

December 2002

Contents

Letter from TST Director
WTO SPS Agreement and its benefits for U.S. Agriculture
United Sates & Chile Sign the Free Trade of the Americas
Status of the Free Trade of the Americas
CAFTA Central America Free Trade Agreement
China Celebrates its first Anniversary of the WTO Accession
The Face of Japan Today

The Technical Trade Report is also available electronically on the Trade Support Team Home Page http://www.aphis.usda.gov/is/tst/tshome.html

LETTER FROM TST DIRECTOR

We have prepared this newsletter, at the beginning of the year, to reflect on the major regulatory trade events, trends, and challenges that have emerged over the past twelve months and to consider how to address these challenges in the coming year. Over the past year there has been a perceptible increase in the number of sanitary and phytosanitary (SPS) trade barrier issues, a proliferation of new international fora and consultative mechanisms requiring extensive APHIS involvement, and an increasing level of adversity and complexity in regulatory decision making systems both here and abroad.

The number of SPS trade issues continues to grow, placing a tremendous demand on APHIS in terms of reviewing import petitions and supporting U.S. exporters who wish to access foreign markets. APHIS is actively engaged in efforts to resolve some 270 SPS-related trade issues. This includes 146 issues affecting US exports, and 118 import access issues (some issues are not commodity specific). APHIS is currently working on approximately 240 regulatory initiatives at various stages of the rulemaking procedure. Of these, about 58 relate to imports.

The first step in granting new or expanded market access for an imported plant commodity is to conduct a risk assessment to determine if and how the commodity can enter without posing a risk to plant health. Risk assessments are very data intensive, and can be quite complicated. Currently, APHIS is working on about 76 pest risk assessments (PRAs) for plant commodity imports from 27 countries. Over 230 PRA requests for plant

commodities from 27 countries are still outstanding.

On the animal health side, APHIS is considering over 20 disease status or regionalization requests (i.e., recognition of disease status of a particular area of a country). Many of these are at an advanced stage of the evaluation. Other requests have just been received, and APHIS is waiting for the necessary information from the applicant country to begin its evaluation.

Given the large and growing number of SPS-related trade issues, and the finite resources available in APHIS for managing them, APHIS is constantly critiquing and reevaluating its approach for managing its regulatory trade activities. APHIS' current approach is aimed at prioritizing countries and products, and developing specific action plans for addressing and monitoring progress on select high profile import and export issues. This and other ideas are currently being considered by APHIS in cooperation with the Foreign Agricultural Service (FAS).

These issues need to be resolved on the basis of science, but ultimately political will needs to exist to allow for a science or risk based solution to be accepted. Political will is increasingly being tested as domestic producer groups leery of foreign competition pressure their governments to take highly restrictive positions in the guise of health protection. We increasingly recognize that in order to make progress on US export issues it is necessary to address import issues (i.e., necessary for building relationships with our foreign counterparts which yield mutual benefits).

There has been and will continue to be increasing pressure by less developed countries (LDCs) to have access for their agricultural products to foreign markets. particularly the U.S. market. However, their health infrastructure hinders their ability to meet high foreign SPS import standards. Hence, the LDCs will push for greater and greater technical assistance. APHIS will be required to get involved through capacity building activities, primarily to ensure they meet US animal and plant health import standards and to maximize US influence regarding the development of their SPS institutions, policies, and practices.

Related to these new relationships and interactions with other countries, including LDCs, has been the proliferation of new international mechanisms for discussing and addressing bilateral agricultural trade issues. Such new formalized mechanisms include Consultative Committees on Agriculture (CCAs), Memoranda of Cooperation, bilateral Free Trade Agreements (FTAs), etc. Nearly all these new international fora require extensive APHIS involvement given the significant impact of SPS regulations on trade and the general perception that these are significant "irritants to trade" which need to be addressed by countries. While recognizing the potential benefits of these new relationships with other countries, APHIS will be challenged in prioritizing and supporting these expanding number consultations and negotiations.

As the number of the international issues and relationships grow, including issues related to both domestic and LDC

regulatory capacity, the need for prioritization increases. Some level of internal flexibility and agility exists within APHIS. Enough APHIS personnel seem to be excited by the changes around us and interested in trying to reinvent our future. The current APHIS Administrator and executive team is one of the best we have ever had. They are relentlessly practical, asking the basic questions: do we have a plan and strategy for addressing technical trade issues and elevating those deemed to be unjustified? Do we have the right people in place to do this work? My sense is that we have a good start. We have a growing nucleus of personnel within APHIS learning how to perform international trade work and an increasing recognition among the various staffs of the heightened need for coordinated strategies. We need to continue to foster and expand this international expertise and culture within APHIS.

Looking to the year ahead and beyond. our success and effectiveness in managing SPS trade issues to the benefit of US exporters will depend on several factors, among which are: 1) having an experienced, capable, and motivated workforce to do this complex work; 2) intensifying our and other countries' commitments to the development and use of international standards; 3) establishing and enforcing a practical scheme for prioritizing APHIS' work; and, 4) developing partnerships with industry and governments to find new, more timely ways to solve regulatory and trade issues. My team looks forward to working on these issues in the New Year.

John Greifer, Director Trade Support Team

WTO SPS AGREEMENT & ITS BENEFITS FOR U.S. AGRICULTURE

Since, its establishment in 1995, the World Trade Organization's Agreement on Sanitary and Phytosanitary Measures, (SPS), has served as the legal foundation for the international trading system used by the United States and the bulk of the world's trading nations. Part of this legal framework, the SPS Agreement, concerns the application of food safety and animal and plant health regulations. U.S. agricultural exporters have benefited from these new international rules as they provide useful leverage to unjustified barriers to international agricultural trade.

Without this global institution and concomitant set of SPS guidelines, (e.g. risk assessment, transparency, regionalization, equivalency, etc) technical regulatory officials and trade negotiators would be disadvantaged when facing those trading partners who use SPS measures as a pretext for protecting domestic producers from import competition.

The Animal Plant Health Inspection Service (APHIS), in establishing and enforcing plant and animal health import regulations, strives to carry out its national safeguarding mission within the parameters of the SPS Agreement. Located at the intersection of SPS regulation and international trade, APHIS is in a unique position to assess - and where warranted -- challenge the technical basis of SPS measures hindering U.S. exports.

If a country's plant or animal health measures threaten or potentially threaten to limit the movement of an agricultural commodity, APHIS draws upon key concepts in the SPS Agreement (e.g. risk assessment, equivalency and transparency) to negotiate bilaterally the least trade restrictive conditions for exporting a particular agricultural product.

APHIS has had success in reducing SPS barriers facing U.S. agricultural exports. Since 1996, more than \$15.3 billion in overseas sales have been protected and 325 quarantine issues have been resolved through successful bilateral negotiations using SPS concepts and guidelines. For example, USDA has retained markets for cattle hides and Florida citrus in Korea, wheat in Brazil, expanded market access for grapes and cherries in China, stonefruit and potatoes in Canada, and, negotiated new market access for almonds in Australia and pork and poultry in Argentina. In addition, in 2002, APHIS facilitated the entry of U.S. agricultural shipments worth over \$53 million held at foreign ports throughout the world

Today, the SPS Agreement is a common "play book", that provides a quick reference guide for addressing technical issues which may emerge in the area of agricultural trade.

Anna Sheinberg, SPS Trade Policy Analyst

UNITED STATES & CHILE SIGN FTA

On December 11, 2002 the Bush administration announced that it had

reached a free-trade agreement with Chile that sets new standards in areas ranging from intellectual-property protection to monetary controls, environmental and labor-standards. In agricultural trade, US exports will face lowering Chilean import tariffs over time, bringing them in line with tariffs applied to the European Union and Canada, countries that currently have trade pacts with Chile. For Chile, US import tariffs historically have been relatively low or non-existent, so the direct benefit to Chilean agriculture exports may not be as great; however, other areas of the agreement may help to accelerate overall improvements in agriculture production through enhanced access to foreign direct investment and credit, for example.

Ad Hoc SPS Discussions to Continue

To take full advantage of these newly lowered tariffs and quotas, US and Chilean negotiators have also focused their attention on those non-tariff measures that may constrain specific concessions to liberalize access for agricultural goods. Obtaining a reduction in import tariffs for beef or an expanded market access quota for fresh grapes would be worthless if regulatory measures are not duly modified to allow for the potential increase in trade to occur as anticipated under the terms of the trade pact.

Mindful of the impact sanitary and phytosanitary measures can have in the flow of agriculture trade, and anticipating how these measures could have the potential to frustrate either side's expectations with respect to expanding market access, a technical

forum made up of US and Chilean regulatory experts was created to hold discussions paralleling the broader market access negotiations. Meetings of this ad hoc SPS group began in 2001 and met for the fifth time in November 2002 in Washington, DC, and will likely continue to meet at least until the trade pact has been adopted into law by both countries.

The ad hoc SPS meetings have served to keep track of progress on the key regulatory issues affecting bilateral trade. While these ad hoc discussions did not directly intersect with the formal market access negotiations, they did serve as a way to demonstrate each side's commitment to finding technical solutions aimed at improving market access for certain products without undermining the sanitary and phytosanitary standards of either country. Even though the United States and Chile reached a final agreement in December 2002, negotiators were careful to note in their reports- outs each parties' renewed commitment to resolving SPS issues especially as related to meat, dairy and horticultural products standards and inspection procedures.

Maintaining progress on SPS issues continues to be important as the trade package wends its way through the legislative process in the US and Chilean legislatures prior to being passed into law.

Next Steps

While winning Trade Promotion Authority (TPA) from Congress allowed the Bush Administration to more quickly conclude a final trade agreement with Chile, and will protect the agreement from being amended by legislators, the full agreement must still be voted upon before it becomes effective. Moreover, the TPA specifies that Congress has 90 days to review the details of the agreement prior to initiating law making necessary to allow for the agreement's implementation.

The US-Chile Free Trade Agreement has also been looked upon as a precedentsetting pact that could be a model for future arrangements in the Western Hemisphere; namely, the Free Trade Area of the Americas (FTAA) and the US-Central America Free Trade Agreement (CAFTA). In this regard, negotiators will continue to keep an eye on how SPS measures may affect their countries' ability to realize anticipated gains in trade from tariff and quota concessions. Mechanisms such as the bilateral US-Chile ad hoc SPS forum may serve as a model for addressing these issues within the context of future free trade negotiations.

Eric Nichols, Director for SPS Trade Policy-Western Hemisphere

STATUS OF FREE TRADE AREA OF THE AMERICAS NEGOTIATIONS

The FTAA is comprehensive trade negotiation that was launched by the leaders of 34 countries in the Western Hemisphere under the auspices of the 1994 "Summit of the Americas". This hemispheric trade deal is supposed to come into effect in 2005.

Given the importance of agriculture trade to many of the economies in the region, a negotiating group on agriculture (NGAG) was established in

1999 and has met three to four times a year, first in Miami, then Panama City. The next round of the agriculture negotiations will occur the week of February 17, 2003. The venue of the meetings is supposed to shift to Puebla, Mexico in March 2003.

FTAA Enters New Phase in Agriculture Negotiations

On November 1, 2002, Western Hemisphere Trade Ministers met in Quito, Ecuador to review the progress of the FTAA and to issue a declaration that provides guidance for the next phase of negotiations. Robert Zoellick, US Trade Representative, led the US delegation where the Ministers endorsed guidelines for intensifying the market access negotiations that had been initiated earlier in the year by staff-level FTAA negotiators.

In the area of market access negotiations in agriculture goods, it was agreed that there should be four tariff phase-out periods (or baskets): immediate, up to five years, up to ten years, and a longer period for a limited number of sensitive products.

In addition to addressing market access issues, the Quito Declaration also launched a new "Hemispheric Cooperation Program" to coordinate technical assistance in the hemisphere and agreed to make public the latest version of the draft text of the agreement.

Sanitary and Phytosanitary Measures

Paralleling the negotiations on tariffs and subsidies are discussions about how to discipline the use of sanitary and phytosanitary regulatory measures in the region.

Coming to some common understanding about ways to reduce the abuse or misapplication of SPS measures will be important so that countries' expectations for enhanced market access resulting from lowered tariffs are not unduly thwarted by technical barriers.

That is, if a country negotiates a tariff reduction for a particular commodity only to have access constrained by SPS regulations, that country's anticipated benefits from the negotiations will not be realized, resulting in frustration and possibly retaliation.

To address this pitfall, FTAA negotiators are working on two fronts to ameliorate the potential for unjustified SPS measures to hinder growing hemispheric trade resulting from a free trade agreement.

First, the FTAA is considering ways to encourage a more complete implementation of existing WTO-SPS principles by countries in the region. Closer adherence to such concepts as regionalization and completion of timely risk analyses could close the gap between overly punitive or restrictive regulations and those measures which more appropriately reflect real risks presented by trade.

To help foster closer adherence to existing disciplines, the FTAA has developed a "counter- notification" scheme that could shed light on questionable SPS measures and practices. A version of "counter-notification" is already practiced in the WTO-SPS Committee wherein one or

more countries can level complaints against the SPS measures of another. However, the sorts of reactions that a counter notification should trigger, whether it be a formal written response followed by bilateral consultations, or some lesser or greater response, is still being debated by FTAA negotiators.

A second way the FTAA is seeking to address SPS concerns in the region is to offer broad technical assistance and support for capacity building, including in the area of plant and animal health standards. The Ouito Declaration calls for the establishment of a comprehensive "request and offer" framework to allow recipient countries to identify deficiencies in their regulatory and scientific infrastructure where donor support could be most useful. Through technical assistance, potential exporting countries could better adapt themselves toward improving their domestic agriculture practices to meet sanitary standards of major importers in the region, and elsewhere. At the same time. technical assistance can have the effect of increasing the capacity of a country's ability to develop and apply sciencebased measures proportional to risks presented by imports, thereby benefiting those exporters that can meet risk-based standards. Removing the pretext that insufficient capacity exists to develop and apply science-based measures would be an important outcome of technical assistance, further liberalizing trade in agriculture products and providing overall economic benefits across the region.

Eric Nichols, Director for SPS Trade Policy- Western Hemisphere

CAFTA -CENTRAL AMERICA FREE TRADE AGREEMENT

On January 26, 2002, the President announced that the Administration would explore a free trade agreement (FTA) with the members of the Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua). Discussions were held with the five countries in 2001 and they expressed their interest in a FTA with the United States. The six countries met in Managua in September 2001 to explore ways to forge closer economic relations and advance free trade. On the basis of the interchanges, the five Central American countries have expressed interest in pursuing a free trade agreement with the United States as a group, and have indicated their readiness for negotiations.

The FTA will help foster economic growth and create higher paying jobs in the United States by reducing and eliminating barriers to trade and investment between Central America and the United States. The FTA negotiation will also enable us to address market access impediments in Central America, including high tariffs on agricultural goods, unjustified use of sanitary and phytosanitary measures, restrictive licensing practices, inadequate protection of intellectual property rights, and limitation on access by service providers.

Finally, an FTA would lend momentum to concluding the Free Trade Area of the Americas negotiations by January 2005. This negotiation will complement our goal of completing the Free Trade Area of the Americas no later than January 2005 by increasing the momentum in the

hemisphere toward lowering barriers, opening markets, and achieving greater transparency. The United States already has a free trade agreement with Mexico and Canada, and we expect to complete our negotiation for a free trade agreement with Chile this year. Furthermore, working together on common disciplines and trade objectives through bilateral negotiations will enhance the ability of all six. parties to forge consensus in other multilateral trade negotiations, especially the FTAA.

For agriculture, U.S. negotiators will seek to eliminate Central American government practices that adversely affect U.S. exports of perishable or cyclical agricultural products, while improving U.S. import relief mechanisms as appropriate. U.S. negotiators will also seek to have the Central American countries reaffirm their WTO commitments on SPS measures and eliminate any unjustified SPS restrictions. Finally, U.S. negotiators will seek to strengthen collaboration with Central American governments in implementing the WTO SPS Agreement and to enhance cooperation with those governments in relevant international bodies on developing international SPS standards, guidelines, and recommendations. Catherine Fulton, Director for SPS Trade Policy-Western Hemisphere

CHINA CELEBRATES FIRST ANNIVERSARY OF WTO ACCESSION

China has made substantial progress in implementing its WTO commitments since its accession on December 10, 2001. The Chinese government has

enacted, reviewed, amended and/or abolished about 2,500 laws and regulations to come into compliance with WTO obligations. Tariff rates have been reduced across the board for more than 5,300 product lines and trading rights have been extended to an expanded number of companies. China has begun to open up its services sector by instituting new laws and issuing licenses to allow increased foreign participation in the financial services, tourism and distribution industries. It has amended China's copyright, trademark and patent laws and issued implementing regulations in an effort to conform to WTO standards. Finally, China has increased the transparency of trade and investment systems by providing greater public access to laws and regulations, including online enquiry points.

The commitment of senior leaders to meet China's WTO obligations is unmistakable. This is evident in the massive effort put into overhauling China's trading mechanisms and mobilizing the entire government bureaucracy and media to meet WTO goals. Chinese leaders see this effort as key to furthering the country's economic reform. Their commitment has been critical in resolving many of the operational issues that have arisen. In addition to enacting and revising several thousand laws and regulations to comply with its WTO commitments, the Chinese leadership has established new structures within various trade-related ministries and agencies to focus specifically on WTO implementation. At the State council level, State Councilor Wu Yi now heads an informal leading group that directs interagency coordination on WTO. The Ministry of Foreign Affairs

Economics and Commerce (MOFTEC) created and fully staffed (some 35 officials) a new WTO affairs department upon accession. It has sent one of its top trade officials (Vice Minister Sun Zhenyu) to head China's WTO office in Geneva. MOFTEC also created a new Import and Export Fair Trade Department that, along with the new Bureau for Investigation of Industry Injury in the State Economic and Trade Commission (SETC), addresses trade remedy issues. In order to comply with WTO, China has also merged its agencies dealing with sanitary and phytosanitary (SPS) and technical standards to create the State Administration of Quality Supervision and Inspection and Quarantine (AQSIQ).

As required by WTO, China has established enquiry centers within both MOFTEC and AOSIO that have provided information to the public regarding trade regulations and standards in a timely and usually helpful manner. Increasingly, but still in a small proportion of cases, the government has begun to provide opportunities for the public and other WTO members to comment on draft measures before they take effect. Additionally, public hearings have been conducted in connection with anti-dumping investigations. In August 2002, the supreme court promulgated "The Rule Regarding Supreme People's Court Hearings on Judicial Review of Administrative Decisions with Respect to International Trade Disputes." The rule emphasized compliance with WTO commitments in civil cases involving foreign interests.

The above-noted progress notwithstanding, China's

implementation of its WTO commitments has fallen short in a number of areas with important consequences for U.S. agricultural export interests. As required under its WTO agreement, China has expanded, or replaced quotas with Tariff Rate Quotas (TRQ's) on most agricultural commodities and fertilizers. However, issuance of TRQ regulations and the allocation of the TRQ's themselves were delayed for several months and were marred by a lack of transparency. Agricultural TRQ allocations were mandated for January 1, 2002, however, they were not made until April for private enterprises and July for State trading enterprises. Additionally, the State Dev elopment Planning Commission (SDPC) has repeatedly refused to provide trading partners (including the U.S.) with a list of the allocations made. Commodity traders have also complained that some allocations had not been made in economically viable lots, as required. Most egregious was the creation of a sub-quota that requires re-export of processed goods. SETC was also late in issuing fertilizer TRQ allocations, although it did provide a list of recipients and quantities. Nonetheless, some industry traders have complained of a lack of transparency as well as quotas having been held back by the SETC and Chinese industry associations. Continued misapplication of TRQ's by Chinese authorities have negatively affected importation of many agricultural commodities and fertilizers.

While not technically a WTO implementation issue, the promulgation of China's new biotechnology regulations have not been in keeping with WTO principles. Prior to its

accession in December 2001, China issued new biotechnology regulations that threatened to block the annual importation of \$1 billion worth of U.S.produced transgenic soybeans. The U.S. government considered such regulations to be contrary to WTO principles of sound science and transparency. Although Chinese leaders assured President Bush that China would not use the regulations as trade barriers, an extraordinary amount of time and resources, including interventions by the President and cabinet level officials, were required to ensure imports would continue. Nevertheless, the regulations blocked imports for several months; as a result, Chinese imports of U.S. soybeans for the 2001/2002 market year were 28 percent lower than the previous market year. Depending on implementation methods used, the new biotechnology regulations could significantly impact Chinese imports of U.S.-origin soybeans during the 2002/2003 market year. Undoubtedly, this issue will continue to receive the close attention of U.S. industry in the coming year.

Additionally, AQSIQ has applied questionable SPS standards in a number of cases to block meat and other agricultural imports from the United States and other countries. It also appears that China has continued to subsidize corn exports and continues to use questionable technical standards for regulating imported fertilizers. AOSIO is also requiring importers of agricultural commodities to apply for "quarantine certificates" that appear to be a form of import quota in violation of China's WTO accession commitment. Contrary to the WTO principle of national treatment, the State Administration of Taxation has used preferential tax

policies to favor categories of fertilizers that are produced domestically as opposed to imports and China Customs continues to permit large volumes of bulk commodity items to be imported for use throughout China through the Russian border areas at half duty and value-added tax rates. Additionally, China has arbitrarily provided preferential treatment for timber imports from the neighboring countries of Burma, Russia, and Vietnam.

As noted above, the commitment of the Chinese leadership has enabled China to make remarkable progress during its first year as a member of the WTO. China remains committed to use of WTO principles and international standards to conduct business in the world economy. Chinese negotiators and policymakers have begun to operate within the WTO framework to obtain the best deal possible for their country (just like APHIS and other Federal negotiators do for the United States). Continued disagreements between the United States and China on agricultural trade issues are expected. However, the WTO SPS agreement provides both sides with an internationally recognized blueprint for dispute resolution.

Russell Caplen, Director for SPS Asia Trade Policy

THE FACE OF JAPAN TODAY

Current agricultural trade policy in Japan is very complex. Japan is facing an economic recession after a long period of economic stagnation. As Japan grapples with its economic woes, it has instituted several new internal agricultural policies. One is proving difficult to meet -- under this new

measure Japan requires that it must meet 40 percent of its domestic consumption needs.

In the wake of this new measure, several food scandals have shaken the public's confidence in its agricultural community. Bolstered by these incidents, the first occurred in September 2001 with a finding of BSE, consumers are beginning to raise their voices to demand more in safety not only from the domestic producers but from imported products as well. The Japanese government has been harshly criticized for perceived ineptness in preventing the entry of BSE into Japan and poor handling of the situation. The decline in consumer confidence has resulted in a more stringent application of sanitary and phytosanitary (SPS) measures and the creation of a new Food Safety Commission. Japan's Ministry of Agriculture, Forestry and Fisheries' (MAFF) response has been extreme. With BSE, for example, a complete ban was imposed on the use of all meat and bone meal (MBM) in all animal rations. Seemingly, Japan is out of step with the international norms on SPS measures.

How Have Japan's Problems Affected the U.S.?

With the recession, consumers also are considering lower cost alternatives. Recently, U.S. product has been competing heavily with third countries, such as China, in the Japanese market. While Japan still imports about 60 percent of its food needs, the U.S. is still the largest supplier at over one-third of this amount, but with the new trade restrictions the U.S. trade flow has fallen by about \$3 billion over the past five years.

Japan has always been very conservative in terms of its SPS measures but it has been slowly turning away from international standards based on science. The first public example was the World Trade Organization (WTO) dispute in 1998 involving Japan's refusal to allow entry for varietials. The U.S. won that dispute. Some thought this would help alter Japan's SPS practices. However, this past spring after many years of negotiation, it became clear that once again we would have to take Japan to the WTO dispute settlement panel – this time because Japan would not allow entry for U.S. apples due to concerns over the bacterial disease fire blight. That issue is still under review by the WTO panel with a decision possibly due by this summer.

Marginal Progress Achieved in 2002?

As the year ends, seemingly there has been little progress made in the trade issues we have with Japan. But there are a few glimmers of hope. The U.S. has been working hard to convince Japan that adoption of science-based international standards would facilitate trade and ensure better protection of human, plant, and animal health in Japan. One area where the U.S. has worked hard to find a permanent solution is with the risk of transmission of low pathogenic avian influenza (LPAI). Since early 2002, Japan has banned U.S. poultry and egg products from states affected by LPAI. States where LPAI was detected this year included Pennsylvania, Maine, North Carolina, Virginia, Texas, West Virginia, New York and California. At this time, Virginia New York, and California are still banned. The U.S. and Japan requested technical mediation

on this matter and a panel convened at the International Office des Epizooties (the OIE, the international-recognized standard setting body for animal health) on December 19. The OIE report with recommendations will be presented in early January.

While it may appear that Japan has been mainly focused on the sanitary issues, there have been plenty of issues on the plant side to keep everyone engaged. Recent talks with Japan resulted in some positive indications that we may be able to resolve a few of these matters very soon in the New Year.

The Way Forward for APHIS

In early December 2002, Japan notified the WTO that it intended to amend its Food Sanitation Law and asked for comments from other Members. Changes to the food safety regime are welcome if they bring Japan into step with international trade norms. That has not been determined as yet.

In the meantime, USDA/APHIS will continue to actively pursue a strong bilateral relationship, remaining vigilant, and using both technical and policy resources to protect and export our trade interests.

Lynn Alfalla, Director for SPS Asia Trade Policy