

ABC Global Issues Update

USDA Reminds Food Facilities Exporting to Korea to Renew Registration

The U.S. Department of Agriculture has recently [published](#) an update regarding the implementation of Korea's Special Act on Imported Food Safety Management.

The Act went into effect in March 2016 and required all foreign food facilities that process, pack, and export food products to Korea to pre-register.

The registration is valid for two years, unless renewed. Any foreign food facilities that wish to renew their registration should apply for renewal to the Korean Ministry of Food and Drug Safety through the on-line registration system. Please [click here](#) to find additional information on the registration process.

U.S. and China Trade Tensions Continue to Escalate

On April 2, China's State Council Tariff Committee [announced](#) that additional tariffs on 128 U.S. origin products would be implemented, effective immediately. The tariffs were first proposed by China's Ministry of Commerce on March 23, the same day the U.S. Section 232 steel and aluminum tariffs went into effect.

The tariffs imposed on \$3 billion worth of U.S. exports mostly affect agricultural products such as fruits, nuts, and pork. China [notified](#) the World Trade Organization Council for Trade in Goods of the increased tariffs.

- The tariff for almonds in-shell (HS 0802.11) and shelled (HS 0802.12) is now 25 percent (up from 10%).

ABC is in contact with U.S. officials in China and DC, as well as with industry members to monitor the impact of these tariffs.

On April 3, the Office of the U.S. Trade Representative (USTR) published a [proposed list](#) of products imported from China – valued at approximately \$50 billion – that could be subject to additional tariffs of 25 percent. The tariffs are based on the Section 301 investigation and [report](#) regarding China's unfair trade practices on the forced transfer of U.S. technology and intellectual property.

On March 26, the U.S. [requested consultations](#) with China at the World Trade Organization (WTO) based on the Section 301 investigation regarding China's intellectual property practices. The European Union, Japan, Ukraine, Saudi Arabia and Taiwan have all requested to join the consultations.

China has filed a separate [complaint](#) with the WTO requesting consultations with the U.S. concerning the tariff measures on Chinese goods. China alleges that the tariffs run counter to WTO dispute settlement proceedings and would exceed U.S. bound tariff rates.

Simultaneously, China put forth a [proposed list](#) of 106 U.S. origin goods worth around \$50 billion that would see retaliatory tariffs. The proposed tariffs would cover U.S. agricultural products such as soybeans, sorghum, cotton, and meat of bovine

animals. A translation of the list is available [here](#).

The U.S. has since indicated that it is considering tariffs on an additional \$100 billion in Chinese goods in response to China's retaliatory actions.

Regarding the Section 301 investigation and the proposed 25 percent tariffs, USTR has published a [notice](#) in the *Federal Register* scheduling a public hearing and requesting comments. The public hearing is set for May 15, 2018. All pre-hearing submissions and requests to appear at the hearing must be filed by April 23, 2018. All written comments must be filed by May 11, 2018.

Continued Focus in the EU over Almond Rapid Alerts

The EU continues to monitor the increasing number of rapid alerts for California Almonds. While most of the rejections have been for lower grade product, the 2018 (calendar year) rejections include several consignments with Pre-Export Checks (PEC) certificates, reflecting the impact of higher insect damage in the current crop.

A task force appointed by the ABC Board of Directors, along with several ABC committees, have been discussing measures to address the lower grade product, as well as to ensure confidence in the PEC program is not eroded. Information on recommended changes to the PEC program are now being discussed with PEC participants and laboratories.

Agreement in Principle Reached in Korea-U.S. Free Trade Agreement Amendment Talks

The U.S. and Korea reached an agreement in principle for the Korea-U.S. Free Trade Agreement (KORUS), according to a USTR [press release](#).

The agreement in principle includes a deal on currency, a product-specific quota to limit Korean exports of steel to the U.S. (allowing Korea to avoid the 25 percent Section 232 steel tariff), a 20-year tariff phaseout for Korean trucks, and an increase in the number of U.S. cars eligible to be sold under U.S. car safety standards in Korea from 25,000 per U.S. manufacturer to 50,000.

No changes were agreed with regard to the elimination of Korean tariffs on U.S. agricultural goods even though it was an early sticking point in the talks.

The agreement must be signed by both countries and by the South Korean legislature. It is unclear when the changes will be finalized.

USTR Publishes 2018 National Trade Estimate Report

On March 30, the Office of the U.S. Trade Representative Released the [2018 National Trade Estimate \(NTE\) Report](#), an annual report documenting foreign trade and investment barriers facing American exporters around the world.

The NTE covers 64 countries, customs territories, and regional associations, as well as all 20 of the United States' free trade agreement partners.

U.S. Request for Consultation with India Regarding Indian Export Subsidy Programs

In early March, the U.S. [requested](#) WTO dispute settlement consultations with India, challenging

Indian export subsidy programs. Since the request, the European Union and Canada have both asked to join the consultations.

The U.S. alleges that India is providing export subsidies contrary to the WTO Agreement on Subsidies and Countervailing Measures with export subsidy programs such as the Merchandize Exports from India Scheme, Specific Economic Zones, and Export Oriented Units Scheme. According to a USTR [press release](#), the Merchandize Exports from India Scheme since its inception in 2015 has expanded to include more than 8,000 eligible products, and exports from Special Economic Zones have increased over 6,000 percent since 2000, accounting for over \$82 billion in exports in 2016.

On April 5, USTR published a [notice](#) in the *Federal Register* requesting comments on the Indian export subsidy measures. Comments must be submitted on or before April 16, 2018.

Japanese Deputy Prime Minister Rules Out Bilateral Trade Talks

On Thursday, Japan's Deputy Prime Minister Taro Aso ruled out the prospect of opening talks with the U.S. on a bilateral trade deal, arguing that such a deal would only create "unnecessary" pain for Japan.

According to media reports, Aso, who heads Japan's delegation for a two-way dialogue with the U.S. on broad economic matters, said Japan should not be drawn into talks for a bilateral free trade agreement (FTA) in exchange for exemptions from the steel and aluminum tariffs.

Japan has been pushing for exemptions from the U.S. tariffs on steel and aluminum imports, with little success. However, it has recently been [announced](#) that Prime Minister Shinzo Abe and President Trump will meet to discuss ways to expand "fair

and reciprocal trade" between Japan and the U.S.

Update on North American Free Trade Agreement Negotiations

Trilateral talks aimed at progressing the modernization of the North American Free Trade Agreement (NAFTA) concluded on April 6 with no major breakthroughs achieved.

The increased impetus to conclude talks reflects a desire of U.S. negotiators to avoid clashing with the Mexican presidential election, which takes place on July 1.

It is anticipated that further rounds of intensive talks will continue in the coming days. The leaders of the three countries are also expected to meet at the two-day Summit of the Americas in Lima, Peru next week.

Upcoming Travel

- **April 6-16, 2018**
Richard Waycott and Guangwei Huang in China for trade and industry meetings.
- **April 14-19, 2018**
Harbinder Maan and Dariela Roffe-Rackind in Holland for the Food Innovate Conference.
- **April 16-21, 2018**
Emily Fleischmann and Nan Nan in China for the Food & Beverage Innovation Forum.
- **April 25-27, 2018**
Julie Adams in India for trade and government meetings.

Staff Contacts:
 Julie: jadams@almondboard.com
 Beth: evanmeter@almondboard.com
 Gabriele: gludwig@almondboard.com
 Jesse: roseman@almondboard.com
 Bunnie: bibrahim@almondboard.com

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The Global Update is a publication by the Almond Board of California. For more information, please contact the Almond Board at 209.549.8262 or regulatoryissues@almondboard.com. The information reported in this document is correct to the best of our knowledge.

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