BCI MONITOR

BRYANT CHRISTIE INC.

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GENERAL ISSUES OF INTEREST TO THE CCB:

Canada Announces Counter Tariffs on U.S. Goods

- On August 25, Canada announced counter tariffs of 15, 25, and 50% on a range of U.S.-origin goods, matching the U.S. Section 338 and Section 232 tariffs dollar for dollar, with each product's rate set to the corresponding U.S. rate. The measures cover approximately CAD $27.6 billion in imports and take effect at 12:01 a.m. on September 8, 2026, with an exception for goods in transit to Canada before that date.
- The counter tariffs focus on sectors including steel, dairy, appliances, agricultural equipment, pulp and paper, and electronics. The tariffs apply only to goods that qualify as U.S.-origin under Canada's marking regulations. The action follows the U.S. imposition of 50% Section 338 tariffs on Canadian goods (*BCI Monitor 7-28-26*).
- Fresh cherries are not included among the goods subject to these counter tariffs.

Chile and China Sign Agreement to Facilitate Fresh Fruit Exports

- Chile's Ministry of Agriculture (MINAGRI) recently reported (in Spanish) on the signing of a Memorandum of Understanding establishing complementary phytosanitary requirements for Chilean fresh fruit exports to China, ahead of the country's next export season.
- According to machine translation, the agreement introduces new measures for managing fruit from areas quarantined due to Mediterranean fruit fly (Ceratitis capitata), intended to streamline the export process while maintaining required phytosanitary safeguards. Chile's Undersecretary of Agriculture said the agreement makes export processes and cold treatment requirements "more flexible and streamlined," with conditions for currently restricted areas to be further evaluated in the coming months.
- China is by far Chile's largest cherry export destination, absorbing more than 90% of Chilean cherry shipments in recent seasons. Given cherries' outsized share of Chile's fresh fruit trade with China, streamlined fruit fly-area export provisions are particularly relevant heading into the upcoming export season.

USDA Publishes Stone Fruit Annual Reports for EU, Japan, Mexico, Australia

- The U.S. Department of Agriculture Foreign Agricultural Service (USDA FAS) recently published stone fruit annual reports for the EU, Japan, Mexico, and Australia, assessing cherry production, consumption, and trade data. Notable developments are covered below.

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A REPORT FOR THE CALIFORNIA CHERRY BOARD

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USDA Publishes Stone Fruit Annual Reports for EU, Japan, Mexico, Australia (cont.)

- EU
  - EU cherry production for Market Year (MY) 2026/27 (April-March) is forecast to rise to 800,000 MT from 786,260 MT in MY 2025/26 after strong harvests in Spain, a rebound in Italy, and harvests exceeding initial estimates in Germany. Poland, EU's top producer, is forecast a 27% decrease to 145,000 MT after severe spring frost damage. Cherry imports are projected to triple to 60,000 MT as Turkey recovers from weather-reduced 2025/26 supply, while exports rise modestly to 12,000 MT.
  - *Regulation (EU) 2026/1455*, which implements the U.S.-EU Framework Agreement and took effect July 1, 2026, through December 31, 2029, eliminates the ad valorem tariff component on sweet cherries (CN 0809 29 00, excluding sour cherries) (*BCI Monitor 6-30-26*). The EU's Entry Price System still applies: minimum import price thresholds remain, and the specific duty still applies if the price falls below the threshold. A separate "first come, first served" tariff-rate quota for sweet cherries (151,000 kg at 4% ad valorem, May 21 to July 15, open to all third countries except the UK) also remains in place.
  - China granted market access for Spanish cherries in spring 2025, opening new EU-origin competition in the Chinese market.
  - The European Commission's December 2025 draft Food and Feed Omnibus proposal would set residue levels for non-EU-approved pesticides at the "limit of quantification" (effectively zero tolerance), which could affect U.S. cherry exports if adopted. The proposal is still early in the EU legislative process.
- Japan
  - Japan's fresh cherry production is forecast to recover 25% to 14,000 MT in MY 2026/27 (April-March), still about 19% below the MY 2023/24 peak of 17,300 MT. Improved fruit sets in Yamagata prefecture, which accounts for roughly three-quarters of national output, are behind the rebound. As domestic supply improves, imports are forecast to decline 15.6% to 4,200 MT. A smaller 2026 U.S. crop adds to that decline: USDA/NASS forecasts the U.S. sweet cherry crop down about 17% overall, with Washington (-23.4%) and Oregon (-23.5%) driving the drop even as California production is forecast up 24.3% to 63,000 tons.
  - The United States remained Japan's dominant cherry supplier at 89% of import volume in MY 2025/26, with Chile a distant second at about 5%. Japan's tariff on U.S. fresh sweet cherries (HS 0809.29) has already been eliminated under the *U.S.-Japan Trade Agreement*, and FAS/Tokyo reports no major MY 2026/27 policy or market access changes expected, though phytosanitary requirements continue to apply.
- Mexico
  - Mexico's own cherry production remains low, 130 MT forecast for Calendar Year (CY) 2026, down 4%, with production limited to Chihuahua and Puebla. That leaves demand almost entirely met by imports. CY 2026 cherry imports are forecast at 9,300 MT, up 7% from CY 2025's 8,728 MT, with the United States supplying over 83% of the total and Chile filling the remaining 17% during Mexico's winter off-season (U.S. imports run May to September, Chilean imports November to March).
  - Mexico represents close to 10% of total U.S. cherry exports, and is a reportedly convenient market for Pacific Northwest summer production. Cherries from both the U.S. and Chile enter with no tariff due to their respective free trade agreements.

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USDA Publishes Stone Fruit Annual Reports for EU, Japan, Mexico, Australia (cont.)

- Australia
  - Australian cherry production is forecast to decline 15% to 17,000 MT in MY 2026/27 (November-October) due to a warmer-than-usual winter that left Victoria and New South Wales orchards with insufficient chill hours. Tasmania, with a naturally cooler climate, was relatively unaffected. Exports are forecast to fall 18% to 4,000 MT, still in line with the five-year average, after an estimated 4,900 MT in MY 2025/26 (the third-highest export volume on record). Hong Kong, Vietnam, Taiwan, Singapore, and China together account for 75-80% of Australian cherry exports, with Chile a key competitor in the Chinese market.
  - Cherry imports are forecast to stay steady at 2,000 MT, sourced almost entirely from the United States and arriving mostly by air. Unlike imported peaches and nectarines, which Australia's two largest supermarket chains have stopped stocking, imported cherries continue to be carried at retail.