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SPECIFIC ISSUES INVOLVING APPLES AND PEARS:

US-Mexico Apple Dispute: Individual Company Reviews

- As was reported in last week's BCI Monitor, the Mexican Government intends to continue reviewing certain individual company petitions for individual duty rates. The time frame under investigation will be January to July 2003. For 28 working days starting October 22, 2003, producers, importers and exporters can appear before Mexico's Ministry of Economy (Economia) to present information relevant to this investigation. Mexican importers may import apples from companies being investigated at zero duty as long as they post a bond and accept liability for whatever duty might be owed depending on what company-specific duty rate is set as a result of the investigation.

Mexico Court Ruling

- On September 29, the Mexican Circuit Court ruled that certain officials in the Mexican Ministry of Economy exceeded their authority when conducting the US apple anti-dumping investigation. This ruling cannot be appealed, but it is not yet clear what changes the court will require. In the meantime, NFE is continuing to discuss the possibility of an industry-wide agreement that would suspend the 46.58% dumping duty for all NFE members in exchange for a reference price.

US-Mexico Suspension Agreement Talks

- Economia and NFE continue exploring what kind of arrangement could be implemented to replace the 46.58% dumping duty. Economia has committed to providing some written comments to NFE by the end of November. It is likely face-to-face discussions could occur in December.

India May Ban Wax on Fruits

- On August 13, India's Department of Health issued an official draft notification that would prohibit the sale of fresh fruits and vegetables coated with waxes, mineral oils, and colors. If implemented, US exports of fresh fruits, such as apples, could be significantly affected.
- At the request of USDA, Bill Bryant will be traveling with a US exporter delegation to India November 6-12. USDA has scheduled meetings in New Delhi with Indian officials to secure a better understanding about this regulation and how it might be implemented.

EU Withdraws Amitraz

- The European Union has decided to withdraw authorizations for plant protection products containing Amitraz. Amitraz is approved for use on pears in the US at 3.0 ppm. There will be a 12-month grace period for disposal and use of existing stocks of plant protection products containing Amitraz.

**A Report for
Northwest Fruit
Exporters**

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FAS Reports on Japan's Apple and Pear Production

- The Foreign Agricultural Service released the following report on apple, pear and table grape production in Japan last week: <http://www.fas.usda.gov/gainfiles/200310/145986599.pdf>

ISSUES OF INTEREST TO NORTHWEST FRUIT EXPORTERS:**USDA Requests Comments on Country of Origin Labeling Requirements**

- The US Department of Agriculture requested comments this week on mandatory country of origin labeling requirements, which will be required on all perishable US agricultural commodities (fresh and frozen fruits and vegetables) beginning September 30, 2004.
- Comments must be submitted on or before December 29, 2003, to the Agricultural Marketing Service, USDA.

Chile Expects to Ship More Fruit to Europe

- According to the Chilean Exporters' Association, the volume of Chilean fruit shipped to the US and Europe is expected to balance out in the next few years. Last season, the US took 42% of Chile's fruit, while Europe received just 28%. However, the rise of the euro, the weak dollar, a FTA that has made Chilean fruit more competitive in the EU, and the enlargement of the EU to include ten potential new markets, means more Chilean fruit will likely be exported to the EU in the years ahead.

Update on Canada MRL Situation

- In January 2003, Health Canada released a discussion paper on the revocation of the 0.1 ppm MRL for pesticide residues. BCI recently approached the US Embassy in Canada requesting an update on the situation. According to the US Embassy in Ottawa, the Canadian Pest Management Regulatory Agency (PMRA) received more than 30 comments on the January 2003 discussion document. Most were from US horticultural interests, organizations, or associations. Others were Canadian and European interests. The PMRA has not completed its analysis of the comments received.
- Since that was a "discussion document", there is no deadline for review. The document was intended to provide the basis of the development of a more formalized regulatory proposal.
- According to the PMRA, the earliest that the formal proposal stage could take place is late summer or fall of 2004. The Embassy commented that the regulatory proposal process could run beyond the initial time estimates.
- The issue will eventually take the form of an official regulatory proposal published in the Canada Gazette to be followed by a comment period.
- The PMRA stressed to the Embassy that its intent is to minimize the impact on trade and harmonize with US MRLs where practical, hence the plan to accept US tolerances during a transition period.
- Given that their analysis of the comments is incomplete, it is unknown whether Health Canada will decide on a product specific transition or a broad based transition period of say, 5 years or so. In the end, Canada may just set a new "default" level below 0.1 ppm that would represent a more stringent safety standard than that currently employed.

GENERAL ISSUES OF INTEREST TO NORTHWEST FRUIT EXPORTERS:**High Politics in CAFTA Talks**

- The Central American Free Trade Agreement talks are reaching a critical point as both sides try to conclude negotiations before the end of the year. USTR Agriculture Negotiator Ambassador Alan Johnson will travel to Central America next week to address outstanding agriculture issues.

Details of Thailand-Australia Free Trade Agreement

- At the APEC meeting in Bangkok, Thailand and Australia announced that they had completed a free trade agreement. The countries expect to sign the FTA in early 2004 and it will go into effect starting in 2005. A USDA summary of this agreement is available [here](#).
- Thailand will immediately eliminate 52.6% of its tariffs, which account for 78.9% of all current imports from Australia. Of the remaining tariffs, 40.8% will be phased down to 0% by 2010 and 6.5% will be reduced to 0% between 2015 and 2020. Australia is also studying a free trade agreement with ASEAN and is establishing closer trade ties with Japan. An FTA with China is also a high priority for Australia.

EU Publishes Regulations on GM Foods

- On October 18, the European Union published two new regulations on genetically modified food and feed and traceability and labeling of food derived from genetically modified organisms. The two regulations repeal three of the four regulations currently in place. The rules enter into force on November 7, although there is a six-month transitional period.
- The rules require food containing more than 0.9% of genetically modified ingredients to be labeled. The words “genetically modified” must follow genetically modified ingredients in the list of ingredients. If there is no list of ingredients, the words “genetically modified” or “produced from genetically modified (name of organism)” must appear on the label.
- Regarding traceability, operators who market GM products must provide information about those products in writing to parties that receive the products. There must be a system in place to store this information and identify the different operators that handle GM food.
- The European Commission is expected to issue additional guidelines on how these two regulations will be implemented over the next 3-5 months. To review the official regulations, please visit the EU’s Official Journal Web site at <http://europa.eu.int/eur-lex/en/index.html>.
- For more information on this issue, please review the following report: <http://www.fas.usda.gov/gainfiles/200310/145986500.pdf>