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## A REPORT FOR THE CALIFORNIA CHERRY BOARD

### SPECIFIC ISSUES OF INTEREST TO THE CCB:

#### USDA Report Provides Translation of Chinese Tariff Exclusion Process

- China has begun accepting Section 301 tariff exclusion applications from Chinese companies [*BCI Monitor*: 2-18-20]. A recent [USDA GAIN Report](#) on the process provides further details and a translation of the application instructions, which were previously only available in Chinese.
- Tariff exclusions will be granted only to individual applicants and tied to a specific product and import quantity. They will not apply to other imports of the same products or imports in excess of the quantity.
- Successful applicants will receive a company-specific exclusion number to be used on customs declarations.
- The Chinese Ministry of Finance has opened the following hotline for questions about the tariff exclusion process. It will be open weekdays from 9:00 – 11:30 a.m. and 2:00 – 5:00 p.m., China Standard Time, GMT+8.
  - Business consultation phone: 010-53183759
  - Technical consultation phone: 010-82217953

#### EU Clarifies Transition Period for Import Control System

- The European Union [updated the WTO](#) on the implementation of new regulations on the [import of plant and animal products](#) that entered into law on December 14, 2019. [*BCI Monitor*: 12-31-19] These regulations update the EU's import control system.
- Among other changes, the new import regulations establish a single document, the Common Health Entry Document (CHED), for notifying consignments.
- For composite (plant and animal) product imports, existing regulations will apply until April 20, 2021.
- For plant health checks at control points except those at border posts, existing regulations will apply until December 13, 2020.
- For the frequency of plant health checks, existing regulations will apply until December 13, 2022.

#### Online Shopping and Delivery Soar in South Korea

- A new [GAIN report](#) provides insight into the impact of the coronavirus on consumer habits and the food market in South Korea.
- In-store sales at Lotte Mart, a major supermarket, declined 13% from January 18-February 18, when the coronavirus epidemic began. However, consumers increased their purchases of health-functional foods and basic non-perishable goods like rice.
- Simultaneously, online orders and food delivery have nearly doubled, as many consumers avoid unnecessary exposure to crowds.
- South Korea depends on China for many agricultural products. As the coronavirus epidemic has reduced Chinese food production, food prices in Korea have increased, particularly for fresh produce.

### Shipments Redirected from China due to COVID-19

- With the COVID-19 (coronavirus) epidemic causing congestion in Chinese ports, shipments of refrigerated goods are being redirected to other markets.
- Shipping industry media and shipping companies have reported that most refrigerated container plugs at major Chinese ports are busy. There are reportedly no refrigerated container plugs remaining at the Shanghai, Ningbo, and Xingang ports.
- Shipping companies have reportedly increased fees for shipping refrigerated containers to China and have encouraged clients to redirect shipments to other markets, raising the possibility of an oversupply of goods in the markets that receive the redirected shipments.

### GENERAL ISSUES OF INTEREST TO THE CCB:

#### Chinese Cherry Imports Increased 7% in 2019

- According to fruit industry media, China imported \$1.4 billion in cherries in 2019, 7% more than in 2018. Chinese imports of fresh fruit in general increased 24%.
- The U.S. was the tenth largest exporter of fruit to China, behind Thailand, Chile, the Philippines, Vietnam, New Zealand, Australia, Peru, Ecuador and South Africa. U.S. fruit exports to China declined for the third straight year, likely due to the U.S.-China trade war and a strengthening dollar.

#### UK Publishes Negotiating Objectives for U.S. Trade Deal

- On March 2, the United Kingdom [announced its negotiating objectives](#) for trade talks with the U.S. The UK and the U.S. aim to reach a free trade agreement in 2020 that would apply after the UK is no longer subject to EU regulations, currently expected in 2021. [BCI Monitor: 2-25-20] The Office of the U.S. Trade Representative published [U.S. negotiating objectives](#) in February 2019.
- The UK's objectives include lowering tariffs on both sides, "taking into account UK product sensitivities, in particular for UK agriculture." The objectives also stress the importance of not reducing the UK's food safety standards, which has been a controversial issue in the UK.
- A free trade agreement would also increase regulatory and phytosanitary cooperation, and cover services, digital trade, and investments. Negotiations are expected to begin this month.

#### USTR to Conduct GSP Review

- The office of the U.S. Trade Representative announced its [annual review](#) of the Generalized System of Preferences (GSP). Under the GSP, the U.S. does not levy tariffs on some imports from developing countries.
- The USTR will accept petitions to modify the GSP status of GSP beneficiary developing countries (BDCs) because of country practices; add products to GSP eligibility; remove products from GSP eligibility for one or more countries; waive competitive need limitations (CNLs); deny *de minimis* waivers for eligible products; or re-designate currently excluded products.
- Petitions are due by March 26. Instructions for submission through the online portal or by email are included in the announcement. There will be a second consultation for public comments.

#### European Parliament Ratifies FTA with Vietnam

- The European Parliament [ratified](#) the EU-Vietnam free trade agreement [BCI Monitor: 2-18-20] in February. The Vietnamese Parliament is expected to vote on the agreement in May.
- The agreement will enter into force once approved by both parties.