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INSIDE THIS ISSUE

- **China Reduces Retaliatory Tariffs on U.S. Cherries**
- **Chinese New Year and Coronavirus Impact Chinese Ports**
- **Taiwan Signs Organic Equivalency Agreements with Australia and Japan**
- **Trump and Modi to Meet as U.S. and India Talk Trade**
- **USTR Changes Developing Country Designations**
- **U.S. and Kenya to Begin Trade Talks**
- **Indonesia Ratifies FTA with Australia**
- **China and Pakistan Modernize Free Trade Agreement**

**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

SPECIFIC ISSUES OF INTEREST TO THE CCB:

China Reduces Retaliatory Tariffs on U.S. Cherries

- On Thursday, China's Ministry of Finance [announced](#) (in Chinese) that on February 14 it will reduce retaliatory tariffs imposed on \$75 billion of US products.
- The Chinese tariffs imposed on September 1, 2019 will be reduced by half, matching the U.S. tariff reductions in the U.S.-China Phase One Trade Agreement.
- The Chinese tariff on U.S. fresh sweet cherries has been reduced from 60% to 55%.
- These tariff decreases will make it easier for China to meet its purchase commitments in the Phase One trade deal.

GENERAL ISSUES OF INTEREST TO THE CCB:

Chinese New Year and Coronavirus Impact Chinese Ports

- The Chinese Customs Administration announced that Shanghai Port's fruit imports reached 81,900 metric tons (MT) valued at \$210 million between January 1 and 20. This was a 46% increase in volume and 227% increase in value from the same period in 2018.
- The Chinese government has expanded operations in some ports and airports to maintain the flow of perishable imports into China during the New Year holiday, which is typically a high-demand period for imported fruit.
- While it is not mentioned in the Customs announcement, media has reported that the coronavirus epidemic has created labor shortages, straining the capacity of Chinese ports and slowing trade.

Taiwan Signs Organic Equivalency Agreements with Australia and Japan

- In 2019, Taiwan reformed its organic certification process, requiring all countries to reach new organic equivalency agreements by May 30. [*BCI Monitor*: 1-21-20]
- According to a [USDA report](#), Taiwan recently granted Australia and Japan organic equivalency. Both Australia and Japan produce cherries, although Japan does not export a significant quantity.
- Australia exported approximately \$4 million in cherries to Taiwan in 2018, a small fraction of Taiwan's \$103 million in cherry imports. The U.S. remains Taiwan's largest supplier with \$55 million.

Trump and Modi to Meet as U.S. and India Talk Trade

- The White House confirmed that President Trump is scheduled to visit India on February 24, where he will meet with Indian Prime Minister Modi.
- According to media reports, the U.S. and India are currently finalizing a partial free trade agreement. A preliminary deal could be announced by the two leaders at their meeting.

USTR Changes Developing Country Designations

- On February 10, the office of the USTR announced a new countervailing duty rule that removes 17 countries from the USTR's list of developing and least-developed countries. These countries will no longer receive special exemptions from countervailing duties.
- The following countries were removed from the list: Albania, Argentina, Armenia, Brazil, Colombia, Costa Rica, Georgia, India, Indonesia, Kazakhstan, the Kyrgyz Republic, Malaysia, Moldova, Montenegro, North Macedonia, Thailand, and Vietnam.
- Countervailing duties are administered by the [U.S. International Trade Commission](#). Currently, there are no relevant countervailing duties against the countries in this USTR announcement.
- In 2019, the U.S. pushed the WTO to adopt similar changes, arguing that developed countries are unfairly claiming developing country status. The WTO rejected the proposal.

U.S. and Kenya to Begin Trade Talks

- On February 6, President Trump [announced](#) that the U.S. will begin negotiations on a free trade agreement with Kenya.
- U.S. Trade Representative Robert Lighthizer has previously stated that the U.S. wants a trade agreement with a sub-Saharan African country as a template for other deals in the region. Currently, Morocco is the only African country with a free trade agreement with the U.S.
- Two-way goods trade between the United States and Kenya was valued at \$1.1 billion in 2019, up 4.9% from 2018.

Indonesia Ratifies FTA with Australia

- On February 6, Indonesia ratified the [Indonesia-Australia Comprehensive Economic Partnership Agreement](#), according to Indonesian media. Australia ratified the agreement in December 2019.
- This agreement will remove nearly all remaining tariffs on products between Australia and Indonesia.
- No official implementation date has been announced.

China and Pakistan Modernize Free Trade Agreement

- China and Pakistan updated their free trade agreement (FTA) in 2019, further reducing tariffs. The updated [Amending Protocol to the China-Pakistan FTA](#) (aka China-Pakistan FTA Phase II) came into effect in January 2020.
- China will immediately eliminate the 5% tariff on fresh cherries from Pakistan, which is not a significant cherry producer.