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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

End of Temporary Section 232 Exemptions for Mexico, Canada, and EU Prompts Retaliation

- On May 31, the Department of Commerce announced it would end the temporary exemptions from the Section 232 tariffs on steel and aluminum that were granted to Mexico, Canada, and the European Union (EU). As of June 1, all three are subject to a 25 percent tariff on steel exports, and a 10 percent tariff on aluminum exports. All three nations have swiftly responded to the tariffs with retaliatory measures.
- Mexico, on June 5, [published](#) a retaliation list in its Federal Register. Pork products, cheese products, apples, fries, dried cranberries, and whiskey are the targeted U.S. agricultural products that now face a 15 - 25 percent tariff. The tariffs are applicable beginning June 5.
- Canada is planning to impose tariffs on imports of steel, aluminum, and U.S. agricultural products such as yogurt, confectionery products, pizza, orange juice, and certain condiments. Canada [released](#) two lists of U.S. products that will be targeted, proposing a 25 percent tariff on goods in Table 1 (iron and steel products) and a 10 percent tariff on goods in Table 2 (including those listed above). A consultation period will last until June 15, 2018, and the retaliatory measures will take effect on July 1, 2018.
- The EU is proceeding with a [WTO dispute settlement](#) case and with the imposition of additional duties on certain imports from the United States, according to a European Commission [press release](#). The EU [notified the](#) WTO on May 18 that it intended to suspend concessions and apply the additional duties to U.S. products in Annex I of the notification on June 20, 2018 and to those in Annex II in 2021 if the situation is not remedied.

Light Brown Apple Moth Quarantine Boundary Changes

- The California Department of Food and Agriculture (CDFA) has updated the Light Brown Apple Moth (LBAM) quarantine boundaries.
- The new San Diego boundaries:
 - Poway ([Grid 522](#))
 - Rancho Santa Fe ([Grid 511](#))
- The new Orange County boundaries:
 - Garden Grove ([Grid 471](#))
 - Huntington Beach ([Grid 482](#) and [Grid 483](#))
- The full California state map of the [LBAM quarantine boundaries](#) has also been updated.

EU Amends Conditions of Approval for Certain Neonicotinoids

- On May 30, the European Union published amendments modifying the conditions of approval for the neonicotinoids [clothianidin](#), [imidacloprid](#), and [thiamethoxam](#).
- Effective June 19, 2018, these regulations ban all uses of the three neonicotinoids except for their application in permanent greenhouses. Effective December 19, 2018, sale or use of seeds treated with these neonicotinoids is not permitted except for those intended to be used only in permanent greenhouses. The resulting crop must also stay within a permanent greenhouse during its entire life cycle.
- As finalized at the April 26-27, 2018 Standing Committee on Plants, Animals, Food and Feed meeting, member states must pay particular attention to the following:
 - Risk to groundwater
 - Risk to aquatic organisms
 - Risk to bees and bumblebees released for pollination in permanent greenhouses
 - Exposure of bees via the consumption of contaminated water from the permanent greenhouses
- Member states must amend or withdraw existing authorizations of relevant plant protection products by September 19, 2018. An additional grace period may be granted by member states, expiring by December 19, 2018 at the latest.

Update on U.S. WTO Consultations with India

- At its meeting on May 28, the WTO's Dispute Settlement Body (DSB) agreed to a request from the United States for the establishment of a dispute panel to examine certain alleged export subsidy measures in India (*BCI Monitor* 4-10-18).
- The U.S. alleges that India is providing subsidies through various export promotion programs, special economic zones, and duty-free imports for the exporters program. Per WTO rules, providing subsidies contingent upon export performance is not allowed. India, during the consultations, held that its policies conform with all aspects of India's WTO obligations as well as the WTO's Agreement on Subsidies and Countervailing Measures.
- So far, the European Union, Canada, China, Egypt, Japan, Kazakhstan, Korea, Russia, and Sri Lanka have reserved their third-party rights to participate in the panel proceedings.

South Korea Continues to Pursue WTO Complaint Against U.S. Trade Remedy Practices

- South Korea submitted its second request for the establishment of a Dispute Settlement Body (DSB) panel regarding U.S. practices in antidumping (AD) and countervailing duty (CVD) proceedings at the May 28 meeting of the WTO's DSB.
- The DSB agreed to the establishment of the panel. The first panel request submitted by Korea was blocked by the U.S. (*BCI Monitor* 2-20-18).
- This wide-ranging complaint is challenging the US "Leveling the Playing Field Act" as well as the Department of Commerce's use of "adverse facts available" to set antidumping and countervailing duty margins.
- Additionally, Korea alleges that the U.S. authorities' use of "facts available" in its AD and CVD case against certain products from Korea was inconsistent with the U.S.'s WTO obligations.
- The European Union, Japan, Canada, Egypt, Russia, India, Kazakhstan, China, and Norway have reserved their third-party rights to participate in the proceedings.

Update on North American Free Trade Agreement

- Since the revocation of the Section 232 steel and aluminum tariffs, North American Free Trade Agreement (NAFTA) negotiations have come to a standstill.
- According to media sources, President Trump has expressed interest in splitting NAFTA negotiations in two, to pursue separate trade agreements with Canada and Mexico, rather than continuing to try to modernize the trilateral NAFTA agreement.
- Further, it is becoming increasingly unlikely that a new NAFTA could be voted on in the 2018 legislative session. Senate Majority Whip John Cornyn recently commented that, most likely, the deal would need to be approved in 2019.