

MARCH 27, 2018**INSIDE THIS ISSUE**

- **Section 232 Steel and Aluminum Tariffs Continue to Face International Backlash**
- **Agreement in Principle Reached in Korea-U.S. Free Trade Agreement Amendment Talks**
- **Omnibus Government Funding Bill Signed**
- **Indonesia Renews South African Food Safety Control System Recognition**
- **U.S. Tariffs on Chinese Imports and Action Against China on Intellectual Property Rights**
- **United States and Mexico Sign Agreements on Customs and Border Cooperation**

**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD****GENERAL ISSUES OF INTEREST TO THE CCB:****Section 232 Steel and Aluminum Tariffs Continue to Face International Backlash**

- The Section 232 steel and aluminum tariffs came into effect on March 23.
- One day prior, President Trump, in a [statement](#), confirmed the suspension of the steel and aluminum tariffs for Argentina, Australia, Brazil, Canada, Mexico, the European Union, and South Korea. The tariffs are suspended for the aforementioned nations until May 1 pending “discussions of satisfactory long-term alternative means to address the threatened impairment to U.S. national security.” In response to the suspension, the European Union, for the time being, has taken pause in its retaliatory effort against the U.S.
- China, which has not received a waiver, has [announced](#) that it is considering raising duties on \$3 billion worth of U.S. exports. The action against 128 types of U.S. products, including cherries, is the first in a wave of trade retaliatory efforts. If implemented, U.S. cherries could face a 25 percent tariff as the current tariff rate to China for cherries is 10 percent.
- On March 26, China requested consultations with the United States at the World Trade Organization (WTO) under the Agreement on Safeguards, claiming that the [steel](#) and [aluminum](#) tariffs are safeguards regardless of U.S. claims that the tariffs are necessary to protect national security.

Agreement in Principle Reached in Korea-U.S. Free Trade Agreement Amendment Talks

- After three sessions of amendment talks, the United States and South Korea have reached an agreement in principle on the Korea-U.S. Free Trade Agreement (KORUS).
- The agreement in principle includes a deal on currency, a product-specific quota to limit Korean exports of steel to the U.S. allowing Korea to avoid the 25 percent Section 232 steel tariff, a 20-year tariff phaseout for Korean trucks, and an increase in the number of U.S. cars eligible to be sold under U.S. car safety standards in Korea from 25,000 per U.S. manufacturer to 50,000.
- No changes were agreed upon regarding the elimination of Korean tariffs on U.S. agricultural goods even though it was an early sticking point in the talks.
- It is expected that the U.S. and Korea will sign the agreement soon; however, an official date has not yet been announced.

Omnibus Government Funding Bill Signed

- The \$1.3 trillion [omnibus government funding bill](#) was signed into law by President Trump on March 23, 2018.
- The bill includes a provision that would exempt farmers from certain reporting requirements when enrolling in U.S. Department of Agriculture (USDA) cost-share conservation programs. The bill clears away red tape for participants in conservation programs by exempting them from having to obtain System for Award Management (SAM) and Data Universal Numbering System (DUNS) numbers, according to a USDA [press release](#).
- The bill also fixes an oversight in the new tax code (Section 199A) which afforded more advantages to farmer-owned cooperatives and gave farmers a greater incentive to do business with companies solely because they are organized as a cooperative or private firm.

Indonesia Renews South African Food Safety Control System Recognition

- On March 6, Indonesia renewed South Africa's Food Safety Control System recognition for an additional three years, according to a South African Department of Agriculture [press release](#). The extension allows for the simplified entry of 14 South African horticultural products, including cherries.
- Exports of cherries will be subjected to only monitoring as opposed to verification inspections and checks on each consignment.
- The recognition status enables South Africa to export horticultural products through Jakarta's Tanjung Priok Port through April 11, 2021.
- In January 2018, Indonesia renewed the U.S. Fresh Food and Plant Origin recognition for 89 commodities, granting similar simplified access for U.S. exporters (*BCI Monitor* 1-16-18).

U.S. Tariffs on Chinese Imports and Action Against China on Intellectual Property Rights

- On March 22, President Trump announced plans to impose tariffs worth approximately \$50-60 billion on Chinese goods as well as action to limit China's ability to invest in the U.S. technology industry.
- The President has directed U.S. Trade Representative Lighthizer to announce, within 15 days of the following [White House Memorandum](#) regarding the [Section 301 Investigation](#) into Chinese IP practices, a proposed list of products to be hit with tariff increases. After a public comment period, the finalized list of products targeted by U.S. tariffs will be published.
- The President justified the move as a response to claimed Chinese efforts to obtain U.S. technology through intimidation, state-financed acquisition and subterfuge, and as a means to counter the growing U.S. trade deficit with China, which the President blames on China's unfair trading practices.
- In the aforementioned White House Memorandum, the President also instructs the USTR to pursue dispute settlement in the World Trade Organization (WTO). Consequently, on March 26, the U.S. requested [consultations](#) with China at the WTO concerning the protection of intellectual property rights and discriminatory technology licensing requirements.

United States and Mexico Sign Agreements on Customs and Border Cooperation

- The United States and Mexico have signed three agreements to improve customs procedures and expedite the flow of agricultural goods across the shared border, according to a Homeland Security [press release](#).
- The first agreement is a Memorandum of Cooperation (MOC) on Customs and Trade Enforcement. The MOC will facilitate the development and implementation of joint and coordinated programs aimed at increasing trade and customs compliance, as well as combating illicit activities and the illicit flow of goods across the border.
- The Memorandum of Understanding (MOU) on Cargo Pre-Inspection Program and Unified Cargo Processing (UCP) reiterates the bilateral commitment between the U.S. and Mexico for the further implementation of cargo pre-inspection and UCP programs, through which Mexican customs officers and U.S. Customs and Border Patrol (CBP) officers will work together to inspect and process cargo shipments.
- Lastly, CBP and the National Service for Agro-Alimentary Public Health, Safety and Quality (SENASICA) signed an MOU to enable collaboration between the two agencies on agriculture safeguarding, agriculture quarantine inspections at ports of entry, and information sharing. The MOU promotes cooperation and information sharing to enabling the U.S. to handle legitimate and safe shipments while addressing those that pose a risk.