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A REPORT FOR THE CALIFORNIA CHERRY BOARD

GENERAL ISSUES OF INTEREST TO THE CCB:

USDA Assistance to Farmers

- On August 27, the U.S. Secretary of Agriculture Sonny Perdue announced more details regarding federal assistance to farmers impacted by trade retaliation. As previously announced, the U.S. Department of Agriculture (USDA) will authorize up to \$12 billion in programs, consistent with U.S. World Trade Organization obligations.
- The USDA's Farm Service Agency (FSA) will administer the Market Facilitation Program, the USDA's Agricultural Marketing Service (AMS) will administer a Food Purchase and Distribution Program, and the Foreign Agricultural Service (FAS) will administer the Agriculture Trade Promotion Program.
- Through the Food Purchase and Distribution Program, sweet cherries may be allotted a target amount of \$111.5 million; however, program details have yet to be determined. The Agricultural Trade Promotion Program was allotted \$200 million in funding. More specific details and requirements of the programs are expected Wednesday, August 29.
- For more information, please see the following USDA [press release](#).

United-States-Mexico Trade Agreement

- On Monday, August 27, the United States and Mexico reached a bilateral agreement on issues surrounding the North American Free Trade Agreement (NAFTA) and are awaiting Canada's return to the talks.
- Currently, the U.S. Trade Representative (USTR) Robert Lighthizer intends to notify Congress on Friday, August 31 of a plan to sign a bilateral trade agreement with Mexico or inform Congress of a trilateral agreement that includes Canada. It remains to be seen how Canada will respond to the announcement, and if the notification will occur.
- Under the modernized agreement, tariffs on agricultural products between the U.S. and Mexico will remain at zero.
- There has also been no change regarding the current Section 232 tariffs on imports of Mexican steel and aluminum. As a result, the Mexican retaliatory tariffs on US products, including many US ag products, remain in place. According to media sources, however, the U.S. is considering replacing the Section 232 tariffs on Mexican steel and aluminum imports with quotas.

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United-States-Mexico Trade Agreement

- Neither the U.S.-proposed sunset clause, nor a seasonality provision have been included in the new agreement. Instead of the sunset clause, which would have allowed for an automatic termination of NAFTA unless all parties agreed to an extension, the agreement will be in effect for 16 years, with a review after 6 years. If all parties decide that the agreement works as-is, it will be extended for another 16 years; however, if the parties feel that updates are needed, negotiations will occur, and the agreement will remain in place during that time. Once a new agreement is reached, a new 16-year window will begin.
- For more information on the agreement, please see the United States-Mexico [Trade Fact Sheet](#), the [Trade Fact Sheet on Agriculture](#), and the [White House Statement](#).

Request for Comments to Compile National Trade Estimate Report

- The Office of the U.S. Trade Representative (USTR) is requesting comments regarding foreign trade barriers for inclusion in the 2019 National Trade Estimate Report (NTE) on Foreign Trade Barriers.
- USTR is interested in import policies such as tariffs, quantitative restrictions, and import/customs barriers as well as subsidies, including export subsidies. Additionally, trade restrictions through unwarranted standards, technical barriers to trade, and unwarranted sanitary and phytosanitary measures.
- For more information and the list of export markets covered in the report, please see the following *Federal Register* [notice](#). Comments are due by October 30, 2018.

Argentina Making Progress on Cherry Market Access in China

- Chinese inspectors are expected to visit Argentina from October 25 to the beginning of November to examine pest control methods in cherry farms and packing facilities, according to media sources.
- The goal for the visit is to establish a phytosanitary protocol to allow Argentine cherries to enter the Chinese market. China's General Administration of Customs (CACC) requires a protocol of phytosanitary requirements to be signed before shipments take place.
- Argentine President Mauricio Macri has been working on accelerating negotiations and opening up the Chinese market for Argentine produce. President Macri and Chinese Leader Xi Jinping met at the BRICS Summit in July to discuss market access issues and a potential free trade agreement between China and the Mercosur nations.
- Macri recently told reporters that if Argentina is able to export cherries to China, the planting area would increase from 2,000 hectares to more than 35,000 hectares. In 2017, Argentina exported approximately \$17.1 million worth of fresh cherries worldwide.

Brazil Requesting Comments on Organic Production System

- Brazil has extended its [public consultation](#) on a normative instruction proposal, which updates the Technical Regulation for Organic Production Systems, as well as on the list of substances and practices permitted for use in organic production.
- The organic production system corresponds to a set of practices aimed at the production of economically and environmentally sustainable food. It establishes the necessary requirements for organic plant and animal products, and the new normative instruction proposes a more detailed resource management plan.
- Additionally, the proposal provides for the possibility of granting certification to goods produced in accordance with the technical regulation and other relevant standards.
- The final date for comments is October 22, 2018.

United States to Block WTO Appellate Reappointment

- The United States plans to block the reappointment of one of the four remaining World Trade Organization (WTO) appellate body members whose term expires on September 30.
- The WTO Appellate Body is composed of seven members who are appointed by the Dispute Settlement Body to serve four-year terms. A minimum of three appeals judges is required for the system to function, and two more appeals judges' terms are set to expire in December 2019, leaving one remaining member.
- Since 2017, the U.S. has blocked all new nominees to the appellate body in protest of what it sees as the WTO over-stepping its authority. Without the appellate body, the dispute system would be paralyzed, resulting in a lack of WTO enforcement.