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## A REPORT FOR THE CALIFORNIA CHERRY BOARD

## SPECIFIC ISSUES OF INTEREST TO THE CCB:

### Light Brown Apple Moth Boundary Expanded

- The California Department of Food and Agriculture (CDFA) is expanding the regulated boundary for *Epiphyas postvittana*, light brown apple moth (LBAM) in San Luis Obispo County – [Grid 382](#).

### U.S.-China Deal Signed and Text Published

- On January 15, President Trump and Chinese Vice Premier Liu He signed the U.S.-China [Economic and Trade Agreement](#), also known as the Phase One agreement.
- China has committed to purchase at least \$80 billion in U.S. agricultural products over the next two years. Using 2017 agricultural exports of \$24 billion as a baseline, the agreement stipulates a \$12.5 billion increase in purchases in 2020 and at least a \$19.5 billion increase in 2021.
- No further detailed purchase commitments will be released, to avoid distorting agricultural markets.
- As previously disclosed, the U.S. will cut some of its retaliatory tariffs on Chinese products by 7.5%. [*BCI Monitor*: 12-17-19] This will occur on February 14. China has not made any tariff commitments.
- The agreement stipulates that disputes and compliance issues will be resolved through bilateral negotiations (Chapter 7). This sidesteps the WTO process, of which the Trump administration has been a major critic. European Trade Commissioner Phil Hogan criticized the U.S.-China agreement for sidestepping the WTO and announced that the EU would consider mounting a legal challenge in the WTO.
- Several days previously, the U.S. Treasury Department announced that it had removed China from the list of currency-manipulating countries. The Trump administration placed China on this list in August 2019 amid escalating trade tensions.

### Senate Approves USMCA

- The U.S. Senate approved the revised U.S.-Mexico-Canada Agreement (USMCA) by a vote of 89-10. President Trump is expected to sign the agreement after the World Economic Forum in Davos.
- USMCA will enter into force 90 days after it is ratified by all three countries. Mexico has already ratified the agreement, and Canada is expected to ratify it when the Canadian Parliament returns to session in late January.
- USMCA maintains the zero tariffs between the U.S., Mexico, and Canada established under the North American Free Trade Agreement (NAFTA).

### Taiwanese Organic Regulations Coming into Force

- In May 2018, Taiwan passed reforms of its [organic regulations](#). Under the reforms, Taiwan will no longer recognize foreign organic certification systems starting on May 30, 2020, until countries sign a new organics equivalency agreement with Taiwan. (*Continued on next page.*)

- According to the most recent [USDA GAIN report](#) on Taiwan, the USDA must renegotiate its organic equivalency agreement with Taiwan by May 2020.
- Under the regulations, products must consist of at least 95% organic material in order to receive organic certification in Taiwan.

#### **China Proposes Restricting Single-Use Plastics**

- On January 21, the Chinese National Development and Reform Commission [announced a proposal](#) (in Chinese) to restrict the use of plastics in order to reduce plastic pollution.
- The proposal specifically addresses the reduction of non-biodegradable plastic bags, but it is unclear how the regulations would apply to plastic packaging. Establishing a production, recycling, and disposal management system for plastics by 2025 is among the stated main objectives.

#### **GENERAL ISSUES OF INTEREST TO THE CCB:**

##### **Australia Emphasizes Buying Local as Food Prices Rise**

- In response to wildfires that have destroyed large swaths of Australian farmland, the Australian Department of Agriculture and the Australian grocery industry are encouraging consumers to buy Australian produce to support farmers and warning that consumers will have to accept higher prices, according to local media.
- According to the USDA's [Exporter Guide for Australia](#), Australia already has a significant "Buy Australian" movement, and many Australians are willing to pay more for local produce.
- Before the fires started, USDA projected that the Australian cherry industry would produce approximately 18,000 metric tons (MT).
- Wildfires have been widespread in the Australian states of New South Wales, Victoria, and Tasmania, which together produce 81% of the Australian cherry crop.