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## A REPORT FOR THE CALIFORNIA CHERRY BOARD

## GENERAL ISSUES OF INTEREST TO THE CCB:

### EU Issues Preliminary List of U.S. products Considered for Countermeasures in WTO Boeing Dispute

- On April 17, the European Union (EU) published a [list](#) of U.S. products being considered for tariff countermeasures in response to the World Trade Organization (WTO) compliance ruling on illegal U.S. subsidies to Boeing. The WTO ruling was published on April 11, 2019.
- The preliminary list includes retaliatory tariffs on a variety of agricultural and processed goods including chocolates and sugar syrups.
- The list of countermeasures is equivalent to the estimated USD12 billion in damages to Airbus established by the WTO ruling. However, a WTO-appointed arbiter must determine the final level of countermeasures, and a final list of products will be released following the arbiter's decision.
- EU Trade Commissioner Cecilia Malmström has stated that the EU would prefer a dialogue between the U.S. and EU but is ready with the countermeasure in the event a dialogue does not materialize.

### International Trade Commission Publishes Report on Economic Impact of the USMCA

- On April 18, the International Trade Commission (ITC) [published](#) its economic analysis of the U.S.-Mexico-Canada Agreement (USMCA).
- The ITC report forecasts that the USMCA would increase U.S. GDP by 0.35 percent (\$68.2 billion) over its first 6 years.
- The ITC projects slight increases in the trade of dairy, poultry, and eggs between the U.S. and Canada and negligible increases in Canadian exports of sugar and sugar containing products to the U.S. The agreement is projected to have little if any impact on agricultural trade with Mexico.
- The report also projects the creation of 28,000 jobs in the auto sector. This estimate is much more conservative than the 76,000 auto jobs that the Office of the U.S. Trade Representative previously projected.
- Some Congressional Democrats have claimed that the comparatively meager economic benefit does little to make up for their stated concerns with the agreement's labor, environmental and intellectual property provisions.

### Canada Releases Final Regulatory Decisions for Neonicotinoids Related to Pollinators

- Health Canada's Pest Management Regulatory Agency (PMRA) [released](#) its final regulatory decisions on the use of three neonicotinoids in regard to pollinators: imidacloprid, clothianidin, and thiamethoxam.
- The PMRA will allow the continued registration of imidacloprid, clothianidin, thiamethoxam products with several label amendments.
- Seed treatments with the three neonicotinoids will also be permitted to continue with additional label statements to minimize pollinator exposure to imidacloprid during planting.
- Foliar applications will be subject to new restrictions. Foliar application of imidacloprid to stone fruits or of clothianidin or thiamethoxam to orchard trees will not be allowed at any time.
- Information on further restrictions can be found in the following USDA GAIN [report](#).
- At this time, there has been no indication from the PRMA that maximum residue limits for these neonicotinoids will be changed, though this may change in the future. PMRA's final regulatory decision related to aquatic life are expected by mid-2020.
- These changes will be fully implemented for the majority of Canadian crops for the 2021 growing season.

### Light Brown Apple Moth Boundary Change

- The Light Brown Apple Moth LBAM (*Epiphyas postvittana*) quarantine boundaries have changed, effective April 17, 2019.
- The regulated area boundary in Orange County has been expanded and can be found in grid [471](#).
- For more information on LBAM, as well as the Southern California, Northern California, and full state quarantine maps, please see the California Department of Food and Agriculture [website](#).

### WTO Panel Finds China Improperly Administrated Agricultural TRQs

- On April 18, the World Trade Organization (WTO) dispute settlement panel circulated a [report](#) in a case the U.S. initiated regarding China's administration of tariff rate quotas (TRQs).
- The WTO panel found that China was improperly administering rice, corn, and wheat TRQs. The TRQ administration was not transparent, predictable, or fair, and it ultimately inhibited TRQs from being filled.
- According to the U.S. Trade Representative (USTR), the policy denied U.S. farmers access to China's market for grain. If China's TRQs had been fully used, China would have imported as much as \$3.5 billion worth of corn, wheat, and rice in 2015 alone.
- The finding marks the second time this year that the WTO sided with the U.S. over China in a case involving China's agricultural policies. In February, a panel decision [found](#) that China exceeded its agricultural subsidy limits for rice and wheat.

### European Union Continues Trade Negotiations with Australia and Chile

- The European Union (EU) and Australia held the third round of negotiations for a comprehensive free trade agreement. There was progress in almost all negotiating areas, including technical barriers to trade, where an agreement in principle was reached on technical regulations, standards, conformity assessment, and transparency.
- The EU and Chile continued negotiations towards modernizing the current EU-Chile Association Agreement. The Association Agreement was signed in 2002 and included a comprehensive free trade agreement. During the fourth round of negotiations, the parties exchanged tariff offers and views on a consolidated draft version of origin procedures, which were based on a self-certification scheme.
- More information regarding the EU-Australia and EU-Chile negotiating rounds is available [here](#).