

MARCH 31, 2020

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**A REPORT FOR
THE CALIFORNIA
CHERRY BOARD**

SPECIFIC ISSUES OF INTEREST TO THE CCB:

USMCA June Implementation Likely Delayed

- While the Trump administration planned for the U.S.-Mexico-Canada Agreement (USMCA) to enter into force on June 1, 2020, the coronavirus outbreak has prevented the three countries from meeting key deadlines to meet that date.
- On March 30, a bipartisan group of senators from the Finance Committee [published a letter](#) to U.S. Trade Representative Robert Lighthizer requesting that he delay the entry into force of USMCA.
- Delaying the entry into force would give U.S. manufacturers time to meet new regulatory requirements and give Mexico time to make required reforms to its labor laws.

Australian Supermarkets Relax Cosmetic Requirements for Produce

- According to industry media reports, Coles and Woolworths, the two largest supermarket chains in Australia, are temporarily relaxing their cosmetic requirements for produce, such as minor blemishes, size and appearance.
- This decision is in response to a shortage of fresh produce in Australian supermarkets, as the coronavirus outbreak and widespread fires have disrupted Australian agriculture.

Coronavirus Outbreak Increases Online Food Sales in South Korea

- A [supplementary USDA GAIN report](#) published on March 24 shows that hypermarket sales in South Korea have decreased 19.6% while online sales have increased 27.4% compared to the same period in 2019.
- This increase in online shopping has been less dramatic than in most other countries, possibly because online grocery shopping was already widely popular before the outbreak of coronavirus.
- According to the GAIN report, the Korean food supply has remained steady, with no shortages, and there have not been any major import delays.

GENERAL ISSUES OF INTEREST TO THE CCB:

WTO Members Agree to Temporary Appellate Body Replacement

- A coalition of 16 WTO members, including the European Union, Australia, Canada, Mexico, and China, [have agreed](#) to an interim legal mechanism to adjudicate WTO appeals after the WTO Appellate Body stopped functioning in December 2019.
- The temporary body will hear appeals in disputes among the 16 WTO members involved until the official Appellate Body is restored. *(Continued on following page.)*

- As the United States is not a member of the 16-country coalition, the panel will not have jurisdiction over WTO cases involving the U.S.

Food Staple Exports Banned in Some Countries

- As the coronavirus pandemic has disrupted supply chains for food, several countries have banned the export of key food products to protect the domestic food supply.
- Kazakhstan has temporarily banned the export of wheat flour, potatoes, eggs, and sunflower oil, according to media reports.
- On March 31, Thailand notified the WTO that it is banning the export of eggs, effectively immediately. Russia, Ukraine, Vietnam, and Malaysia have reportedly suspended all rice exports.
- The UN Food and Agriculture Office [warned against](#) the growing trend of food export bans as a threat to food security in countries that depend on food imports.

Coronavirus Disrupts UK Government and Trade Negotiations

- A new [USDA GAIN report](#) confirms that the UK government indefinitely postponed all trade negotiations, including negotiations with the U.S. on a post-Brexit free trade agreement, after Prime Minister Boris Johnson and several key trade negotiators were diagnosed with coronavirus.
- The USDA report anticipates that trade and customs inspections at UK ports will be slowed by social distancing measures, such as teleworking.
- The report also contains qualitative reports of conditions in UK supermarkets and foodservices establishments. Supermarkets have reportedly been overwhelmed by panic buying and unexpected demand.
- The USDA report also predicts increased opportunities for fresh fruit exports to the UK, as the domestic agricultural industry will be hurt by labor shortages.

Coronavirus Threatens European Agriculture

- With coronavirus spreading throughout Europe, many EU countries have closed their borders and banned migrants from entering the country. As a result, the European agricultural industry anticipates a shortage in its labor force, which depends on migrant workers.
- A recent [USDA GAIN report](#) reported the effects in Germany, where 30% of the agricultural labor force are migrants. In particular, the German agricultural industry anticipates that the restrictions on migrant workers will hamper fruit and vegetable production.
- In France, the agricultural industry has encouraged the unemployed to work temporarily in agriculture to fill the anticipated shortage of over 200,000 workers.
- Agriculture in Italy and Spain, two of Europe's largest agricultural producers, is also expected to suffer from labor shortages. Both countries are dealing with severe coronavirus outbreaks and have restricted movement.