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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

China Imposes Retaliatory Tariffs on U.S. Origin Products

- On April 2, China's State Council Tariff Committee [announced](#) that additional tariffs on 128 U.S. origin products would be implemented, effective immediately.
- The tariffs imposed on \$3 billion worth of U.S. exports mostly affect agricultural products such as fruits, nuts, and pork. China [notified](#) the World Trade Organization Council for Trade in Goods of the increased tariffs. The full list of products subject to additional tariffs is included within the notification.
 - The tariff for sweet cherries (HS 0809.29) is now 25 percent. The most favored nation tariff that the U.S. previously faced was 10 percent.
- The tariffs were first proposed by China's Ministry of Commerce on March 23, the same day the U.S. Section 232 steel and aluminum tariffs went into effect. China maintains the view that the steel and aluminum tariffs are safeguard measures and has requested consultations at the World Trade Organization with the U.S. regarding the tariffs.

United States Publishes Proposed Tariff List on Chinese Products

- On April 3, the Office of the U.S. Trade Representative (USTR) published a [proposed list](#) of products imported from China that could be subject to additional tariffs of 25 percent. The tariffs are in response to "China's unfair trade practices related to the forced transfer of U.S. technology and intellectual property" according to a USTR [press release](#).
- On March 27, for the first time in more than 15 years, the United States used Section 301 of the Trade Act of 1974 to issue a lengthy [report](#) detailing China's discriminatory technology licensing rules, technology transfer regime, and its non-market investment strategies in the United States. The Section 301 investigation and report subsequently led to President Trump signing a [memorandum](#) regarding imposing tariffs on around \$50 billion of imports from China as well as to the U.S. [requesting consultations](#) with China at the World Trade Organization regarding its technology licensing requirements.
- The proposed list covers approximately 1,300 separate tariff lines and will undergo further review in a public notice and comment process, including a hearing. After completion of this process, USTR will issue a final determination on the products subject to the additional duties.
- Notably, tariff lines of HS Chapter 84 (Machinery and Mechanical Appliances), including packaging or wrapping machinery and harvesting machinery, are on the list.

Update on Australian Inspections

- The Australian Department of Agriculture and Water Resources (DAWR) made the decision in 2016 to phase out the Australian Offshore Pre-Clearance Inspection (OPI) program by 2019 and shift the focus to on-arrival inspection.
- While DAWR states that the removal of OPI does not impact the number of inspectors available to the department, inspectors in Australia are having to travel much longer distances between warehouses to inspect and approve shipments.
- Many sources continue to identify that there are not enough inspectors, the rules under which they operate are impractical, and there are insufficient entomologists and pathologists to quickly respond to 'interceptions'.
- Additionally, current wait times for onshore clearance, for non-pre-cleared shipments, are approximately 7 to 9 days, especially in Melbourne, and there are concerns that Australia is using inspections as a non-phytosanitary method to restrict fruit imports.

Office of the U.S. Trade Representative Publishes 2018 National Trade Estimate Report

- On March 30, the Office of the U.S. Trade Representative Released the [2018 National Trade Estimate \(NTE\) Report](#), an annual report documenting foreign trade and investment barriers facing American exporters around the world.
- The NTE covers 64 countries, customs territories, and regional associations, as well as all 20 of the United States' free trade agreement partners.
- The NTE report highlights some of the barriers U.S. cherries face around the world including:
 - France's continued ban on cherries from countries that authorize dimethoate,
 - Israel's tariff on cherries despite the free trade agreement,
 - Thailand's 40 percent most favored nation (MFN) tariff rate for cherries.
- The report also mentions U.S. efforts to improve the cherry export program to Korea.
- The 2018 NTE report reaffirms the Trump Administration's 2018 Trade Policy Agenda to secure market access for American farmers, aggressively work towards enforcing U.S. trade laws, and remove trade barriers that harm American workers.

Severe Frost in Spain Impacts Fruit Production

- In eastern Spain, cold weather and strong winds have contributed to damaging frost in the autonomous region of Valencia, damaging around 7,500 hectares of farmland, according to an Association of Valencian Farmers [press release](#). Stonefruit are among the crops most affected by the frost.
- The neighboring autonomous region of Murcia was impacted as well, with an estimated 20,000 metric tons (MT) of stonefruit damaged by the frost in early March. This is only a small portion of Murcia's total stone fruit production of around 400,000 MT.
- Initial reports estimate losses of around €35 million and between 40 to 70 percent of agricultural production in the Community of Valencia and losses of around €25 million in stonefruit revenue for the Region of Murcia.

Japanese Deputy Prime Minister Rules Out Bilateral Trade Talks

- On March 29, Japan's Deputy Prime Minister Taro Aso ruled out the prospect of opening talks with the United States on a bilateral trade deal, arguing that such a deal would only create "unnecessary" pain for Japan.
- According to media reports, Aso, who heads Japan's delegation for a two-way dialogue with the United States on broad economic matters, said Japan should not be drawn into talks for a bilateral free trade agreement (FTA) in exchange for exemptions from the steel and aluminum tariffs.
- His comments came after South Korea, faced with the potential imposition of the steel and aluminum tariffs, agreed to revise the KORUS trade agreement with the United States.
- Japan has been pushing for exemptions from the U.S. tariffs on steel and aluminum imports, with little success. However, it has recently been [announced](#) that Prime Minister Shinzo Abe and President Trump will meet to discuss ways to expand "fair and reciprocal trade" between Japan and the United States.