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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

GENERAL ISSUES OF INTEREST TO THE CCB:

USDA Final Round of Trade Aid Announced

- On December 17, the U.S. Department of Agriculture (USDA) launched the second and final round of trade mitigation payments to assist farmers harmed by trade retaliation.
- The commodities and payment rates are the same as the first round of the Market Facilitation Program (MFP). Producers need to apply just once, before January 15, 2019, to be eligible for both rounds of payments. The first and second payment rate for fresh sweet cherries is \$.16/lb.
- The announcement comes after two weeks of delays, stemming from a dispute between USDA and the Office of Management and Budget (OMB). For more information regarding the MFP, please see the following USDA [press release](#).
- Further, USDA noted that the Foreign Agricultural Service will announce funding awards for the Agricultural Trade Promotion (ATP) Program in early January.

Farm Bill to be Signed Thursday

- President Donald Trump is expected to sign the bipartisan farm bill on December 20, according to media sources.
- The farm bill – [H.R. 2\(115\)](#) – was passed in the House and Senate by wide margins last week.
- The White House has not yet announced if there will be a signing ceremony for the bill.

EU-Japan Trade Deal Going Forward

- On December 12, the European Parliament endorsed the European Union (EU)-Japan Economic Partnership Agreement. The Agreement was signed in July 2018 and covers an estimated third of global GDP and about 40 percent of global trade.
- The remaining step is for the European Council to give its final go-ahead, as the Japanese Diet has already ratified the agreement. The European Council is set to approve the Agreement on December 21, 2018 which will allow the agreement to enter into force February 1, 2019.
- Japan will phase out its 8.5 percent tariff on sweet cherries over six years. At implementation, the tariff will drop to 4.3 percent.
- The full Agreement, including the agreed upon tariff schedules, are available on the European Commission [website](#).

Section 301 Tariff Increase Delay

- In a *Federal Register* [notice](#), the Office of the U.S. Trade Representative (USTR) officially delays the tariff increase from 10 percent to 25 percent on the third tranche of U.S. Section 301 tariffs.
- The tariff increase, initially scheduled for January 1, 2019, is set to take place on March 2, 2019.
- President Trump and Chinese President Xi Jinping agreed to hold talks for 90 days to attempt to ease trade tensions between the two nations. The 90-day period began on December 1 and will conclude on March 1.
- Thus far, China has agreed to make structural changes to its technology transfer and IP practices, lower its auto tariff to the pre-trade war most favored nation (MFN) rate of 15 percent for U.S. auto exports, and buy more U.S. agricultural goods.

U.S. and China to Hold Talks

- Treasury Secretary Steven Mnuchin told reporters that the Trump administration is planning to meet Chinese officials in January to discuss the current trade situation.
- If the meeting goes forward, it would be the first since President Trump and President Xi Jinping announced a 90-day trade détente that began December 1.
- There has been little detail from the Trump Administration regarding its objectives for these talks; however, Mnuchin noted that the two sides hope to have an agreement before the March 1 deadline that is “enforceable and verifiable.”

International Trade Commission Investigation into U.S.-UK Trade Agreement

- The U.S. International Trade Commission (ITC) has initiated its investigation into the economic effects of providing duty-free treatment for currently dutiable imports under a U.S.-UK Trade Agreement.
- The deadline for filing requests to appear at the public hearing is January 10, 2019. Written comments are to be submitted by February 11, 2019.
- More information is available at the following *Federal Register* [notice](#).

Chilean Port Workers Strike

- A near-monthlong strike in the Chilean port of Valparaiso is creating uncertainty for Chilean cherry exports and threatening the start of the cherry export season.
- According to media sources, produce shipments from Valparaiso have decreased by 95 percent in the last month due to the strike. Much of the Chilean produce intended for export is being redirected to the port of San Antonio, about 50 miles south of Valparaiso. The port has seen volumes increase by tenfold since the strike broke out, which has resulted in long delays.
- The strike, coupled with the recent hail storms in the main growing regions, are expected to seriously affect produce exports. Currently, there is no end in sight for the strike at the port of Valparaiso and this week strikes broke out in other ports in the country.

Safe Food for Canadians Regulations to be Implemented Next Month

- [Canada's Safe Food for Canadians Regulations](#) (SFCR) will enter into on January 15, 2019.
- Some requirements will have to be met immediately upon coming into force, while other requirements will be phased in over a period of 12-30 months based on food commodity, type of activity, and business size.
- The key changes in SFCR include licensing, preventative controls, and traceability requirements. The regulations were finalized and published in June of this year (*BCI Monitor* 6-20-18).
- For a breakdown of the SFCR, please see the [Toolkit for Businesses](#) from the Canadian Food Inspection Agency.