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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

USTR Releases Negotiating Objectives for U.S.-UK Trade Deal

- The Office of the U.S. Trade Representative published its summary of [negotiating objectives](#) for a potential United States-United Kingdom (UK) trade agreement on February 28, 2019.
- The list of objectives is almost identical to those established for trade talks with the European Union (EU), with the exception to the sections on intellectual property and anti-corruption.
- Under the Trade Promotion Authority law, formal negotiations are allowed to begin 30 days after USTR releases its negotiating objectives, or on March 30, 2019.
- The UK will be free to hold formal trade negotiations immediately after it leaves the EU. While the UK is currently slated to leave on March 29, the British Parliament could vote to push back that leave date.

Progress on U.S.-China Talks Continues

- The Trump Administration's tariff increase delay on \$200 billion worth of Chinese imports was made official in a March 3, 2019 *Federal Register* [notice](#).
- The U.S. and China are close to securing a deal to reduce China's tariffs, and other obstacles to U.S. exports, and China has agreed to remove foreign-ownership limitations in certain sectors. Six memorandums of understanding (MoUs) are still being sketched out, with enforceability remaining a key aspect of the talks.
- Last Wednesday, U.S. Trade Representative Robert Lighthizer appeared before the House Ways and Means Committee and outlined a multi-tiered consultation process that would serve as an enforcement mechanism and allow U.S. companies to bring forth complaints. In this consultation process, there would be monthly meetings at the director level, quarterly meetings at the vice-ministerial level, and semi-annual meetings at the ministerial level to resolve bilateral issues.
- While there are still issues to be worked out, a formal agreement could be signed at an anticipated meeting between President Trump and President Xi Jinping in late March.

Indonesia and Australia Sign Trade Agreement

- Indonesia's Trade Minister Enggartiasto Lukita and Australia's Trade Minister Simon Birmingham signed the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) on March 4, 2019.

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Indonesia and Australia Sign Trade Agreement

- Australia and Indonesia concluded negotiations for a trade deal in September 2018, after over 8 years of talks (*BCI Monitor* 09-25-18).
- While Australia and Indonesia both benefit from the ASEAN-Australia-New Zealand Free Trade Agreement, under the IA-CEPA, 99 percent of Australian exports to Indonesia will have preferential, or duty-free, entry by 2020.
- The full text of the agreement as well as more information regarding the IA-CEPA can be found on Australia's Department of Foreign Affairs and Trade [website](#).

Theresa May Considering Delaying Brexit; UK Government Assesses No-Deal Brexit

- UK Prime Minister Theresa May is mulling an extension to the March 29 deadline for Brexit.
- The House of Commons will hold a vote on PM May's Brexit deal by March 12, 2019. If the Members of Parliament (MPs) reject the Brexit deal, the following day, a vote on whether to leave the EU without a deal will take place. If there is no support for a no-deal Brexit, the MPs can vote on March 14, 2019 to extend the Article 50, March 29 deadline for Britain to leave the European Union (EU).
- PM May said the delay would be "limited" and not last past June. However, MPs would have the power to force a longer delay.
- On February 26, the government published its [assessment](#) of the impact of a no-deal Brexit on business and trade. The report concluded the most visible way the UK could be affected by a no-deal Brexit would be delays in goods crossing the Channel. Delays in goods crossing the Channel could affect one in ten food items and cause some food prices to increase.
- For businesses involved in UK-EU trade in goods, the administrative burden alone from customs declarations could be around £13 billion and industries with supply chains that are integrated with the EU will face additional costs and burdens as a result of new customs procedures, compliance requirements, and reductions in traffic flow across the Channel.

USTR Releases Trade Policy Agenda for 2019

- On March 1, the Office of the U.S. Trade Representative (USTR) released its [2019 Trade Policy Agenda and 2018 Annual Report](#).
- The trade policy agenda advises that in 2019, the Trump administration will continue pursuing new trade deals – including the launch of new trade negotiations with Japan, the European Union, and the United Kingdom, deepen trade with Kenya through a trade and investment working group, and continue to enforce U.S. laws and trading rights through the monitoring of trade agreements, engagement in multilateral organizations such as formal challenges at the WTO, and action under U.S. trade laws.
- The annual report praised the Trump administration's undertaking of revisions to U.S. trade agreements, such as NAFTA and KORUS, as well as its imposition of tariffs under Section 301 of the Trade Act of 1974, in response to China's treatment of U.S. intellectual property, and under Section 201, to provide safeguard relief for domestic producers of solar cells and modules and large residential washers.
- The President's Trade Policy Agenda and Annual Report are required to be submitted to Congress by the USTR by March 1 of each year.

U.S. to Terminate GSP Designation of India and Turkey

- On March 4, the U.S. Trade Representative (USTR) [announced](#) that the U.S. will terminate India's and Turkey's designations as beneficiary developing countries under the Generalized System of Preferences (GSP) – a program that grants developing nations duty-free access to the U.S. market on a variety of goods.
- USTR stated that both nations no longer comply with the statutory eligibility criteria of GSP. India's termination from GSP is due to its failure to provide the U.S. with equitable and reasonable access to its market for a range of U.S. goods. Turkey's termination from GSP follows a finding that it is sufficiently economically developed and should no longer benefit from preferential market access to the United States. The U.S. conducted a program eligibility review for Turkey in August 2018.
- The Trump Administration can officially terminate both India's and Turkey's eligibility under GSP 60 days after the notification to Congress and the governments of India and Turkey.