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A REPORT FOR THE CALIFORNIA CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

Seventh Round of North American Free Trade Agreement Negotiations

- The seventh round of the North American Free Trade Agreement (NAFTA) negotiations concluded on March 5.
- Negotiators closed out the chapters on Good Regulatory Practices, Sanitary and Phytosanitary Measures, as well as Administration and Publication. Progress was made towards closing out the chapters on telecommunications and technical barriers to trade; however, the more contentious chapters such as investor state dispute settlement, auto rules of origin, and agriculture were only lightly discussed. There is still concern about the seasonality provision and the sunset clause being formally proposed.
- Currently, six chapters of the agreement have been finalized with around 24 to 27 more to go. According to a U.S. Trade Representative [press release](#), around half of the chapters are 80 to 90 percent complete.
- The next round of talks is set to take place in Washington DC at the beginning of April. The official dates have not been released.

President Trump Announces Steel and Aluminum Tariffs

- On March 1, President Trump announced that he has decided to impose a 25 percent tariff on steel imports and a 10 percent tariff on aluminum imports. The legal documents required to formalize the tariffs are expected to be signed in the coming week by President Trump.
- The announcements of the Section 232 tariffs, which followed the Department of Commerce determinations that imports of steel and aluminum were harming national security, will be made official next week. The proposed tariffs are harsher than the recommended 24 percent global tariff on steel, and the 7.7 percent global tariff on aluminum, that the Department of Commerce recommended its reports to the President (*BCI Monitor* 2-20-18).
- The decision to impose the tariffs was met with widespread condemnation from many U.S. allies. The European Union (EU) swiftly [reported](#) that it has prepared countermeasures and will coordinate with allies to challenge the U.S. if the tariffs are actually imposed.
- The EU will target EUR 2.83 billion worth of U.S. goods if President Trump goes ahead with the tariffs. In agriculture, the EU will target kidney beans, rice, cranberries, orange juice, and peanut butter according to a European Commission [list](#).

Neonicotinoids Found to Pose Risk to Bees

- The European Food Safety Authority (EFSA) has released a new assessment confirming that neonicotinoid pesticides represent a risk to wild bees and honeybees.
- EFSA has updated its risk assessment of three neonicotinoids – clothianidin, imidacloprid and thiamethoxam – that are currently subject to restrictions in the European Union because of the threat they pose to bees. These new conclusions update those [published in 2013](#), after which the European Commission imposed controls on use of the substances.
- EFSA's conclusions will be shared with risk managers from the European Commission and Member States, who will consider potential amendments to the current restrictions on the use of these pesticides. More information, as well as the peer reviewed assessments for each insecticide, can be found at the following EFSA [press release](#).

India Levies Surcharge on Imported Goods

- As of February 2, 2018, India has reportedly begun applying a Social Welfare Surcharge (SWS) of 10 percent of the basic customs duty on imported goods, including most food and processed food products.
- The SWS will fund education, health, and social security in India, and replaces the previous Education Tax of two percent and the Secondary and Higher Education Tax of one percent.
- More information is available at the following USDA Foreign Agricultural Service GAIN [report](#).

Senate Confirmations and State Department Departures

- On March 1, the U.S. Trade Representative (USTR) released a [statement](#) on the Senate confirmation of C.J. Mahoney to serve as the Deputy United States Trade Representative; Dennis Shea to serve as the Deputy United States Trade Representative, Chief of Mission, Geneva; and Gregg Doud to serve as Chief Agriculture Negotiator. Additionally, on March 6, USTR released a [statement](#) on the Senate confirmation of Jeffrey Gerrish to serve as Deputy United States Trade Representative.
- The U.S. ambassador to Mexico, Roberta Jacobson, announced on March 1 that she was resigning from the post. Her resignation will be effective May 5. Jacobson will be the latest in a string of high-profile diplomats to quit the State Department. There are currently 42 vacant ambassador positions, including the U.S. ambassador to the European Union and the U.S. ambassador to South Korea, and 20 U.S. ambassadors who have been nominated but not yet confirmed according to the U.S. [Ambassador Tracker](#).

U.S. Trade Policy Agenda and Annual Report

- The U.S. Trade Representative (USTR) Robert Lighthizer delivered President Trump's [2018 Trade Policy Agenda and 2017 Annual Report](#) to Congress on February 28. Additionally, USTR released a [fact sheet](#) summarizing the agenda and report.
- The policy rests on five major pillars including supporting national security, strengthening the U.S. economy, negotiating better trade deals, aggressively enforcing U.S. trade laws, and reforming the World Trade Organization (WTO).
- The report touches on both on the North American Free Trade Agreement (NAFTA) and the Korea-U.S. Free Trade Agreement (KORUS). While there is some recognition that “many Americans” and the agriculture industry have benefited from NAFTA, the report calls NAFTA “a bad deal for the United States.”
- The report takes a more muted tone towards KORUS but notes that the U.S. trade deficit in goods with Korea increased by 73 percent since the entry-into-force of the Agreement, and the goods and services deficit with Korea nearly tripled between 2011 and 2016. The discussion of the U.S. negotiations with Korea to “improve KORUS and deliver more reciprocal outcomes for U.S. workers, exporters, and businesses” omits the fact that the talks have not been notified to Congress – a step required under the [Trade Promotion Authority](#) (TPA) to officially negotiate, or withdraw, from an agreement.
- The annual report mentions that the administration would like to extend the Trade Promotion Authority (TPA) legislation. The TPA legislation is currently set to expire on July 1, 2018 and President Trump has an April 1 deadline to formally request an extension of the TPA in a letter to Congress.