

MAY 24, 2022

INSIDE THIS ISSUE

- **Brazil Temporarily Reduces Tariffs on Numerous Food Products**
- **White House Launches Indo-Pacific Economic Framework**
- **Update on Korean Draft Amendments to Imported Food Safety Regulations**
- **China Notifies Draft Revision of Excess Food Packaging Restrictions**
- **Mexico Temporarily Suspends Tariffs on Numerous Basic Food Products**
- **UK and Mexico Start Free Trade Agreement Negotiations**
- **Trade Integration Agreement Between Chile and Ecuador Enters Into Force**
- **Eleven Latin American Countries Sign Multilateral Agreement on Customs Facilitation**

**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

SPECIFIC ISSUES OF INTEREST TO THE CCB:

Brazil Temporarily Reduces Tariffs on Numerous Food Products

- On May 24, Brazil [published *GECEX Resolution No. 353*](#) (in Portuguese), reducing import tariffs on several HS codes of staple food items and commodities for food processing from June 1, 2022, until December 31, 2023. The tariff reduction is part of a broader government effort to combat food price inflation. Most of the Common External Tariff rates have been reduced by 10%.
- The tariff for fresh cherries, other than sour (HS 0809.29) is reduced from 10% to 8%.

White House Launches Indo-Pacific Economic Framework

- On May 23, the White House [formally launched](#) the Indo-Pacific Economic Framework (IPEF) for Prosperity with 12 initial partners: Australia, Brunei, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam. Additionally, the White House published an [accompanying fact sheet](#) and [transcript of a related press briefing](#) with U.S. Trade Representative Katherine Tai, Secretary of Commerce Gina Raimondo, and National Security Advisor Jake Sullivan.
- A consultation on the framework was held in March and April (*BCI Monitor 3-15-22*).
- The framework includes four pillars including trade, supply chains; clean energy; decarbonization, and infrastructure; and tax and anti-corruption. The framework will explicitly not include increased market access through tariff reduction.
- In the press briefing, Ambassador Tai said, “We will see commitments with IPEF partners that facilitate agricultural trade through science-based decision making with the adoption of sound, transparent regulatory practices. This will help our farmers, our ranchers, and our fishers gain certainty for getting their products to the region.” Additionally, she cited potatoes as an example of a fresh product that, despite having duty-free access to Mexico, did not have market access.

Update on Korean Draft Amendments to Imported Food Safety Regulations

- On May 4, the South Korean Ministry of Food and Drug Safety (MFDS) [published draft partial amendments](#) to the [Enforcement Rules of the Special Act on Imported Food Safety Management](#) (both documents in Korean) (*BCI Monitor 5-10-22*). On May 11, the draft amendments were [notified to the WTO](#).
- Feedback from USDA/FAS Seoul has confirmed that the amendments require a photo of imported food products when the import application is submitted for import inspections. The requirement applies to any imported products in a package such as a box, container, etc. The only exemption is bulk products that are not in a package.
- The photo would be one of the required documents submitted with an import application before proceeding with import inspection.
- Additionally, the draft regulations amend the registration application options for “Type of Business” from “Packaging agricultural products” to “Packaging agricultural products (Farm, Farm mixed facility, Collection Point).”
- Comments can be sent to the U.S. SPS Inquiry Point at us.spsenquiry@fas.usda.gov. Comments are due June 10, 2022.

GENERAL ISSUES OF INTEREST TO THE CCB:

China Notifies Draft Revision of Excess Food Packaging Restrictions

- On May 24, China [notified Amendment No. 1 of GB 23350-2021 Restriction of Excessive Packaging requirements for Food and Cosmetics](#) (in Chinese) (*BCI Monitors 3-22-22, 4-26-22*).
- According to the WTO notification, the amendment pertains to number of packaging layers, packaging costs, mixed packaging requirements, and the classification and k-value of commodity pastries in Appendix A.1. Standard implementation requirements have been also revised.
- The last domestic comment period closed on April 24, 2022 (*BCI Monitor 4-26-22*). The notification includes neither a date of adoption nor the option to comment.

Mexico Temporarily Suspends Tariffs on Numerous Basic Food Products

- On May 16, Mexico published a [presidential decree](#) (in Spanish) suspending import tariffs on 66 HS codes of staple food items and commodities for food processing for one year. The tariff suspension is part of a broader government effort entitled *Program to Combat Food Price Inflation and Scarcity (PACIC)*.
- Under the U.S.-Mexico-Canada (USMCA) agreement, the United States already exported most items on the list duty-free to Mexico. Now, all countries will join in having duty-free access until at least May 17, 2023, with a possible one-year extension.
- The list does not include cherries; however, it does include other fresh fruits including apples, oranges, lemons, and limes.
- The decree is summarized in a recent [USDA GAIN report](#). A second [USDA GAIN report](#) includes additional measures introduced under PACIC, including an agreement with the private sector to ensure a fair price for the basic food basket and delay in implementation of the *Carta Porte* tax on the transport of goods within Mexico.

UK and Mexico Start Free Trade Agreement Negotiations

- The [United Kingdom](#) (UK) and [Mexico](#) (in Spanish) announced the launch of negotiations on a UK-Mexico Free Trade Agreement (FTA), complementing the UK's Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) accession negotiations. Mexico is a CPTPP member.
- Mexico and the European Union (EU) reached an [agreement in principle](#), cutting high Mexican tariffs on European food and drinks, in April 2018. Ratification of the modernized EU-Mexico trade agreement is pending.

Trade Integration Agreement Between Chile and Ecuador Enters Into Force

- On May 16, Chile and Ecuador [announced](#) the entry into force of the ACE 75 Trade Integration Agreement between the Republic of Ecuador and the Republic of Chile, replacing the Economic Complementarity Agreement ACE 65 Chile-Ecuador. The agreement has additional standards in trade facilitation, regulatory aspects, and other topics leading to deeper integration.
- According to the Chilean Association of Fruit Exporters (ASOEX), Chile exported 76,777 MT of fresh fruit to Ecuador in 2020-21, the second largest destination for Chilean fruit in Latin America; of which 60% of exports were apples, 13% table grapes, and 3% cherries.

Eleven Latin American Countries Sign Multilateral Agreement on Customs Facilitation

- On May 20, eleven Latin American countries including [Argentina](#), [Brazil](#), Bolivia, Chile, Colombia, Costa Rica, [the Dominican Republic](#), Guatemala, Paraguay, [Peru](#), and Uruguay signed an Agreement of Mutual Understanding on customs facilitation.
- Through the agreement, each country's customs will mutually recognize the other signatories' Authorized Economic Operators (AEOs) for further trade facilitation. The [AEO Compendium](#) sets standards for AEOs by the World Customs Organization.