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INSIDE THIS ISSUE

- **Trump Signs USMCA**
- **Hypermarket Chain Exits Australia**
- **Chilean Cherry Industry Aims to Diversify Export Markets**
- **Commerce Approves Use of Tariffs to Combat Currency Manipulation**
- **EU Debates Common Front-of-Pack Nutritional Labeling System**
- **South Korea Publishes Nutritional Labeling Guidelines**

A REPORT FOR THE CALIFORNIA CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

Trump Signs USMCA

- On January 29, President Trump signed the U.S.-Mexico-Canada Agreement (USMCA). The agreement still needs to be ratified by Canada, after which the three countries will begin consultations to determine an implementation date.

Hypermarket Chain Exits Australia

- The German hypermarket chain Kaufland unexpectedly [canceled plans](#) to enter the Australian market, after investing heavily in Australian locations in 2018 and 2019.
- Kaufland was expected to compete with Aldi, which has expanded aggressively in Australia. Both supermarket chains are German firms and discount focused.

Chilean Cherry Industry Aims to Diversify Export Markets

- [According](#) to the Chilean Exporters' Association (ASOEX), the Chilean fruit industry is pursuing market access for cherries in Vietnam.
- Currently, the U.S. is the largest supplier of cherries to Vietnam, followed by Canada and Australia. Chilean cherries are a winter fruit and would therefore compete primarily with Australian cherries.
- The Chilean cherry industry has grown exponentially, but it is highly dependent on the Chinese market. Although many Chilean cherries are sold in advance of Chinese New Year, the Chilean fruit industry [has reported concern](#) that the coronavirus epidemic in China will depress Chilean cherry exports in the remainder of this season, highlighting the need to diversify its export markets.

Commerce Approves Use of Tariffs to Combat Currency Manipulation

- On February 4, the U.S. Department of Commerce published [a new rule](#) that allows the U.S. to impose countervailing duties (i.e. tariffs) on countries that use unfair currency practices. It will go into effect on April 6.
- This was proposed in May 2019 during the trade dispute with China and after the Trump administration had formally listed China for currency manipulation. Now that the U.S. and China have signed a partial trade deal and the U.S. has removed China from its list of currency manipulators, this appears less likely.
- Determinations of unfair currency practices are made by the U.S. Treasury Department. As of January 13, 2020, Treasury does not consider any countries to be actively manipulating their currencies, but has placed ten major trading partners on the its "Monitoring List", indicating some concern with their currency practices: China, Germany, Ireland, Italy, Japan, Korea, Malaysia, Singapore, Switzerland, and Vietnam.

EU Debates Common Front-of-Pack Nutritional Labeling System

- The European Commission is expected to recommend a single nutritional labeling system in 2020 to standardize food labeling across Europe.
- Media has reported that the system the EU is likely to recommend is Nutri-Score, a voluntary labeling system used in France, Germany, the Netherlands, Switzerland, Spain, and Belgium. This system assigns food a grade from A (healthiest) to E (least healthy).
- In early January, the Italian government proposed the alternative [NutrInform](#) (in Italian) system, arguing that the Nutri-Score system would give unfairly low health grades to traditional Italian foods high in olive oil or dairy.

South Korea Publishes Nutritional Labeling Guidelines

- The Korean Ministry of Food and Drug Safety published [new guidelines](#) (in Korean) to help food companies comply with South Korea's nutritional labeling laws.
- According to media reporting, the guidelines emphasize strict compliance with low or no-sugar claims and ensuring that nutrient percentages are accurate, within the acceptable error range (+/- 20%).