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**A REPORT FOR  
THE CALIFORNIA  
CHERRY BOARD****GENERAL ISSUES OF INTEREST TO THE CCB:****2018 Farm Bill Introduced in House**

- On April 12, the Chairman of the House Agriculture Committee Michael Conaway introduced the Agriculture and Nutrition Act of 2018 - the Farm Bill - in the House of Representatives.
- The \$865 billion legislation overhauls the Supplemental Nutrition Assistance Program (SNAP) by proposing stricter work requirements for recipients, changes the definition of family for the purposes of determining who is eligible for commodity subsidies, and increases the acreage enrolled in the Conservation Reserve Program from 24 million to 29 million.
- The bill combines the U.S. Department of Agriculture's (USDA) trade programs, including the Market Access Program (MAP) and Foreign Market Development (FMD) program under a new International Market Development Program funded at \$255 million per year. The bill would guarantee \$200 million in annual funding for MAP and no less than \$34.5 million for FMD, \$10 million for the Emerging Markets Program and \$9 million for the Technical Assistance for Specialty Crops Program.
- To pass the Farm Bill in the House, 218 votes are needed. There is concern that the Farm Bill will not garner enough bipartisan support to pass due to the SNAP legislation. If the Farm Bill does not have enough support, lawmakers will likely be forced to extend the current legislation, which expires September 30, 2018. More information on the Farm Bill is available [here](#).

**Update on Section 232 Tariffs**

- On April 17, the United States [accepted](#) China's request for consultations at the World Trade Organization (WTO) regarding the U.S. tariffs recently imposed on imports of steel and aluminum products.
- China claims that the U.S. steel and aluminum duties are, in fact, safeguard measures, and retaliated by placing additional tariffs on 128 U.S.-origin goods valued at \$3 billion, effective April 2. Affected U.S. products include sweet cherries (HS 0809.29) (BCI Monitor, April 3, 2018).
- Despite agreeing to the consultations, the U.S. maintains that there is no legal basis to Chinese retaliation to the Section 232 tariffs as they were implemented for national security reasons and are not safeguards.
- The U.S. did not respond to China's separate request for WTO dispute settlement consultations over the Section 232 tariffs.
- If China and the U.S. cannot come to agreement through consultations, China can request to have a dispute settlement panel established. Under WTO rules, the U.S. can block the first request to

- On April 16 and 17, the [European Union](#) and [India](#) also filed requests for consultations at the World Trade Organization (WTO) with the United States on the tariffs imposed on imports of steel and aluminum products, mirroring the Chinese assertion that the measures are, in essence, safeguards.

#### **Update on Proposed Section 301 Tariffs**

- On April 17, the U.S. [agreed](#) to enter WTO dispute settlement consultations with China over the proposed Section 301 tariffs. The U.S. decision comes despite the U.S. position that, since the proposed tariffs have not yet been adopted, China's request does not meet the requirements laid out in Article 4 of the Dispute Settlement Understanding.
- The proposed tariffs stem from a Section 301 investigation into China's intellectual property policies and would target \$50 billion in Chinese imports (BCI Monitor, March 27, 2018). The U.S. stated its interest in using these consultations to discuss China's notified intention to apply an additional 25 percent tariff to U.S. agricultural and other goods valued at \$50 billion.
- The deadline for comments on the Section 301 tariff recommendations is May 22.

#### **Update on the North American Free Trade Agreement Negotiations**

- Technical experts from the U.S., Mexico, and Canada have been meeting in Washington D.C. the past two weeks during an unofficial 8th round of negotiations in an effort to finalize as many North American Free Trade Agreement (NAFTA) chapters as possible.
- U.S. Trade Representative Robert Lighthizer recently signaled to Agriculture Secretary Sonny Perdue that, despite the wishes of both Perdue and lawmakers, dairy market access in Canada is not among the USTR's top NAFTA priorities.
- Additionally, Lighthizer has lowered the initial U.S. demand that NAFTA auto rules of origin require 85 percent regional value content to qualify for duty free treatment, to seek a 75 percent threshold.
- Lighthizer plans to meet with Mexican Economy Secretary Ildefonso Guajardo and Canadian Foreign Affairs Minister Chrystia Freeland in a trilateral ministerial meeting in Washington D.C. on Thursday, April 19.
- U.S. and Mexican officials have identified the first week of May as a target for reaching an agreement in principle. Canadian officials have not yet commented on the new timeline.

#### **United States and Bahrain Sign Memorandum of Understanding on Food and Agriculture**

- The U.S. and Bahrain signed a Memorandum of Understanding (MOU) on Trade in Food and Agriculture Products.
- The MOU provides that Bahrain will continue to accept existing U.S. export certifications for food and agricultural products. Additionally, the MOU provides for consultations to address future measures introduced by Bahrain that could restrict imports of food and agriculture products.
- The U.S. and Bahrain have had a free trade agreement in place since January 2006. In 2017, U.S. agricultural exports to Bahrain totaled \$76 million.

#### **Annual Review of the Generalized System of Preferences Program**

- On April 4, the Office of the U.S. Trade Representative (USTR) published a notice in the Federal Register regarding the 2017/2018 Annual Generalized System of Preferences (GSP) Review.
- USTR will consider petitions to:
  - Modify the GSP status of beneficiary countries due to country practices
  - Add products to GSP eligibility
  - Remove products from GSP eligibility for one or more countries
  - Waive competitive need limitations
  - Deny de minimis waivers for products eligible for such waivers
  - Predesignate currently excluded products
- To be considered for the annual review, petitions must be submitted to USTR by April 16, 2018.
- The GSP program was recently renewed in the omnibus government spending bill that President Trump signed into law on March 23, 2018. More information regarding the GSP program is available [here](#).