the U.S. Department of Agriculture on July 24, 2018.
- The U.S. has confirmed that it is a one-time policy covering the fiscal period of September 2018-January 2019 and has published the methodology used to calculate payments to farmers.
- While the U.S. noted during the meeting that the program would not impact production decisions since the program was initiated after farmers had planted their annual crops, many WTO members expressed strong interest in following up on the implementation of the program. Other members stated an interest in monitoring whether the program is fully consistent with WTO rules.

South Korea and Mercosur Hold First Round of Negotiations

- Between September 11 and 14, South Korea and the Mercosur member nations – Argentina, Brazil, Uruguay, and Paraguay – held the first round of negotiations for a free trade agreement in Uruguay.
- Twelve technical working groups discussed topics such as trade in goods, sanitary and phytosanitary measures, and intellectual property. According to media sources, the first round of talks achieved progress in several chapters, and all parties committed to intensify work between negotiating rounds.
- The second round of talks is expected to take place in February in Seoul, and further negotiating rounds have been tentatively planned for May, August or September, and November 2019.