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SPECIFIC ISSUES OF INTEREST TO THE CPAB:

Updates on Argentina's Fresh Pear Industry

- The U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) recently published a report on the deciduous fresh fruit industry in Argentina, which included estimates for fresh pears in 2009 and 2010. Pear production is expected to decrease slightly from 760,000 metric tons (MT) in 2009 to 750,000 MT in 2010 due to unfavorable weather conditions.
- Due to the global economic slowdown, Argentinian fresh pear exports are expected to decrease in 2009 to 410,000 MT. Exports are expected to stabilize in 2010, yet new import restrictions from Brazil, Argentina's primary fresh fruit export market, could have unforeseen effects on exports in the next year. FAS also reported that the 2008 implementation of new Russian import restrictions reducing the pesticide tolerances on Argentine fresh fruit have had minimal consequences, as most Argentine exporters have adjusted to the new measures without issue.
- To view the report in full, please see: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/FRESH%20DECIDUOUS%20FRUIT%20ANNUAL Buenos%20Aires Argentina 11-25-2009.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/FRESH%20DECIDUOUS%20FRUIT%20ANNUAL%20Buenos%20Aires%20Argentina%2011-25-2009.pdf).

GENERAL ISSUES OF INTEREST TO THE CPAB:

Status of Canada's General Default Tolerance

- Health Canada's Pest Management Regulatory Agency (PMRA) is expected to publish a document in the upcoming weeks that outlines the status of Canada's effort to eliminate its 0.1 parts per million (ppm) general (default) tolerance. This document is not expected to announce any major changes to the Canadian policies pertaining to the elimination process.
- In years past, PMRA announced that it intended to eliminate the 0.1 ppm general tolerance and establish additional national maximum residue limits (MRLs) within Canada. For the past year, Canada has been working to establish numerous MRLs. Since January 1, 2009, over 350 MRLs have been proposed or established in Canada.
- Canada is expected to continue to focus on establishing additional registrations and MRLs in the year ahead. The Canadian 0.1 ppm default tolerance is not expected to be eliminated in the immediate future until additional MRLs have been established.

Russian President, Government Clash over Retail Trade Bill

- On December 9, the Russian State Duma moved to delay consideration of a controversial trade bill that would issue new regulations for suppliers and retailers.
- The first reading of the trade bill, which was signed by Deputy Prime Minister Viktor Zubkov in November, was passed by the Duma on December 2 only after the intervention of Prime Minister Vladimir Putin. Recently however, the administration of President Dmitri Medvedev has heavily criticized the basic tenets of the proposed regulations and called for a complete revision of the bill.

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**A Report for the
California Pear
Advisory Board**

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(Russian President, Government Clash over Retail Trade Bill continued)

- The proposed law would introduce rigid payment periods for retailers, prohibit the opening of retail chains stores in areas where the chain's individual market share would exceed 25%, and limit the volume premiums paid by suppliers to get their goods in retail stores. Of particular concern to the presidential administration is the lack of provisions offering consumer protection and the potentially detrimental economic effects from the strict requirements placed on the retail sector. Senior administrative officials also voiced doubts over the dubious legal basis for the bill, pointing to the unfair restrictions on prices of goods and existing legalization that already protects against the monopolistic threats of large retailers.
- Based on these critiques, the administration urged the Duma to delay the second reading of the bill until significant changes have been made.

USDA Blocks Brazilian Bank Participation in U.S. Export Program to Central America

- The USDA recently removed all Brazilian banks from the list of institutions eligible to finance U.S. trade transactions in Central America under the U.S. Export Credit Guarantee Program (GSM 102). According to a December 4 update on the USDA website, Brazilian banks may no longer fund U.S. commodity exports to Belize, Costa Rica, El Salvador, Guatemala, Honduras, or Panama. Brazil will still be able to fund U.S. exports destined for South America.
- The changes will have a direct impact on the level of retaliatory tariffs sanctioned by the World Trade Organization (WTO) in a recent ruling stemming from the dispute over U.S. subsidies of cotton. Based on a complex combination of U.S. and WTO legislation, the amount of Brazilian funds utilized by the GSM program is directly proportional to the level of retaliatory tariffs Brazil can officially implement.
- The USDA maintains that the GSM program is constantly updated to reflect the ongoing risk assessment ratings of various countries, and does not necessarily denote efforts to curb the amount or degree of the WTO-approved Brazilian retaliatory tariffs. However, no official U.S. notifications have been published regarding this issue.

China and Switzerland Agree to Launch Joint Study of Free Trade Pact

- On November 30, China's Minister of Commerce met with his Swiss counterpart on the sidelines of the WTO Ministerial Conference in Geneva to discuss increasing economic ties between the two countries.
- The two parties agreed to undertake a joint feasibility study on a Sino-Swiss Free Trade Agreement (FTA). The study, which will examine bilateral trade, investment, and other potential forms of economic cooperation, will be used as a reference in future FTA negotiations between the two countries.

Government Accountability Office Recognizes Success of Foreign Export Promotion Programs

- On December 9, the U.S. Government Accountability Office (GAO) published a report examining how trade, and exports specifically, contribute to the U.S. economy. With over \$1.8 trillion in manufactured goods exported, these exports accounted for 13 percent of the U.S. gross domestic product (GDP) in 2008.
- The report detailed the efficacy of different export promotion tools, including export counseling, government advocacy, foreign market data research, and government-sponsored financial assistance, finding that increased access to these programs considerably improved industry trade knowledge about foreign markets. Furthermore, the report also highlighted the value of collaborative partnerships between the private and public sectors, recognizing the recent success of various programs offered by the USDA, including the Market Access Program and the Foreign Development Program. GAO acknowledged that more cooperation between the public and private sector will be necessary to meet the fundamental objectives of the Trade Promotion Coordinating Committee in the future.
- Finally, the GAO recommended greater oversight of the processes for setting user fees, and called for more thorough and transparent collection of market data on foreign customers. To view the GAO's report in full, please see: <http://www.gao.gov/new.items/d10310t.pdf>.

U.S. Trade Agency to Review ASEAN Trade Policies

- The U.S. International Trade Commission (ITC) recently announced that it will conduct an investigative review and report on the Association of South East Asian Nations (ASEAN: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) regarding the trends in economic integration, export competitiveness, and inbound investment for six selected industries, including agricultural products.
- The report will profile the industries within each of the ten ASEAN member states, and create a list cataloging the main ASEAN exporters, products, and primary markets. The report will also list each industry's position and export competitiveness relative to other global competitors, and seek to identify the level of industry integration and cooperation between pairs or groups of member states within ASEAN.
- The U.S. Trade Representative (USTR) has requested that the ITC's final report be submitted by August 2, 2010.
- The ITC will hold a public hearing regarding this review and report on February 3, 2010. Written comments may be submitted until March 10, 2010. For more information or to file a request to appear at a public hearing, please see: <http://edocket.access.gpo.gov/2009/pdf/E9-29025.pdf>.