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**A REPORT FOR  
THE CALIFORNIA  
CHERRY BOARD**

## GENERAL ISSUES OF INTEREST TO THE CCB:

### Canada to Update List of Products Facing Retaliation Due to U.S. Section 232 Tariffs

- Within the next week, Canada is expected to publish an updated list of U.S. products that will face retaliatory duties in Canada, according to Canada's ambassador to the United States.
- Canada is substituting for goods that Canadian businesses asked to have waived under Canada's exemption programs. A [list of goods](#) that received tariff relief is available from the Department of Finance, Canada. No food or agricultural products from the [original retaliatory tariff](#) list received tariff relief.
- According to media sources, approximately CAD \$285 million in changes to the tariff list are expected, with products such as pork, apples, and wine being potential additions.

### U.S. Border Closure Threat Creates Delays

- Freight congestion and costs are intensifying at the U.S.-Mexico border, with reports of trucks facing up to 12-hour delays at certain border crossing points.
- Following threats from President Trump to close the southern border, U.S. Customs and Border Protection (CBP) began shifting personnel from cargo inspection and clearance to immigration-related tasks which has led to processing delays.
- Around 70 percent of the two-way trade between the U.S. and Mexico consists of raw materials, intermediate goods, and capital equipment. Last year, according to the U.S. Bureau of Transportation Statistics, trucks transported \$484 billion in freight across the border.
- The closure threat was aimed partly at persuading Congress to take up immigration reform. While President Trump walked back some of his comments about closing the border, he threatened to impose auto tariffs on Mexico despite the agreed upon side letter in the renegotiated NAFTA that excluded Mexico and Canada from auto tariffs.

### USTR Proposes Products for Tariff Countermeasures in WTO Case Against Airbus

- On April 8, USTR opened a [public consultation](#) on a list of European products that will be hit with retaliatory tariffs as part of the U.S. World Trade Organization (WTO) dispute against the EU for subsidies provided to Airbus.

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#### *USTR Proposes Products for Tariff Countermeasures in WTO Case Against Airbus*

- The preliminary list includes retaliatory tariffs on a variety of agricultural goods from the EU (Section 2) including cheeses, jams, and juices. Sweet cherries were not included.
- The list will be finalized once the WTO arbitrator approves the amount of U.S. retaliation. The U.S. requested to retaliate against \$11.2 billion worth of EU goods.
- There will be a public hearing on May 15, 2019 and written comments are due by May 28, 2019.
- More information is available at the following USTR [press release](#).

#### **WTO Issues Historic Ruling on Trade Restrictions on National-Security Grounds**

- On April 5, a World Trade Organization (WTO) dispute settlement panel published its first-ever ruling on a nations' right to impose trade restrictions on the basis of national security.
- The panel found that 1) a nation can impose trade restrictions on the basis of national security and 2) that the WTO has the authority to determine whether a national security threat warrants trade-restrictive measures.
- While [the subject dispute](#) was between Russia and Ukraine, it sets a legal precedent for the ongoing disputes at the WTO over the U.S. Section 232 steel and aluminum tariffs that were imposed on the basis of national security.
- The WTO ruled that Russia was in the right invoking the national security exemption when it imposed restrictions on Ukrainian goods transiting through Russia. However, the ruling solidifies that the WTO may review whether a national security claim is in "good faith" and not abused "to pursue protectionist objectives" or to "apply disguised restrictions on trade."
- The panel noted that in this case "the emergency in international relations" was very close to "war or armed conflict," which allowed Russia to meet the requirements for invoking national security to restrict trade.

#### **Update on U.S.-China Talks**

- U.S. and Chinese negotiating teams concluded their latest round of talks on April 5.
- Negotiators discussed the text of an agreement regarding technology transfers, intellectual property protections, non-tariff measures, services, agriculture, trade balance and enforcement.
- According to a White House [statement](#), significant work remains but negotiators will be in continuous contact to work through the remaining issues.

#### **United Kingdom Asks for Further Delay to Brexit**

- On April 4, Members of Parliament (MPs) voted in favor of having Prime Minister Theresa May ask for another extension for Brexit.
- The following day, PM May wrote to European Council President Donald Tusk to request an extension to June 30, 2019. Two weeks ago, the EU approved an extension of Brexit from March 29 to April 12, if the UK could not pass the withdrawal deal.
- According to media sources, Donald Tusk is proposing to offer the UK a 12-month extension, with the option of leaving earlier if the withdrawal deal gets ratified. However, staying with the union is an unpopular option with PM May's party who continue to favor cutting ties with the EU as quickly as possible.

#### **ITC Requesting Comments on Possible Modifications to the HTS System**

- The U.S. International Trade Commission (ITC) is [requesting comments](#) on proposals to amend the International Harmonized System (HS) of tariff nomenclature.
- The ITC is interested in proposals concerning the deletion of HS headings or subheadings with low trade volumes, the creation of separate 4-digit or 6-digit subheadings to identify products that are not adequately classified, as well as any other suggestions to improve the classification of products.
- The deadline for submissions is March 31, 2020.