

SEPTEMBER 18, 2018

INSIDE THIS ISSUE

- **U.S. Announces 10 Percent Tariff on \$200 billion of Chinese Goods; China to Retaliate**
- **Final Rule on Authorizing the Importation of Fruits and Vegetables**
- **Update on Korean MRL Transition**
- **USDA Methodology for Calculating Farm Aid**
- **Miscellaneous Tariff Bill Signed**
- **UK Opens Consultation on Proposed Approach to EU Law for Food Safety**
- **Effectiveness of Licensing Procedures for Agricultural Commodities to Cuba**

**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

U.S. Announces 10 Percent Tariff on \$200 billion of Chinese Goods; China to Retaliate

- On September 17, President Trump directed USTR to impose a 10 percent tariff on \$200 billion worth of Chinese imports beginning September 24, 2018. Starting January 1, 2019, the level of the additional tariffs will increase to 25 percent, according to a USTR [press release](#).
- The [final list](#) of goods omits around 300 tariff lines from USTR's [initial](#) \$200 billion list. This round of tariff increases is the third to be imposed as a part of the Section 301 tariffs. Tariffs on List 1 and List 2 were imposed on July 6 and August 23, respectively, and encompassed \$50 billion worth of Chinese imports.
- China quickly responded to the new U.S. tariffs. China [announced](#) (in Chinese) it will apply tariffs on around \$60 billion worth of U.S. goods also on September 24, 2018.
- China first announced its retaliation to these tariffs on August 3. China published [four lists](#) (in Chinese) of U.S. goods to be hit with tariffs of 25, 20, 10, or 5 percent, depending on the good. However, in light of the U.S. announcing it will initially impose tariffs at 10 percent, instead of 25 percent, China is planning to lower its retaliatory tariffs to 10 percent and 5 percent.
- Fresh cherries are not included in this most recent wave of retaliation; however, fresh cherries were included in the U.S. list.
- Additionally, President Trump has said he would impose tariffs on an additional \$267 billion in Chinese goods if China retaliates for the \$200 billion tariffs. President Trump's tariff move comes after U.S. and Chinese officials last week agreed to set up a new round of trade discussions to ease the tariff tensions. Talks had been stalled since May and will likely no longer occur.

Final Rule on Authorizing the Importation of Fruits and Vegetables

- The U.S. Department of Agriculture Animal and Plant Health Inspection Service (USDA-APHIS) published a [final rule](#) in the Federal Register establishing a performance standard for authorizing the importation and interstate movement of fruits and vegetables.
- USDA-APHIS is expanding the use of a notice-based process for the approval of all new fruit and vegetable imports into the U.S. and for the interstate movement of fruits and vegetables from Hawaii and the U.S. territories.

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Final Rule on Authorizing the Importation of Fruits and Vegetables

- The final rule expands the list of general phytosanitary measures which can be used to approve the importation or interstate movement of fruits and vegetables. Expanding the use of the notice-based process allows USDA-APHIS to be more responsive to pest issues in the U.S. and exporting countries and decreases the amount of time it takes to approve fruits and vegetables for import to the United States.
- The rule will come into effect October 15, 2018.

Update on Korean MRL Transition

- Korea continues to proceed with plans to implement a national pesticide maximum residue level (MRL) list for all commodities by January 1, 2019. Following implementation of the new system, any product entering Korea must be compliant with Korean MRLs and cannot exhibit a pesticide residue that exceeds Korean levels.
- Korea will implement a 0.01 ppm default tolerance for any pesticide that does not have an established MRL, or that has not received an extension from the Korean government through to 2021.
- In response to engagement from a range of stakeholders, Korea recently announced proposals to extend through to 2021 a range of MRLs.
- This proposed list of MRLs for extension is currently in draft form and will be finalized by the Korean government in October.

USDA Methodology for Calculating Farm Aid

- The U.S. Department of Agriculture (USDA) has published a [report](#) outlining the methodology used to calculate the trade damage for the Market Facilitation Program and the Food Purchase and Distribution Program.
- The two programs are a part of the recently announced aid package for agricultural goods damaged by retaliatory tariffs (BCI Monitor 8-31-18).
- The economic analysis looked at gross trade damage, rather than price methodology, when reaching conclusions as to the share of direct payments industries would receive. The methodology is the approach often used by the World Trade Organization when awarding trade damages in dispute settlement cases.

Miscellaneous Tariff Bill Signed

- On September 14, President Trump signed the [Miscellaneous Tariff Bill \(MTB\)](#) into law.
- The MTB reduces or suspends duties on around 1,700 imported goods. The last MTB expired on December 31, 2012.
- Agrochemicals such as glyphosate, boscalid, and carbaryl are included in the MTB.
- The MTB was introduced in the Senate in November 2017.

UK Opens Consultation on Proposed Approach to EU Law for Food Safety

- On September 4, the United Kingdom's Food Standards Agency (FSA) opened a [public consultation](#) on the [proposed approach](#) to retained European Union (EU) law for food and feed safety and hygiene.
- The consultation concerns food regulations, the exit of the UK from the EU, and corrections that ministers propose to make under the *European Union (Withdrawal) Act 2018* to retained EU law relating to food.
- The consultation closes October 14, 2018. Comments and views should be sent to the [FSA](#).

Effectiveness of Licensing Procedures for Agricultural Commodities to Cuba

- The Bureau of Industry and Security (BIS) is [requesting public comments](#) on the effectiveness of its licensing procedures as defined in the Export Administration Regulations (EAR) for the export of agricultural commodities to Cuba.
- BIS is currently preparing a biennial report to the Congress on the operation of the licensing system implemented for the two-year period from October 1, 2016 through September 30, 2018. This report must include licensing information such as the number and types of licenses applied for and approved, the average amount of time elapsed from the date of filing of a license application until the date of its approval, and the extent to which the licensing procedures were effectively implemented.
- Comments must be received by October 17, 2018.