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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

SPECIFIC ISSUES OF INTEREST TO THE CCB:

China Reopens Tariff Exclusion Process

- On February 18, the Chinese Ministry of Finance [announced](#) that it will accept tariff exclusion requests from Chinese companies for a [limited group of products](#). Companies can also apply to add products to the list eligible for tariff exclusions.
- Fresh sweet cherries are included on the list of products eligible for tariff exclusion.
- This is the third round of tariff exclusions. In the previous two rounds, very few or no exclusions were granted for food products. However, the previous rounds were conducted before China had committed to increase its purchases of agricultural goods.
- Applications will be accepted starting on March 2.

UK Launches Post-Brexit Tariff Consultation

- The [UK Department of International Trade](#) launched a [public consultation](#) to develop a most-favored nation tariff schedule to implement in 2021. During 2020, the UK will continue using the tariff schedule of the EU.
- The UK is specifically seeking input on:
 - simplifying and tailoring the tariff to suit UK businesses and households, such as removing tariffs of less than 2.5% and rounding tariffs down to the nearest 2.5%, 5% or 10% band;
 - removing tariffs on key inputs to production which could reduce costs for UK manufacturers; and
 - removing tariffs where the UK has zero or limited domestic production which could help to lower prices for consumers.
- Comments are due by March 5 through [a government portal](#).
- The current EU tariff on U.S. cherries is 12% plus a seasonal weight-based entry price.

GENERAL ISSUES OF INTEREST TO THE CCB:

Coronavirus Could Cost Chilean Cherry Industry Over \$70 Million

- The coronavirus epidemic in China has hurt local demand and slowed international trade. This has been especially damaging for the Chilean cherry industry, which is heavily dependent on Chinese demand from January through March.
- The Chilean Exporters' Association (ASOEX) [estimates](#) that the impact of coronavirus will cost the Chilean cherry industry between \$70 and \$80 million over the entire 2019/20 season.
- Before the outbreak, Chilean cherry exports were expected to increase by 15% in 2019/20, with this increase valued at approximately \$160 million.

USTR Establishes Office for U.S-China Compliance

- The office of the U.S. Trade Representative is establishing a [Bilateral Evaluation and Dispute Resolution Office](#) which will work with China to ensure compliance of the [Phase One U.S.-China trade agreement](#).
- The Phase One agreement entered into force on February 14.

Coronavirus Outbreak Limits Agricultural Trade in Taiwan

- The coronavirus outbreak in China has reduced trade in agricultural goods in Taiwan, according to a new [USDA report](#).
- While Taiwan has not instituted restrictions on trade, vessels have been delayed due to quarantines from other countries. Australia and Vietnam, two countries that trade heavily with Taiwan, require a two-week quarantine for any vessels passing through or near China.
- Taiwan's internal demand for food has also decreased, due to business closures and reduced economic activity. The Taiwanese government has delayed the start of the school year, eliminating the typical demand for food for school lunch programs.

EU Committee Approves EU-Vietnam Agreement Before Parliamentary Vote

- The [European Parliament's International Trade Committee](#) approved the EU-Vietnam Free Trade Agreement on January 21, setting up a vote in the full Parliament later in February. The Vietnamese legislature will vote on ratification of the agreement in May, according to multiple media sources.
- If ratified by both sides, the agreement would eliminate nearly all tariffs on products traded between the EU and Vietnam over ten years, with some exceptions for agricultural products of domestic importance.
- The agreement would eliminate Vietnam's 10% tariff on cherries from the EU over six years.
- Currently, the major suppliers of cherries to Vietnam are the U.S., New Zealand, Canada, and Australia. The EU does not export a significant quantity of cherries to Vietnam.

U.S. Publishes Report Criticizing WTO Appellate Body

- The office of the US Trade Representative published [a report on the WTO Appellate Body](#). It encompasses the various criticisms that the Trump Administration has lodged against the Appellate Body over the last two years but does not propose any solutions.
- The report accuses the Appellate Body of overreach and affecting countries' legitimate domestic economic policies, which has disproportionately affected the U.S. The Trump administration has frequently accused the Appellate Body of unfairly targeting American policies.
- The report also claims that WTO subsidy rules are unfairly generous to state-owned enterprises, which has been a major issue of contention with China.