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A REPORT FOR
THE CALIFORNIA
CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

U.S.-China Joint Commission on Commerce and Trade Concludes

- The 27th U.S.-China Joint Commission on Commerce and Trade (JCCT) was [held](#) in Washington, D.C. from November 21-23, 2016. The U.S. delegation was led by Secretary of Commerce Penny Pritzker and U.S. Trade Representative (USTR) Ambassador Michael Froman. U.S. Secretary of Agriculture Tom Vilsack also attended to address agricultural issues.
- The outcomes of the JCCT pertaining to agriculture were not as substantial as the U.S. had hoped, according to comments made by Secretary Vilsack. That said, the following outcomes were achieved: 1) both countries agreed to further cooperation and discussion regarding food safety import requirements; 2) the two sides agreed to hold an informational exchange in 2017 on World Trade Organization (WTO) notification procedures for technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) issues; and 3) China and the U.S. affirmed their willingness to consider each side's respective concerns regarding the compliance of trade policies with relevant WTO principles and disciplines. A complete summary of JCCT outcomes is available [here](#).
- If China and the U.S. substantially reduce barriers to trade, bilateral agricultural trade could increase by an additional \$28 billion by 2025 compared to a baseline projection, according to a recent report [published](#) by the U.S. Chamber of Commerce.

Philippines Recalls Import Permits for Agricultural Products

- On November 22, the Philippine Department of Agriculture (DA) ordered the immediate cancellation and recall of all import permits for agricultural products in an effort to combat illegal smuggling of goods, according to a DA [press release](#).
- DA Secretary Manny Piñol stated the move was necessary to prevent the illegal recycling of permits and misdeclaration of goods by importers smuggling agricultural items into the Philippines. To address smuggling of meat and poultry products in particular, Secretary Piñol [announced](#) the creation of a trade facilitation unit to inspect imports and manage the issuance of new permits.
- Secretary Piñol assured law-abiding importers the recall would be handled efficiently to avoid possible spoilage of products. He noted that as of November 25, the DA had already revalidated over 1,770 import permits, representing more than half of the permits issued by the previous government administration. According to industry sources, there has been little impact on overall operations so far, despite the potential for delays caused by the extra steps needed to revalidate import permits.

European Commission Evaluates Impact of Free Trade Agreements on Agricultural Sector

- The European Commission recently [published](#) a report which analyzes the impact of free trade agreements (FTAs) on the agricultural sector of the European Union (EU).
- The results of the study indicate that while there is potential for many EU agricultural products to benefit from trade liberalization, certain agricultural sectors within the EU are vulnerable to adverse effects caused by increased market access for imports. The report estimates the impact of both conservative and ambitious FTAs and assesses the specific consequences of recently completed trade agreements with Canada and Vietnam as well as FTAs under negotiation with trading partners including the U.S., Mercosur, and Japan. That said, the study does not include a full assessment of potential impacts on all agricultural products and does not evaluate the impact of changes to non-tariff barriers.
- Industry stakeholders such as the European agricultural trade association Copa Cogeca [stated](#) the report illustrates why the EU should utilize tariff rate quotas (TRQ) instead of the reduction or elimination of tariffs for sensitive agricultural products when negotiating FTAs.
- During Transatlantic Trade and Investment Partnership (TTIP) negotiations with the U.S., EU officials signaled that TRQs would be a better way to liberalize trade of sensitive agricultural products.
- The EU has been a net-exporter of agricultural and food products since 2010. In 2015, EU agri-food exports reached a value of nearly \$137 billion.

Ecuador Joins European Union Free Trade Agreement with Colombia and Peru

- On November 11, representatives from the European Union (EU), Colombia, Peru, and Ecuador signed the Protocol of Accession for Ecuador to join the EU's trade agreement with Colombia and Peru, according to a European Commission [press release](#). The agreement must be adopted according to the domestic ratification procedures of each side before entry into force can occur.
- Up until 2015, Ecuador was allowed preferential access for its exports to the EU under the World Trade Organization's (WTO) Generalized System of Preferences (GSP). Though the country is no longer eligible for GSP benefits, Ecuador's accession to the trade agreement will allow for the continuance of preferential market access for the country's exports to the EU.
- Upon entry into force, the EU will reduce or eliminate nearly 95 percent of tariffs on Ecuadorian goods, while Ecuador will reduce or eliminate approximately 60 percent of tariffs on products from the EU. The agreement is designed to boost trade between the EU and the Andean Community, which includes Bolivia, Colombia, Ecuador, and Peru. The framework of the agreement allows for Bolivia to seek accession if it wishes.
- Bilateral trade in goods between the EU and Ecuador reached nearly \$5 billion in 2015. In the same year, two-way trade between the EU and the Andean Community amounted to \$30 billion. Additional information about the trade relationship between the EU and the Andean Community is available [here](#).

South Korea, Central America Conclude Free Trade Agreement Negotiations

- South Korea and six Central American countries—Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama—recently concluded free trade agreement (FTA) negotiations, according to a Korean Ministry of Trade, Industry, and Energy (MOTIE) [press release](#). The six countries comprise the fifth-largest market in Latin America.
- Representatives from each country met in Nicaragua on November 16 to mark the achievement. A formal signing ceremony will be planned once the complete text of the agreement is finalized in the first half of 2017. Following signature, the FTA may enter into force following parliamentary ratification in South Korea and at least one Central American member country.
- The agreement will lead to the complete elimination of approximately 95 percent of tariffs on goods traded between South Korea and the six Central American countries. Trade between South Korea and the six nations surpassed \$4 billion in 2015.