

AUGUST 27, 2019

INSIDE THIS ISSUE

- **China Announces Additional Retaliatory Tariffs**
- **EU to Ban Canadian Cherries**
- **U.S. and Japan Reach Tentative Agreement; Details Unclear**
- **U.S. Increases Retaliatory Tariffs on Chinese Products**
- **Comments Requested on Renewal of Tariff Exemptions**
- **South Korea, Israel Sign Free Trade Agreement**
- **South Korea, UK Sign Temporary Free Trade Agreement**

A REPORT FOR
THE CALIFORNIA
CHERRY BOARD

SPECIFIC ISSUES OF INTEREST TO THE CCB:

China Announces Additional Retaliatory Tariffs

- On August 23, the Chinese Ministry of Finance [announced](#) new tariffs on \$75 billion in U.S. goods in retaliation for the recently announced tariff on Chinese goods from the U.S. [*BCI Monitor*: 08-06-2019]
- China will implement its tariffs in two rounds: one list on September 1 and a second on December 15, matching the implementation schedule of the most recent round of U.S. tariffs.
- Fresh sweet cherries will be charged an additional 10% tariff starting on September 1.
- Simultaneously, the Chinese renminbi fell to 7.15 renminbi to the dollar, its lowest level since early 2008. The Chinese central bank previously allowed the renminbi to devalue when earlier tariffs were announced, to stimulate exports and make American imports less affordable for Chinese consumers.

EU to Ban Canadian Cherries

- According to media reports, Canadian fruit exporters have been informed by the Canadian Food Inspection Authority (CFIA) that the European Union will stop importing some Canadian fruit, including cherries, on September 1. The decision by the EU is due to [new phytosanitary regulations](#).
- While the Canadian cherry season has ended, the regulation will affect Canadian cherries starting in 2020 unless the regulations are revised, or Canadian cherry producers implement pest mitigation measures.
- In 2018, Canada exported \$5 million in fresh cherries to the EU, approximately the same as the U.S.

GENERAL ISSUES OF INTEREST TO THE CCB:

U.S. Increases Retaliatory Tariffs on Chinese Products

- President Trump and the USTR [announced](#) an increase to tariffs on Chinese products in retaliation for the most recent round of Chinese tariffs. The tariffs on nearly all products imported from China will increase by five percentage points.
- The tariff increase on fresh cherries from China will take effect on October 1, but China typically does not export fresh cherries to the U.S.
- The full value of these tariff increases is approximately \$27.5 billion, based on the USTR's calculation of the value of American imports of Chinese products.

Comments Requested on Renewal of Tariff Exemptions

- The Office of the U.S. Trade Representative has [published](#) an update on its tariff exemption process. Comments on the original 301 Exclusion Request are requested.
- USTR estimates that it will take one year after all exclusion requests are submitted to process and implement the most recent round of tariff exemptions. (*Continued on next page.*)

- Comments are due to <http://www.regulations.gov>, docket USTR-2019-0014.

South Korea, Israel Sign Free Trade Agreement

- On August 21, the governments of South Korea and Israel [announced](#) the signing of a free trade deal that will remove tariffs on 99% of products traded between the two countries. The terms of the deal have not been released.
- Bilateral trade between South Korea and Israel has increased recently, rising 15% between 2017 and 2018 to reach approximately \$2.5 billion.

South Korea, UK Sign Temporary Free Trade Agreement

- On August 22, the governments of South Korea and the United Kingdom announced a temporary [free trade agreement](#) between the two countries that will go into effect in case of a no-deal Brexit. It expires automatically two years after a no-deal Brexit.
- The agreement will keep all existing trade restrictions and tariffs between the UK and South Korea unchanged for two years following a no-deal Brexit, replicating the current agreement between Korea and the EU.
- Total UK-Korean trade was worth approximately \$17.7 billion in 2018, although agricultural trade between the two countries is limited.