

October 1, 2010

INSIDE THIS ISSUE

- AMS Announces Invitations to Buy Canned Pears and Canned Mixed Fruit
- Canada Establishes Less Restrictive Pesticide Tolerances for Pears
- Shipment Delays in India Due to Newly-Appointed Port Officials
- Russia Reaches WTO Accession Agreement with U.S., Will Cut Farm Subsidies to Meet WTO Requirements
- World Trade Organization Comments on U.S. Trade Policy, Urges Global Trade Leadership
- House Approves Tariff Bill to Address China's Currency Devaluation

SPECIFIC ISSUES OF INTEREST TO THE CPAB:

AMS Announces Invitations to Buy Canned Pears and Canned Mixed Fruit

- The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) recently issued an invitation for offers to supply the following products for delivery to domestic nutrition programs in the period from November 16, 2010 to February 15, 2011:
 - 138,624 cases of #10 canned sliced pears
 - 246,240 cases of #10 canned diced pears
 - 35,568 cases of #10 canned pear halves
- Offers are due by **October 8, 2010**. For more information, please see: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5086819>.
- AMS also recently published an invitation for 359,328 cases of #10 canned mixed fruit for delivery to domestic nutrition programs in the period from November 16, 2010 to June 30, 2011. Offers are also due by **October 8, 2010**. For more information on this invitation, please see: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5086800>.
- In related news, AMS recently published a notice to the trade concerning the domestic origin requirement for USDA commodity purchases. Contractors are reminded that all products fulfilling contracts awarded must be of 100% domestic origin, and that it is the contractor's responsibility to maintain and provide written documentation that demonstrates 100% domestic origin through the entire supply chain for every load supplied to the USDA. For more information, please see: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5086617>.

Canada Establishes Less Restrictive Pesticide Tolerances for Pears

- Health Canada's Pest Management Regulatory Agency (PMRA) recently increased the maximum residue level (MRL) for pyrimethanil on pears from 3 parts per million (ppm) to 14 ppm. This tolerance is now equivalent to the U.S. MRL. For more information, please see: <http://www.hc-sc.gc.ca/cps-spc/pubs/pest/decisions/emr12010-26/index-eng.php>.
- In related news, PMRA also recently established an import tolerance for boscalid on pome fruit (including pears) at 3 ppm. This is also equivalent to the U.S. MRL. For more information, please see: <http://www.hc-sc.gc.ca/cps-spc/pubs/pest/decisions/emr12010-27/index-eng.php>.

GENERAL ISSUES OF INTEREST TO THE CPAB:

Shipment Delays in India Due to Newly-Appointed Port Officials

- India's Food Safety and Standards Authority (FSSAI) is in the process of replacing existing Port Health Officers with newly-appointed Authorized Officers. To date, five officers have been replaced in the ports of Mumbai, Nhava Sheva, Kolkata, Chennai and Haldia.
- As a result of this transition, both Indian importers and exporters from the U.S. and many other countries have reported delays in the import inspection and clearance process. There is no evidence to indicate that FSSAI is singling out specific commodities or countries, or that there have been any changes to the shipment clearance procedure. Rather, the newly appointed officers simply seem to be overly strict in their enforcement of existing procedures.

(Continues on next page)



(Shipment Delays in India Due to Newly-Appointed Port Officials – continued)

- In a discussion with FSSAI, a group of Indian importers were assured that FSSAI would address the current shipment delays, and gradually phase in any future changes to the import inspection and clearance procedures as necessary.
- Updates on this issue will be provided as more information becomes available.
- In related news, FSSAI has invited public comment on a draft document outlining the standards-setting process for food and food additives. This draft is available for review here: http://www.fssai.gov.in/website/Portals/0/Pdf/Draft%20on%20Drawing%20up%20Revision%20of%20Food%20Standards_24sept2010.pdf. Comments are due by **October 24, 2010**, and may be emailed to Anil Mehta at anilmehta@fssai.gov

Russia Reaches WTO Accession Agreement with U.S., Will Cut Farm Subsidies to Meet WTO Requirements

- On October 1, Russian officials announced that they completed a bilateral World Trade Organization (WTO) accession agreement with the U.S. This development is considered a major step in Russia's long-running accession process. Russia is reportedly also close to concluding bilateral negotiations with other key countries. However, there still remain many contentious issues to be addressed in multilateral negotiations, including meat import quotas.
- Recent talks concerning Russia's bid to enter the WTO involved officials from 20 countries, including the U.S. Russia is currently the largest global economy outside the WTO. In an effort to accelerate its accession to the World Trade Organization (WTO), Russia announced that it will cut its farm subsidies in half by 2017.
- Russian Agriculture Minister Yelena Skrynnik stated that the government will retain the current annual rate of \$9 billion in agricultural subsidies until 2012. This level of support will be incrementally scaled down to \$4.4 billion by 2017. Additionally, Skrynnik agreed that Russia will comply with the WTO's requirement to removal all export subsidies.

World Trade Organization Comments on U.S. Trade Policy, Urges Global Trade Leadership

- The World Trade Organization (WTO) recently published a Trade Policy Review (TPR) report on the U.S. The report, which reviews and analyzes U.S. trade policy since 2007, ranks the U.S. as one of the world's most open economies to trade and investment. However, the WTO warns against the protectionist trade measures implemented by the U.S. in recent years, including the increase in the number of antidumping and countervailing duties, new farm legislation, agricultural subsidies, and various tariff and non-tariff barriers.
- Concerning farm subsidies, the WTO states that although support for agriculture remains at a low percentage compared to the value of production, the considerable size of the agriculture sector means that this amount of federal support to certain agricultural industries, which varies on a yearly basis, can greatly affect prices in world markets. The report also comments on the successful implementation of export promotion measures in recent years, yet warns that export promotion should be "complemented by continued reduction in remaining restrictions on market access and other distorting measures," which may include U.S. tariffs, support for agriculture, and non-tariff barriers to trade and investment.
- The report also cites a "marked slowdown in the pace of negotiating free trade agreements (FTAs)," with an emphasis on the pending FTAs with Colombia, Panama, and South Korea, and urges the U.S. to take a more active role in the global trade agenda. The report asserts that the U.S. should reaffirm its leadership role by advancing the WTO's Doha Development Round of negotiations, which have been deadlocked for over two years.
- For more information on the WTO's trade policy review of the U.S., please see: http://www.wto.org/english/tratop_e/tp_r_e/tp335_e.htm.

House Approves Tariff Bill to Address China's Currency Devaluation

- On September 29, the U.S. House of Representatives passed a proposed bill that will allow the U.S. to raise tariffs on Chinese imports if the country continues to artificially control the exchange rate of its currency (the renminbi).
- The Currency Reform for Fair Trade Act would allow U.S. lawmakers to impose trade sanctions on countries that manipulate their currency. The House's approval reflects growing international concern over China's currency restrictions. The low exchange rate of China's currency, which some U.S. economists say may be undervalued by as much as 40 percent, gives its exports a price advantage against competitors.
- Proponents claim that the bill will empower the U.S. to act against an unfair trade practice and address one of the primary factors for the current trade imbalance between the two countries.
- However, some lawmakers warn that the implementation of the measure will result in retaliatory action by the Chinese government and further escalate what is seen as an emerging trade war between the two countries.
- China's Ministry of Commerce (MOFCOM) has heavily criticized the proposed legislation, stating that it violates international trade laws and would do little to narrow the U.S. trade deficit with China.
- The House's 348-79 vote will send the bill back to the Senate, where it must gain approval before being signed into law by President Obama.