

MARCH 20, 2018

## INSIDE THIS ISSUE

- **Trump Requests Three Year Extension of Trade Promotion Authority**
- **Chinese Draft Standard for Ready-to-Eat Fresh Cut Vegetables and Fruit**
- **Department of Commerce Lays out Steel and Aluminum Tariff Exclusion Process**
- **Third Round of Korea-U.S. Free Trade Agreement Amendment Talks**
- **European Union Releases List of Goods Potentially Subject to Retaliation**
- **United Kingdom and European Union Agree to Draft Withdrawal Agreement**

**A REPORT FOR  
THE CALIFORNIA  
CHERRY BOARD**

## GENERAL ISSUES OF INTEREST TO THE CCB:

### Trump Requests Three Year Extension of Trade Promotion Authority

- On March 20, President Donald Trump sent an official written request to Congress asking that the [Trade Promotion Authority](#) (TPA) be extended for three years. President Trump had to request an extension of the TPA before April 1, 2018 as the TPA is set to expire on July 1, 2018.
- His request cites the [2018 Trade Policy Agenda](#) and asserts that the Administration has “launched a new era in American trade policy, driven by a determination to use the leverage available to us as the world’s largest economy to open foreign markets, and to obtain more efficient global markets and fairer treatment for American workers. One of the major pillars supporting my trade policy is the pursuit of better trade deals.”
- The letter also mentions the renegotiation of the North American Free Trade Agreement (NAFTA), and that the Administration is “exploring potential trade agreement partners, including in Africa and Southeast Asia.”
- In recent months, the Trump administration has received criticism from both sides of the aisle for not fulfilling the negotiating objectives laid out in the TPA when advancing proposals in the NAFTA talks. Congress will likely use this extension to emphasize to the administration the need to follow the TPA negotiating objectives.

### Chinese Draft Standard for Ready-to-Eat Fresh Cut Vegetables and Fruit

- On March 16, China [notified](#) the World Trade Organization (WTO) of a consultation draft of [National Food Safety Standard: Hygienic Specification on Processing of Ready-to-Eat Fresh-Cut Vegetables and Fruits](#) (in Chinese).
- Ready-to-eat fresh cut vegetables and fruit refer to fresh vegetables and fruits as raw materials after pre-treatment, cleaning, peeling, cutting, disinfection, rinsing, and removal of surface water. The vegetables and fruits must still be fresh but can be in other shapes (sliced, diced, etc.).
- The draft standard stipulates the processing, packaging, storage, and transportation requirements for fresh-cut vegetables and fruit as well as the basic requirements for the facilities, equipment, and personnel that handle this type of product.
- The final date for comments is May 15, 2018.

### Department of Commerce Lays out Steel and Aluminum Tariff Exclusion Process

- On March 19, the Department of Commerce published an [interim final rule](#) in the *Federal Register* outlining the process for companies to request exemptions for the upcoming Section 232 steel and aluminum tariffs. The tariffs go into effect Friday, March 23.
- Commerce is not opening the typical 30-day comment period on the rule. Instead, Commerce is using a waiver of power that allows it to avoid the delay if it is determined to be in the public interest.
- The exclusions will be made on a company-by-company basis, rather than based on product. Additionally, this interim rule does not address country exemptions. The Trump administration has not yet announced any action regarding country exemptions.
- According to media sources, companies requesting exclusions from the steel and aluminum tariffs will likely have to go through a costly, lengthy, and potentially futile process as exemptions are not guaranteed, and companies will not see any relief for at least 30 to 90 days.

### Third Round of Korea-U.S. Free Trade Agreement Amendment Talks

- The third round of the Korea-U.S. Free Trade Agreement (KORUS) amendment talks took place on March 15 in Washington DC.
- While the U.S. continued to focus the trade deficit, market access for automotive, and rules of origin, South Korea placed more emphasis on the U.S. Section 232 steel tariff as well as other trade remedy issues such as safeguards and anti-dumping duties.
- The meeting coincided with South Korean Trade Minister Kim Hyun-chong's meetings with American policymakers and officials to obtain a country exemption for Korea for the steel tariffs.
- The next round of amendment talks was not announced.

### European Union Releases List of Goods Potentially Subject to Retaliation

- As nations work to gain an exemption from the Section 232 Steel and Aluminum tariffs, the European Union has concrete plans in place to move forward with retaliatory action.
- On March 16, the European Commission released the [official list](#) of U.S. goods that the European Union (EU) may subject to tariffs. The list includes agricultural goods such as sweet corn, kidney beans, rice, peanut butter, cranberries, and orange juice.
- The EU would notify the World Trade Organization of potential counter-measures by May 23, within 60 days of U.S. tariffs coming into force, and the EU would have to enact those measures in the following month.
- However, in a last-ditch effort, Cecilia Malmström, the European Commissioner for Trade, is in Washington DC this week to meet with Secretary of Commerce Wilbur Ross to insist that the European Union as a whole is excluded from the tariff measures and to convince the U.S. that the world needs to work together to address the overcapacity of steel.

### United Kingdom and European Union Agree to Draft Withdrawal Agreement

- On March 19, the United Kingdom (U.K.) and the European Union (EU) agreed to a 21-month transition period in a new [draft withdrawal agreement](#). The transition period to ease the U.K. out of the EU will last from March 29, 2019 to December 31, 2020. During this time, the U.K. will remain in full compliance with the current rules and regulations of the EU.
- Under the draft withdrawal agreement, the U.K. will continue to be a party to existing EU trade agreements and will be afforded the opportunity to negotiate and sign international trade deals of its own. Additionally, it was agreed that EU citizens who arrive in the U.K. during the transition period will have the same rights as those arriving before the U.K. chose to exit the EU.
- The issue of the Ireland border remains unresolved. The EU's "backstop" solution for the Ireland border remained in the withdrawal text; however, it is an unfavorable option for U.K. government and Prime Minister Theresa May has called it unacceptable.
- This agreement must be formally agreed to by the remaining 27 EU member states at the upcoming European Commission summit on March 22. However, even if the agreement gets signed off, it will not be legally binding until a wider agreement on the British withdrawal is reached.
- According to media sources, negotiators are hoping this positive momentum will help the two parties reach a comprehensive agreement on the U.K. withdrawal from the EU by July 2018.