

DECEMBER 13, 2016**INSIDE THIS ISSUE**

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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD****GENERAL ISSUES OF INTEREST TO THE CCB:****U.S.-Korea Free Trade Agreement Sanitary and Phytosanitary Talks Held in Washington, D.C.**

- On December 8, U.S. and Korean government representatives participated in the annual Korea-U.S. Free Trade Agreement (KORUS FTA) Sanitary and Phytosanitary (SPS) talks.
- Korea's transition to a new pesticide maximum residue level (MRL) testing regime was a key discussion topic. With the new policy scheduled to enter into force for nuts, seeds, and tropical products in 2017 and be fully enacted by January 1, 2019, U.S. officials underscored the importance of continued engagement to mitigate any potential trade disruptions.
- While stakeholders have worked to establish new MRLs ahead of the forthcoming change, many more are still needed. At the meeting, Korean representatives agreed to track the progress of MRL applications and provide additional information about new sampling and sanctions policies. According to industry sources, Korea also committed to reinstating cherries to preferential testing by the beginning of the 2017 season.
- U.S. cherry exports to Korea reached a value of \$104.5 million in 2015, with California cherries accounting for approximately 45 percent of this total. Additional information about Korea's MRL transition is available [here](#).

Canada Launches Public Consultation Regarding Food Labeling Modernization Initiative

- The Canadian Food Inspection Agency (CFIA) recently opened a public consultation period regarding its Food Labelling Modernization (FLM) Initiative, according to a recent World Trade Organization (WTO) [notice](#).
- The consultation period allows stakeholders to provide feedback on key CFIA proposals designed to modernize Canada's food labeling system. This consultation period represents the third phase of CFIA engagement regarding the FLM Initiative.
- The discussion paper and questionnaire presented for this consultation—as well as additional information about Canada's FLM Initiative and the results of previous consultation phases—is available [here](#).
- The current consultation period ends on February 28, 2017. After consideration of stakeholder feedback, Canada intends to develop draft FLM measures which will be notified to the WTO.

U.S. Requests Panel in WTO Dispute Challenging China's Agricultural Subsidies

- The U.S. recently [notified](#) the World Trade Organization (WTO) of its request for the establishment of a panel to examine its dispute with China regarding the country's domestic support for certain agricultural commodities. The U.S. is expected to formally submit its request and engage in discussion regarding the dispute at a WTO Dispute Settlement Body (DSB) meeting scheduled for December 16, 2016.

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U.S. Requests Panel in WTO Dispute Challenging China's Agricultural Subsidies

- The U.S. claims China's market price support for rice, wheat, and corn exceeds the commitment level it agreed to during its accession to the WTO. According to media sources citing U.S. Trade Representative (USTR) Michael Froman, the case contains underlying market access implications and may have a systemic impact as it is the first such challenge of a pricing program at the WTO.
- Under WTO dispute settlement procedures, China is permitted to block the first U.S. request for a panel but is not able to block a second U.S. request, which can be submitted at a subsequent meeting of the WTO's DSB. Notably, the U.S. may request a special meeting of the DSB to formally submit a second panel request.

Sixteenth Round of Regional Comprehensive Economic Partnership Negotiations Concludes

- The sixteenth round of Regional Comprehensive Economic Partnership (RCEP) negotiations was held from December 6-10 in Jakarta, Indonesia, according to a recent Japanese Government [press release](#). RCEP includes the ten-member Association of Southeast Asian Nations (ASEAN), Australia, China, India, Japan, New Zealand, and South Korea.
- During this round of negotiations, representatives reportedly completed the chapter devoted to small and medium enterprises (SMEs), bringing the total number of completed chapters to two. In the previous round, negotiators finalized the chapter covering economic and technical cooperation. Several issues surrounding tariff reduction schedules remain at the forefront of discussions, including: 1) how countries can maintain unique reduction schedules for specific RCEP members; and 2) the number of tariff lines to be included.
- According to media sources citing Malaysian Trade Minister Mustapa Mohamed, officials expect RCEP negotiations to be substantially concluded by the end of 2017. The seventeenth round of talks is scheduled for February 2017 in Japan. Together, the sixteen prospective members of RCEP account for approximately half of the world's population, 30 percent of global gross domestic product (GDP), and over a quarter of global exports.

Australian Trade Minister Visits Indonesia to Advance Free Trade Agreement Negotiations

- Australian Trade Minister Steven Ciobo recently met with Indonesian government and business leaders to build momentum toward concluding bilateral free trade agreement negotiations in 2017, according to an Australian Government [press release](#).
- The two countries have held three rounds of negotiations for the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) since talks were reactivated in March 2016 (*BCI Monitor* 3-29-16). During the most recent round of talks, the two sides exchanged initial market access offers and discussed text for all prospective chapters. The next official round of negotiations is scheduled to take place in Australia in February 2017.
- 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](#).