

JULY 10, 2018

INSIDE THIS ISSUE

- **Proposed Additional Tariffs on \$200 Billion Worth of Chinese Goods**
- **European Union and Japan to Sign Trade Deal**
- **KORUS Agreement Expected to Be Finalized**
- **Australia and European Union Complete First Round of Negotiations**
- **Trade Promotion Authority Renewed**
- **Investment Restrictions as Part of 301 Investigation**
- **Product Exclusion Process for 301 Tariffs**

**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

Proposed Additional Tariffs on \$200 Billion Worth of Chinese Goods

- On July 10, the Office of the U.S. Trade Representative (USTR) [announced](#) a list of \$200 billion worth of Chinese imports to be subject to a 10 percent tariff. The tariffs will be imposed under Section 301 of the Trade Act of 1974.
- The administration also used Section 301 to impose a 25 percent tariff on approximately \$34 billion worth of Chinese imports on July 6 and is planning on imposing additional tariffs on \$16 billion worth of Chinese goods.
- The [list of goods](#) includes a number of agricultural products including seafood, dairy products, fruits, vegetables, nuts, and grains.
 - Cherries (0809.29) are included on the list.
- USTR is requesting comments and responses. June 27 is the final date for filing request to appear at the public hearing and for filing pre-hearing submissions. August 17 is the final date for written comments. The public hearing is expected to take place August 20-23 in Washington DC. The tariffs will not go into effect until after August 30.

European Union and Japan to Sign Trade Deal

- The European Union (EU) and Japan are moving forward with the EU-Japan Economic Partnership Agreement. On July 6, EU Member States in the European Council authorized the signature of the trade agreement.
- The two parties plan to sign the agreement at the EU-Japan summit that will take place on July 11, 2018.
- The European Parliament is expected to vote on the agreement in the fall, and once domestic procedures are completed in the EU and Japan, the agreement will enter into force in early 2019.
- More information regarding the EU-Japan Economic Partnership Agreement is available on the European Commission [website](#).

KORUS Agreement Expected to Be Finalized

- The revised text of the Korea-U.S. Free Trade Agreement (KORUS) is expected to be signed as early as September, according to media sources.
- The U.S. and Korea have completed almost all discussions on the wording of the revised agreement. The assessment of the potential impact of the revised KORUS has not yet been completed.

(Continues on Next Page)

KORUS Agreement Expected to Be Finalized

- The U.S. and Korea reached an agreement in principle on KOURUS in March 2018 (*BCI Monitor* 3-27-18). The U.S. agreed to extend the phaseout of its 25 percent tariff on trucks and Korea agreed to increase the number of U.S. cars eligible to be sold every year under U.S. car safety standards.
- The Department of Commerce's Section 232 investigation regarding imports of autos and auto parts remains an issue as South Korea is a large supplier of both to the United States.

Australia and European Union Complete First Round of Negotiations

- Negotiators from Australia and the European Union (EU) met in Brussels from July 2-6, 2018 for the first round of negotiations for a comprehensive trade agreement, according to a recent European Commission [press release](#).
- EU and Australia launched talks for a broad trade agreement on June 18, 2018.
- Thus far, the EU and Australia have been conducting trade and economic relations under the 2008 EU-Australian Partnership Framework. The framework aimed to facilitate trade in industrial products between the EU and Australia by reducing technical barriers and improving trade in services and investment.
- The EU is Australia's second largest trading partner, and third largest export destination. For the EU, Australia is ranked as its 18th largest trade in goods partner.

Trade Promotion Authority Renewed

- The U.S. Trade Representative [welcomed](#) the extension of the Trade Promotion Authority (TPA).
- The TPA expired on June 30, 2018 but was automatically renewed for three years on July 1, 2018. The House and the Senate had the opportunity to pass a resolution of disapproval to block it, but no such resolution was introduced.
- With the TPA in place, any new free trade agreement that is finalized before June 30, 2021 can be submitted to Congress for a straight up-or-down vote without any amendment.

Investment Restrictions as Part of 301 Investigation

- In March, President Trump released his [Presidential Memorandum](#) on the Section 301 investigation of Chinese laws and policies related to technology transfer practices and intellectual property rights.
- The Presidential Memorandum laid out a three-pronged response to China's practices which included 1) tariffs; 2) a World Trade Organization (WTO) Dispute Settlement case; and 3) investment restrictions.
- A portion of the 301 tariffs became applicable July 6, the U.S. requested WTO consultations with China on China's protection of intellectual property rights on March 26, and the plans for investment restrictions on China were recently announced.
- The Committee on Foreign Investment in the United States (CFIUS) will see its purview expanded to deal with concerns of predatory investments from China through new legislation – the Foreign Investment Risk Review Modernization Act (FIRRMA).
- FIRRMA passed in the House on June 26 and is expected to pass in the Senate as a part of the defense bill. Since House and Senate versions of FIRRMA are not identical, the House and Senate will hold conference on the defense bill to reconcile the legislation.
- The choice to use CFIUS and FIRRMA is a softer approach by the Trump Administration than first expected and will likely not garner harsh retaliation.

Product Exclusion Process for 301 Tariffs

- The Office of the U.S. Trade Representative (USTR) on July 6 released its product exclusion process for Chinese products subject to the 301 tariffs.
- The public will have until October 9, 2018 to file a request for a product exclusion. Exclusions will be effective for one year upon the publication of the exclusion determination in the Federal Register, and it will retroactively apply to July 6, 2018.
- For more information on the process, please see the following USTR [press release](#) and Federal Register [notification](#).