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SPECIFIC ISSUES OF INTEREST TO THE CPAB:

Fire Blight in Israel Increases Opportunities to Export Pears

- Approximately 40-50% of Israel's pear crop has been destroyed due to an outbreak of fire blight last winter. The disease turned into an epidemic this year due to several factors, including warm weather conditions inducing an early blossom, water shortages that lowered trees natural immunity to the disease, favorable conditions aiding the development and spread of the bacteria, the increased immunity of the bacteria to the commonly used bactericide "Sterner" (containing active ingredient oxolinic acid), and a ban on using alternative antibiotics as well as a lack of access to other bactericides.
- As a result of the significant decrease in the local harvest, the Israeli Ministry of Agriculture (MOA) and Customs Authority are expected to increase duty-free imports of pears this year. Importers are urged to send a request to MOA to increase the pear import quota in the coming season.
- The U.S. Foreign Agricultural Service has provided a report on the issue: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fire%20Blight%20Epidemic%20in%20Pear%20Orchards%20in%20Northern%20Israel_Tel%20Aviv_Israel_5-7-2010.pdf.

U.S. and Brazil to Meet to Discuss Negotiated Terms to Cotton Dispute

- U.S. and Brazilian officials will meet next week in Sao Paulo to further negotiate the terms of the solution to the cotton dispute. The two sides outlined a path to a negotiated solution in early April, under which the U.S. agreed to complete three initial steps before April 22 (see the April 23, 2010 edition of the *BCI Monitor*). Once the U.S. took these steps, Brazil postponed the implementation of retaliatory tariffs for an additional 60-day period, until June 22, 2010.
- In advance of the upcoming deadline, Brazil has requested additional action from the U.S. regarding its Export Credit Guarantee Program (GSM-102). USDA has canceled the availability of unsubscribed portions of allocations of the program and raised program fees, yet Brazil is also requesting that the U.S. shorten the loan repayment period to no more than 180 days and impose further fee increases.
- At the meeting, which will take place from June 1-2 in Sao Paulo, the U.S. and Brazil will work toward the implementation of a permanent solution to the dispute.

GENERAL ISSUES OF INTEREST TO THE CPAB:

China to Establish New Regulatory Framework for Food Safety Standards

- China's State Council Legislative Affairs Office recently published new administrative measures for the establishment of the country's national food safety standards. The draft guideline stipulates how a national standard can be proposed and identifies the national agencies responsible for the drafting, approval, and implementation of the standard.
- The U.S. Foreign Agricultural Service (FAS) has provided an unofficial translation of the draft measures, which can be accessed here: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Safety%20Standards_Beijing_China%20-%20Peoples%20Republic%20of_5-12-2010.pdf.



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

Hong Kong to Overhaul MRL Legislation

- The Hong Kong government recently confirmed that it is in the process of developing new maximum residue level (MRL) legislation. The Hong Kong Center for Food Safety (CFS) originally announced its intention of establishing a national MRL list in December 2007, and several U.S. commodity groups provided comments to CFS in January 2008.
- According to the consultation document published by CFS in 2007, the proposed regulation would establish a positive list approach to MRLs in Hong Kong, and would rely heavily on Codex-established tolerances in preparation of its list. CFS will also consider Chinese, U.S., and Thai MRL standards, and plans to include about 400 pesticides in its list.
- The new legislation would also establish a default pesticide tolerance and include a list of exempted products. Hong Kong plans to use Codex classification systems for food products.
- CFS is currently in the process of establishing the necessary regulatory framework to enable the development of new MRL legislation. CFS does not have a definite timetable for implementation of any new system. Should Hong Kong move ahead with its regulatory overhaul, U.S. commodity groups will want to update and resubmit comments previously provided to CFS in January 2008.
- To view the 2007 CFS consultation document, which includes a proposed list of pesticides to be included in the legislation, please see: http://www.cfs.gov.hk/english/whatsnew/whatsnew_fstr/whatsnew_fstr_21_Pesticide.html.

ASEAN Trade in Goods Agreement Enters Into Force

- The ASEAN Trade in Goods Agreement (ATIGA) entered into force on May 17. ATIGA is a comprehensive economic agreement aimed at simplifying trade transactions among the member states of the Association of Southeast Asian Nations (ASEAN: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam).
- ATIGA identifies the tariff rates to be applied on products and contains the full import duty liberalization schedule for all ASEAN member states. It also allows cooperation between various agencies and regulatory bodies dealing with the import of goods, such as customs, health, and agricultural agencies. The agreement signifies a major step towards establishing of a single market under the ASEAN Economic Community by 2015.

EU Completes Free Trade Agreement with Central America, Resumes Negotiations with Mercosur

- The European Union recently concluded free trade agreement (FTA) negotiations with Central America. The Central American signatories of the agreement include Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.
- The final texts of the agreements have not been released; however, the agreement is expected to increase European imports of agricultural products, including beef, rice, and bananas. A date has not been set for implementation, but it is not expected to enter into force until the end of the year. All of the EU member states and the European Parliament must approve the FTA and individual Central American nations' legislatures must also approve the document.
- In related news, the EU and Mercosur (Argentina, Brazil, Paraguay, and Uruguay) have recently agreed to renew FTA negotiations. Talks were started in 1999, but have been stalled since 2004. European agricultural groups fear that the proposed FTA would damage the EU's agriculture sector. Ten EU member states have signaled their opposition to the resumption of negotiations.

Canada-Panama Free Trade Agreement Signed

- On May 14, Canada and Panama signed a bilateral free trade agreement (FTA). The Canada-Panama FTA will lower tariffs and remove other trade barriers to benefit a variety of sectors in both countries.
- To view the full tariff schedule of Panama (currently available only in Spanish), please see: http://www.sice.oas.org/TPD/CAN_PAN/CAN_PAN_Texts_e/PAN_Sch_2009-08-07_s.pdf.

Key Trade Ministers Meet on Doha Round

- U.S. Trade Representative (USTR) Ron Kirk met with counterparts from key World Trade Organization (WTO) member countries on May 27 to discuss the stalled Doha Round of WTO talks.
- The meeting was held in Paris on the sidelines of the Organization for Economic Cooperation and Development (OECD). Preparation work by senior trade officials did not result in a consensus on any issues, offering few opportunities for concrete progress when trade ministers met. Ministers agreed that serious negotiations need to take place, but there were no breakthroughs on specific issues.
- Some officials have indicated that a few key countries will likely determine the outcome of the Doha Round. Ambassador Kirk reiterated that the U.S. is committed to an "ambitious and balanced" Doha Round. However, he said that some WTO members were hesitant to participate in meaningful negotiations. Ambassador Kirk indicated that China, India, and Brazil need to take a larger role in the negotiations than ever before, due to the benefits they have received from international trade.