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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD****SPECIFIC ISSUES OF INTEREST TO THE CCB:****France Extends Ban on U.S. Cherries**

- France has announced that it will continue its ban on U.S. cherries over the use of the chemical dimethoate for the fourth consecutive year. Organic and frozen cherries are not subject to the ban.
- France claims that dimethoate, which is used to control Asian Fruit Fly (*Drosophila suzukii*), is dangerous to human health.
- Cherries from Canada and from several smaller EU countries are also impacted by the ban. As in 2018, Turkey has been excluded from the list of prohibited countries. Although French producers claim that Turkish producers still use the chemical, Turkey has banned the use of dimethoate and provided satisfactory data to the French authorities.

GENERAL ISSUES OF INTEREST TO THE CCB:**China Increases Tariffs in Retaliation to U.S. Tariff Increases**

- On Monday, China increased tariffs on its third list of U.S. commodities in response to the U.S. raising tariffs on its third tranche of Chinese goods tariffed under Section 301 Friday morning.
- Originally in September, China released 4 lists of commodities to be tariffed at rates of 25 percent, 20 percent, 10 percent, and 5 percent in response to the U.S. tranche 3 list of commodities to be tariffed at 25 percent. However, when the U.S. decided to reduce those 25 percent tariffs to 10 percent, China combined the 25 percent and 20 percent lists to be tariffed at 10 percent and combined the 10 percent and 5 percent lists to be tariffed at 5 percent. Now that the U.S. has increased the tranche 3 tariffs back to 25 percent, China has restored the four original lists of tariffs. (*BCI Monitor* 09-18-18)
- Fresh Cherries were not included in this wave of retaliatory tariffs.
- The increased tariff rates will go into effect June 1.

USTR Calls for Comment on Additional Tariffs on \$300 Billion in Chinese Goods

- In addition to raising tariffs on \$200 billion in Chinese goods, on Monday the Office of the U.S. Trade representative issued a [draft notice](#) calling for public comment on proposed 25 percent tariffs that would impact nearly \$300 billion in Chinese goods.
- This proposed list of new tariffs would cover nearly all products not currently tariffed under the Section 301 investigation, with the exception of pharmaceuticals, select medical goods, rare earth materials, and critical minerals.
- A public hearing on the proposed tariff action will take place June 17.
- Comments are due June 10.

China Proposes WTO Reforms

- On Monday, China issued a proposal for WTO Reform. The proposal addresses issues with the Appellate Body, unilateral trade actions, and agricultural support allowances for developed members, among other issues.
- On unilateral trade actions, China proposed enhancing the notification requirements for imposing import tariffs on the grounds of national security as well as enhancing the multilateral review mechanism for all unilateral trade measures.
- In the proposal, China also calls for state-owned enterprises (SOEs) to be treated as equal players in the market, contradicting the U.S. position that WTO rules do not fully account for all types of SOEs.
- The proposal also addresses the domestic support for agriculture which, in many developed countries, surpasses the 5 percent aggregate measure of support (AMS). China argues that AMS should be eliminated in gradual installments.
- Last week, China announced that it would host a ministerial on WTO reform in November.

Update on the USMCA

- U.S. Trade Representative Robert Lighthizer met with members of the Congressional Progressive Caucus last week in an attempt to address their concerns with the U.S.-Mexico-Canada Agreement's (USMCA) labor and environmental provisions.
- USTR Lighthizer expressed a willingness to work with lawmakers to address their concerns, however he reaffirmed his stance that the agreement cannot be reopened. Canada and Mexico have also stated their opposition to reopening the agreement.
- In response to lawmakers' concerns over the enforcement of Mexico's new labor law, Mexico's Foreign Affairs Secretary Marcelo Ebrard stated that Mexico would not concede anything else on labor reform.
- Several lawmakers in recent days have also reiterated their position that steel and aluminum tariffs on Mexico and Canada must be lifted prior to the ratification of the USMCA.

Senate Confirms Export-Import Bank Board Members

- On May 8 the Senate voted to confirm three officials to the board of the Export-Import Bank.
- The Bank now has three of its five board positions filled, allowing for the approval of transactions in excess of \$10 million.
- Despite the confirmations, the future of the Export-Import Bank is still in doubt. Congress will vote to reauthorize the bank's charter in September.