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**A REPORT FOR  
THE CALIFORNIA  
CHERRY BOARD**

**GENERAL ISSUES OF INTEREST TO THE CCB:**

**Update on Chilean Cherry Season**

- Export volumes for Chilean cherries almost doubled to an estimated 184,000 metric tons (MT), around a 93 percent increase in comparison to last season.
- The majority of the exports – 156,314 MT – went to mainland China. Chilean cherry exports to the United States increased by around 20 percent to 7,570 metric tons, and there were large export increases to Taiwan, Brazil, South Korea, Ecuador, and the United Kingdom, according to media sources.
- In March, an outbreak of Mediterranean fruit fly (Medfly) was discovered in Chile's Valparaiso region. Eight insects were found in traps near Los Andes and a 7.2-kilometer control area has been established. In the past few months, there have been multiple Medfly detections, with the Agricultural and Livestock Service (SAG) finding insects in Las Condes and San Bernardo, both suburbs of Santiago. Valparaiso and the Santiago metropolitan area are relatively small cherry producing regions, 0.9 percent and 8.4 percent of total planted area, respectively. There have been no Medfly trappings in the O'Higgins and Maule regions that account for 80 percent of the total cherry planted area in Chile.

**U.S. Department of Agriculture Trade Mission to South China**

- The U.S. Department of Agriculture will be leading an agribusiness trade mission on May 21-25, 2018 to South China.
- The mission will take place in Guangzhou and Shenzhen, two of China's largest cities. It aims to help U.S. companies explore export opportunities for food and farm products to the region.
- The application deadline is March 15, 2018. More information is available at the U.S. Department of Agriculture [website](#).

**Section 232 Steel and Aluminum Tariffs**

- President Trump on March 8 signed a [proclamation](#) establishing a 25 percent tariff on steel and a [proclamation](#) establishing a 10 percent tariff on aluminum. The tariffs will go into effect March 23, 2018.
- Both Canada and Mexico will be initially excluded from the new tariffs; however, at the signing ceremony, President Trump connected their exclusion from the tariffs to the successful renegotiation of the North American Free Trade Agreement (NAFTA).

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### Section 232 Steel and Aluminum Tariffs

- The proclamations also include an option for other countries to be exempt from the tariffs if the U.S. agrees to “alternative means to address the threat to national security.” While there has not been further detail provided from the White House on the exclusion process, according to media sources, the U.S. and Australia are working on a security agreement that would allow Australia to escape the steel and aluminum tariffs.
- Additionally, it has been reported that the U.S. may try to negotiate voluntary export restraints (VERs) with other nations. VERs are non-tariff barriers that would restrict the quantity of steel or aluminum that a certain country can export to the U.S. during a specified period of time. VERs have not been used since the 1980s as countries agreed to phase them out during the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

### Comprehensive and Progressive Agreement for Trans-Pacific Partnership Signed

- On March 8, Australia, Brunei, Chile, New Zealand, Peru, Singapore, Vietnam, Japan, Malaysia, Canada and Mexico met in Santiago, Chile to sign the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The trade agreement encompasses a population of almost 500 million people and a combined GDP of \$13.5 trillion.
- The CPTPP will come into effect once six countries have completed domestic ratification procedures, a departure from the original agreement’s GDP based requirement which effectively needed the U.S. to ratify it before it went effect.
- The [full text](#), including the tariff reduction schedules for each signatory, was released on February 21 (*BCI Monitor* 2-27-18). On March 8, the side instruments, more commonly known as side letters, were released. The side letters cover specific issues that do not apply to all signatories.
- For the United States’ closest trading partners, Canada and Mexico, the signing of the CPTPP presents an opportunity to diversify away from the U.S. and provides an alternative instrument for trade relations in the event the North American Free Trade Agreement (NAFTA) renegotiation talks fail.
- In the week leading up to the signing of the CPTPP, officials from the U.S. have suggested that it is possible the U.S. may rejoin the trade pact – a move that nations such as Japan have been pushing for since the U.S. withdrew in January 2017. If the U.S. were to rejoin the agreement, signatories of the CPTPP have indicated little willingness to renegotiate the pact or add provisions that were removed from the original TPP agreement negotiated by the U.S.

### Canada and Mercosur Launch Free Trade Agreement Negotiations

- On March 9, Canada and the Mercosur trade bloc – Argentina, Brazil, Paraguay, and Uruguay – officially agreed to launch negotiations towards a comprehensive Canada-Mercosur free trade agreement, according to a Global Affairs Canada [press release](#).
- The announcement builds on the successful February 2018 exploratory talks held between the two parties (*BCI Monitor* 2-27-18).
- The first round of negotiations is set to take place in Ottawa, Canada from March 20-23, 2018.

### Central American Nations to Sign Trade Deal with South Korea

- South Korea and five Central American countries – Costa Rica, El Salvador, Honduras, and Panama – are to sign a free trade agreement (FTA) on February 21.
- Negotiations for the deal began in June 2015 and in November 2016, South Korea and the aforementioned Central American nations, with the addition of Guatemala, concluded negotiations for a FTA (*BCI Monitor* 11-29-16). Guatemala has chosen to not go forward with the FTA at this stage as it has not finalized trade discussions with South Korea.
- Talks covered 21 chapters addressing market access, rules of origin, trade facilitation, as well as sanitary and phytosanitary measures and the parties agreed to an elimination of approximately 95 percent of tariffs on goods traded between South Korea and the six Central American countries. In 2016, Central America imported US \$1.08 billion from South Korea, and exported US \$143 million.
- After signing, the agreement is to be submitted for ratification to the participating countries’ legislatures.