

November 20, 2009

INSIDE THIS ISSUE

- Israel Issues New Import Requirements for U.S. Pears
- New Zealand Publishes Draft Import Requirements for Chinese Pears
- Mexico Revises Medfly Host Fruit Import Requirements
- Chinese Canned Pear Production, Exports to Decline in 2009
- Mexico Considers Additional Products for Retaliatory Tariffs
- WTO Allows Brazil to Impose Sanctions
- U.S. Renews Engagement with the Trans Pacific Partnership Agreement



SPECIFIC ISSUES OF INTEREST TO THE CPAB:

Israel Issues New Import Requirements for U.S. Pears

- Israel recently released new import requirements for U.S. pears. Western pears, including those from California, must be
 - free from *Contrachelus nenuphar* (plum curculio)
 - free from *Rhagoletis pomonella* (apple maggot) or be subject to cold treatment
 - subject to two percent pre-shipment inspection for quarantine pests, including *Quadraspidiotus perniciosus* (San Jose scale), *Rhagoletis pomonella*, and *Contrachelus nenuphar*
- Additional statements on the phytosanitary certificate must address each of these requirements. Pallets must be labeled as "Approved for Israel."
- U.S. Department of Agriculture (USDA) officials have proposed requesting an exemption period to provide time for the U.S. to adapt to the new cold treatment requirements.

New Zealand Publishes Draft Import Requirements for Chinese Pears

- Biosecurity New Zealand recently published a draft import health standard (IHS) for Chinese pears and is currently seeking comments. This follows the publication and consultation on an import risk analysis (IRA) for Chinese pears earlier this year (see the August 14, 2009 edition of the *BCI Monitor* for additional information).
- The draft outlines the requirements for entry of Chinese pears into New Zealand, including specific treatments for pests of concern, additional declarations required on the phytosanitary certificate, and inspection procedures.
- New Zealand is accepting comments on the proposed IHS until December 11, 2009. For additional information, please see: <http://www.biosecurity.govt.nz/biosec/consult/draft-ihp-pears-prc>.

Mexico Revises Medfly Host Fruit Import Requirements

- Due to the recent discoveries of *Ceratitits capitata* (Mediterranean fruit fly or Medfly) in the Fallbrook and Escondido areas of San Diego County, Mexico has revised its phytosanitary import requirements.
- Medfly host fruit originating, packed, or stored in the quarantine areas of San Diego (El Cajon, Escondido, and Fallbrook), Los Angeles, Santa Clara, and Solano counties are prohibited for export to Mexico.

Chinese Canned Pear Production, Exports to Decline in 2009

- On November 10, USDA's Foreign Agricultural Service (FAS) published a report on the deciduous canned fruit market in China.
- Canned pear production for the 2009 marketing year (MY) is forecast at 76,500 metric tons (MT), down seven percent from the previous year due to a decline in global demand, especially from the primary markets of Thailand, Russia, and other Eastern European countries.
- Canned pear exports are also expected to decrease by ten percent to 55,000 MT in MY 2009 due to the global economic downturn and the resulting decline in demand from primary markets. Chinese import demand for canned pears from the U.S. and Western European will remain low but stable, at an estimated 20 MT.

(Continued on next page)

(Chinese Canned Pear Production, Exports to Decline in 2009 continued)

- To view the full report, including Post estimates of other Chinese canned fruits, please see: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Annual_Beijing_China%20-%20Peoples%20Republic%20of_11-10-2009.pdf.

GENERAL ISSUES OF INTEREST TO THE CPAB:

Mexico Considers Additional Products for Retaliatory Tariffs

- News sources indicate that Mexico is considering adding more products to its list of retaliatory tariffs due to the lack of progress on a resolution to the U.S.-Mexico trucking dispute.
- In March, Congress withdrew funding for the pilot program that granted approximately 100 Mexican trucking companies access to U.S. roadways. In response, Mexico imposed retaliatory duties on 89 U.S. products, including a 20% tariff on fresh pears. Before issuing the sanctions, Mexico imported pears duty-free under the North American Free Trade Agreement (NAFTA).
- Per its NAFTA commitments, the U.S. is obligated to allow Mexican trucks open access to U.S. roadways. However, the program has long been opposed by the U.S. trucking industry and members of Congress, who believe Mexican trucks are unsafe for U.S. roads.
- According to recent statements by U.S. trade officials, the Obama administration seeks to implement a cross-border trucking program that would fulfill its NAFTA obligations while addressing concerns over the safety of Mexican trucks operating in the U.S. The U.S.'s NAFTA representative stated that a resolution to the Mexican trucking issue is "long overdue," citing the predominance of healthcare as a primary focus of the U.S. legislature at this time.
- In related news, Mexican President Felipe Calderon raised the issue in a speech at the recent Asia-Pacific Economic Cooperation (APEC) meeting in Singapore, saying that the U.S. had given in to protectionism by maintaining the trucking ban.

WTO Allows Brazil to Impose Sanctions

- At a World Trade Organization (WTO) dispute meeting on November 19, Brazil obtained approval to impose sanctions on U.S. products due to illegal U.S. cotton subsidies. Brazil recently published a document listing commodities that it is considering for sanctions.
- The U.S. indicated that it intends to comply with the WTO finding that the subsidies are illegal, though experts indicated that officials were not clear whether this means changes to U.S. legislation or simply a position that U.S. subsidy programs no longer violate WTO rules due to current market conditions. U.S. officials also indicated that they would welcome suggestions for a negotiated settlement from Brazil.

U.S. Renews Engagement with the Trans Pacific Partnership Agreement

- At the APEC meetings on November 14, President Obama announced that the U.S. will re-engage in negotiations for the Trans-Pacific Strategic Economic Partnership Agreement (TPP), a free trade agreement (FTA) that currently includes Chile, New Zealand, Brunei, and Singapore. Australia and Peru have also indicated their intent to participate in the TPP talks, as has Vietnam as an "associate member."
- In a separate address on November 14, U.S. Trade Representative (USTR) Ron Kirk described the TPP as an "opportunity to address gaps in our current agreements." Neither Ambassador Kirk nor President Obama explicitly gave an official U.S. commitment to join the TPP, which some observers say may be a tactic to avoid disagreements with Congress.
- The U.S. originally agreed to join the TPP negotiations in the last months of the Bush administration. The first round was scheduled for March 2009, but progress was stalled once President Obama took office.
- The TPP is seen as an agreement that could continue to expand over time, with Japan most frequently listed as a possible candidate. Due to the existing U.S. FTAs with most of the participating countries and the relatively low potential for growth in a market such as New Zealand, much support for the TPP is focused on the possibility of including other markets in the future.
- In related news, U.S. officials have reportedly urged their Malaysian counterparts to consider joining future TPP negotiations. This may be in response to apparent indications that the Obama administration will not renew FTA talks between U.S. and Malaysia that have been stalled for more than three years.