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A REPORT FOR THE CALIFORNIA CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

USTR Releases Annual Special 301 Report on Intellectual Property Protection

- On April 25, the Office of the U.S. Trade Representative (USTR) released its annual Special 301 report on the intellectual property (IP) practices of U.S. trading partners.
- The revised Priority Watch List, which identifies countries subject to the greatest concerns regarding IP enforcement, contains 11 countries, including China and India. The report downgrades Canada and Colombia to the Watch List. Saudi Arabia was the only country added to the Priority Watch List.
- The U.S. has consistently criticized China for poor IP enforcement and has levied tariffs on \$250 billion worth of Chinese goods under Section 301 of the Trade Act of 1974. The report comes as the U.S. and China are engaged in related trade talks and China has claimed to be taking steps to improve IP protection.

India Seeks Delay on GSP Decision

- India has reportedly asked the Office of the U.S. Trade Representative (USTR) to delay the termination of its eligibility for benefits under the Generalized System of Preferences (GSP) for 90 days.
- The USTR decision to terminate GSP benefits for India was made in March due to a lack of reasonable market access for a range of U.S. goods. (*BCI Monitor* 03-05-19)
- The U.S. could terminate India's GSP benefits as early as May 3, though some business groups and senators have advocated against the move.

U.S – Japan Negotiations

- President Trump met with Prime Minister Abe of Japan on April 26 to discuss, among other things, the prospective bilateral trade deal. This meeting follows the second round of talks between U.S. Trade Representative Robert Lighthizer and Japanese Economy Minister Toshimitsu Motegi.
- President Trump expressed hope that a deal could be ready to sign by the time he visits Japan in late May to meet Japan's new emperor or when he visits for the G20 conference in late June.
- To date, the trade talks have covered only the potential scope of a bilateral agreement. The U.S. seeks to increase agricultural access to Japan, while Japan wishes to reduce U.S. tariffs for autos. (*BCI Monitor* 04-16-19)

Update on the USMCA

- Congress returns to session this week and the Trump administration is pressing the body to pass the U.S.-Mexico-Canada Agreement (USMCA).
- The release last week of the International Trade Commission's economic impact assessment for the prospective deal and the passage of a raft of Mexican labor reforms on Monday cleared the two greatest hurdles remaining to passage of the agreement (*BCI Monitor* 04-23-19).
- However, some members of Congress remain skeptical of the enforceability of the agreement's labor and environmental provisions, arguing that, despite the new Mexican labor reforms, the Mexican government has yet to demonstrate the ability enforce those reforms.
- Adding to these concerns, U.S. Senate Finance Committee Chairman Chuck Grassley has stated in a *Wall Street Journal* op-ed that "If these [Section 232] tariffs aren't lifted, USMCA is dead," arguing that there is no appetite to debate the trade agreement in Congress if the tariffs are still in place.

U.S.-China Trade Talks Continue

- U.S. Trade Representative (USTR) Robert Lighthizer and Treasury Secretary Steven Mnuchin are in Beijing this week attempting to conclude negotiations on a U.S. – China trade agreement.
- Talks this week will focus on industrial subsidy policies as well as an enforcement mechanism.
- Although both Secretary Mnuchin and USTR Lighthizer have signaled that an enforcement mechanism had been agreed to between the two countries, no official announcement or details have been issued. The U.S. has reportedly sought the use of "snapback" tariffs as an enforcement mechanism, allowing the temporary revocation of tariff concessions in the case of an import surge. However, there are questions about the viability of snapback tariffs and their potential to undermine the World Trade Organization (WTO).
- The *South China Morning Post* reported that the deal could be complete and ready to sign as early as June.

Indonesia Issues New Fresh Fruit Registration Requirements

- Indonesia has published Regulation No. 53/2018, which would require imported fresh fruit and vegetables to be registered with the Ministry of Agriculture (MOA) by 2021.
- The regulation does not specify exactly which products would be subject to the new requirements; however, it could represent a new non-tariff barrier to the marketing of U.S. fruit and nuts in Indonesia.
- The MOA's Food Security Agency (FSA) will enforce compliance with this regulation and will provide further implementation guidance.
- The USDA Foreign Agricultural Service has provided a [translation](#) of the regulation.

Light Brown Apple Moth Boundary Change

- The Light Brown Apple Moth LBAM (*Epiphyas postvittana*) quarantine boundaries have changed, effective April 17. The regulated area boundary in Orange County has been expanded and can be [found](#) in grids 471 and 483.
- 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](#).