

JUNE 12, 2018**INSIDE THIS ISSUE**

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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD****SPECIFIC ISSUES OF INTEREST TO THE CCB:****Cherry Market Access to Myanmar**

- On June 12, the government of Myanmar notified USDA-APHIS that continued market access for California cherries was approved.
- The decision follows a pest risk assessment APHIS submitted to Myanmar last year as a part of its review process.
- The change became effective May 24, 2018.
- California cherries exported to Myanmar will require a phytosanitary certificate and an import permit.

GENERAL ISSUES OF INTEREST TO THE CCB:**Section 301 Tariff List Due Friday**

- The Office of the U.S. Trade Representative (USTR) is expected to publish by Friday, June 15, the final list of Chinese products that will be hit with 25 percent tariffs.
- According to a May 2018 White House [press release](#), it is likely that the tariffs will be implemented shortly thereafter.
- In the press release, the White House also said it would implement investment restrictions and export controls on certain Chinese persons and businesses on June 30, 2018.
- The tariffs stem from a Section 301 investigation into China's intellectual property and technology transfer practices and would cover \$50 billion worth of Chinese goods.
- China has said it will retaliate if these tariffs are implemented.

Senate Releases 2018 Farm Bill

- The Senate Agriculture Committee released its version of the 2018 Farm Bill – the [Agriculture Improvement Act of 2018](#) – on June 8, 2018.
- There are early expectations that the draft bill may do better than an earlier version – the Agriculture and Nutrition Act of 2018 – that was rejected by the full House last month.
- The Senate legislation, like the House version, would renew for five years agricultural subsidies and government-backed crop insurance. Additionally, the Senate legislation would lower the adjusted gross income threshold at which farmers are no longer eligible for farm subsidies to \$700,000 from \$900,000.
- The Senate legislation would increase funding for the Organic Research and Extension initiative to \$50 million by 2022 as well as provide funding for organic certification cost-share. The draft legislation would also impose new regulations on imported organic products.

Senate Releases 2018 Farm Bill

- An area of contention in both the House and the Senate has been the Supplemental Nutritional Assistance Program (SNAP or Food Stamps). The House version of the bill included tougher work requirements for SNAP participants. The Senate version keeps the current work requirements intact but plans to boost funding for pilot programs that study the effectiveness of job-training for SNAP recipients.
- The current Farm Bill is set to expire September 30, 2018.

European Union Organic Regulation Approved

- The European Parliament and the Council of the European Union (EU) formally adopted the text of the new [Regulation on organic production and labelling of organic products](#).
- The Regulation is expected to be published in the EU's Official Journal and will apply from January 1, 2021.
- According to a recent USDA FAS GAIN [report](#), the biggest impact for the U.S. organic sector is that the EU will require trade agreements in place of the current framework of equivalence arrangements. With these regulatory changes, the U.S. equivalence agreement would expire by January 1, 2026.

Update on European Union Retaliatory Efforts

- The first tranche of the European Union's (EU) retaliation for the Section 232 tariffs was set to go into effect on June 20, 2018, according to their World Trade Organization [notification](#).
- However, before the retaliatory tariffs can go into effect, the final list of goods needs to be adopted through an Implementing Act by the European Commission.
- European nations are holding a united front on retaliatory tariffs and it is expected that the Implementing Act on Annex I will be adopted. The tariffs are expected to come into force on July 1, 2018.

WTO Disputes Challenging Section 232 Tariffs

- Norway is the latest nation to request dispute settlement consultations with the United States at the World Trade Organization (WTO). In a June 12 [press release](#), Norway echoed the view of other WTO members in the belief that the Section 232 steel and aluminum tariffs are a violation of WTO rules.
- A list of all the WTO members that have requested dispute settlement consultations with the United States is as follows:
 - [European Union](#)
 - [Canada](#)
 - [India](#)
 - [China](#)
 - [Mexico](#)
 - Norway (As of 6-12-18, WTO notification not yet made public)
- The EU, Canada, India, China, and Mexico all have, or are set to, impose retaliatory tariffs on U.S. goods. The WTO members are justifying the new tariffs on U.S. goods as a "rebalancing of concessions" allowed under the WTO's Safeguards Agreement.
- Japan notified the WTO that it was free to impose retaliatory measures on the U.S. but has yet to detail the type of action it will take. So far, Japan has not requested dispute settlement consultations with the United States. Instead, Japan requested to join as a third party on the dispute settlement consultations of Canada, the EU, and Mexico.

USDA and FDA Streamline Produce Safety Requirements

- As part of the U.S. Department of Agriculture (USDA) and the U.S. Food and Drug Administration's (FDA) ongoing effort to make the oversight of food safety stronger and more efficient, USDA and FDA announced on June 5 the aligning of the USDA Harmonized Good Agricultural Practices Audit Program (USDA H-GAP) with the requirements of the FDA Food Safety Modernization Act's (FSMA's) Produce Safety Rule.
- H-GAP audits are voluntary, user-fee funded audits that verify fruits and vegetables are produced, packed, handled and stored as safely as possible to minimize risks of microbial food safety hazards in accordance with FDA guidance and industry recognized food safety practices.
- More information is available at USDA AMS [Harmonized GAP](#) and the following USDA [press release](#).