

MAY 29, 2018

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A REPORT FOR
THE CALIFORNIA
CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

Trump Administration Announces Additional Tariffs on China

- The Trump administration on May 29 [announced](#) that it plans to impose investment restrictions and export controls on Chinese acquisitions of industrially significant technology, pursue a case at the World Trade Organization regarding intellectual property, and impose a 25 percent tariff on \$50 billion worth of goods imported from China after June 15, the date when the final list of products covered will be released.
- The 25 percent tariff will be imposed under Section 301 of the Trade Act of 1974. In April, the Office U.S. Trade Representative (USTR) published a [proposed list](#) of products imported from China that could be subject to the additional tariff based on the Section 301 investigation and [report](#) regarding China's unfair trading practices on the forced transfer of U.S. technology and intellectual property. Additionally, USTR held a public consultation and hearing on the tariffs in mid-May.
- The unexpected announcement caught China by surprise. A spokesman from the Chinese Ministry of Commerce called the move "contrary to the consensus reached between the two sides in Washington not long ago" in a statement released by the official news agency and widely quoted by western media.
- Last week, Secretary of the Treasury Steve Mnuchin stated that the U.S. was putting the tariffs "on hold" after U.S. and Chinese officials met in Washington DC, and issued a [joint statement](#) announcing that the two sides reached "consensus" on measures to reduce the trade deficit in goods, including a commitment from China to purchase more U.S. goods.

NAFTA Talks Continue in Washington

- Technical groups from the U.S., Mexico, and Canada have continued meeting in an effort to work through outstanding issues within the North American Free Trade Agreement (NAFTA).
- Negotiators still have a long road ahead before the renegotiated agreement can be signed and implemented. POLITICO has published the [statutory deadlines](#) NAFTA has met, and the statutory deadlines ahead.
- Thus far in the negotiations, nine NAFTA chapters have been closed. To view the status of the remaining chapters and proposals in the NAFTA renegotiation, please see the [NAFTA 2.0 Trade Progress Update](#) from the Wilson Center.

Agricultural Marketing Service Organic Oversight and Enforcement

- The U.S. Department of Agriculture's Agricultural Marketing Service (USDA-AMS) is sharing its [Organic Oversight and Enforcement Plan](#) which includes a summary of enforcement and oversight actions undertaken.
- It provides a summary of significant recent actions that the National Organic Program (NOP) has taken to protect the integrity of organic imports as well as an overview of the plan of action to implement new practices that strengthen the National Organic Program's enforcement and oversight capabilities.
- Farm to market traceability, robust enforcement, and strong organic control systems are the topics highlighted in this year's plan.

Department of Commerce Initiates Section 232 Investigation on Automobiles

- The U.S. Department of Commerce [initiated](#) a Section 232 investigation into the national security implications of automobile imports on May 23, 2018.
- The aim of the investigation is to consider whether the decline of domestic automobile and automotive parts production "threatens to weaken the internal economy of the United States." An unofficial list of HTS codes targeted in the investigation can be found [here](#).
- The initiation of the investigation has been met with much backlash. Finance Committee Chairman Orrin Hatch has called the investigation "misguided," while House Ways and Means Chairman Kevin Brady has indicated concern for the implications that the tariffs would have on U.S. consumers.
- Critics are concerned with potential retaliation from trading partners as the argument for using national security for the steel and aluminum tariffs has been met with much challenge at the World Trade Organization. Separately, there is speculation by many, including Senate Homeland Security and Government Affairs Committee Chairman Ron Johnson, that the initiation of this investigation is a NAFTA negotiating tactic as auto rules of origin have been a major sticking point in the talks.

European Union to Begin Free Trade Agreement Talks with Australia and New Zealand

- On May 22, the European Union (EU) adopted the needed negotiating directives for free trade agreements with Australia and New Zealand, giving the European Commission a green light to start negotiations.
- The first negotiating rounds between the teams of negotiators are expected to take place in Brussels, Belgium in July 2018. The EU will negotiate two separate bilateral free trade agreements.
- The EU is the third largest trading partner for both Australia and New Zealand. EU-Australia bilateral trade totals 45.5 billion euros per year, and EU-New Zealand bilateral trade totals 8 billion euros per year. More information is available in a Commission [press release](#).

South Korea and Mercosur to Launch Trade Negotiations

- South Korea and the South American trading bloc Mercosur – Brazil, Argentina, Paraguay, and Uruguay – on May 25 agreed to begin formal negotiations in the latter half of this year for a free trade agreement.
- South Korea exported \$6.6 billion worth of goods, mostly electronics parts and autos, to Mercosur nations in 2017, up 20.6 percent from a year earlier. Mercosur exports to South Korea were valued at around \$4.52 billion and mostly consisted of agricultural products and steel.