



December 2019 Cranberry News



JAPAN TRADE AGREEMENT: FRESH & DRIED TARIFFS ELIMINATED AS OF JAN. 1, 2020

With the Japanese parliament passing the U.S.-Japan Trade Agreement on Dec. 4, 2019, the path has been cleared for implementation of the new agreement on Jan. 1, 2020. The agreement will result in the immediate elimination of the Japanese fresh and dried cranberry (with added sugar) tariffs. Other tariffs are reduced over the next several years.

Details of the agreement are as follows:

- Fresh cranberries (HS 0810.40):

Immediate elimination upon entry into force of Japan's 6.0% tariff.

- Dried cranberries, containing added sugar, not in pulp form (HS 2008.93.120): Immediate elimination upon entry into force of Japan's 11% tariff.
- Dried cranberries, unsweetened, not in pulp form (2008.93.220): Immediate reduction upon entry into force of Japan's 12% tariff to

a level of 8%. Subsequent annual reductions from April 1, 2020. Full elimination in 2023.

- Cranberry concentrate (HS 2009.81.210, HS 2009.81.290): Immediate reduction upon entry into force of Japan's 19.1-25.5% tariff to levels of 12.7-17%. Subsequent annual reductions from April 1, 2020. Full elimination in 2023.

HS Code	Description	U.S. Tariff Rate	Base Rate (MFN)	Entry Into Force (January 1, 2020)*	Year Two, April 1, 2020**	Year Three, April 1, 2021	Year Four, April 2022	Year Five, April 2023
0810.4	Fresh Cranberries	6.00%	6.00%	Free	--	--	--	--
2008.93.120	Dried Cranberries - Containing added sugar - Other (not in pulp form)	11%	11%	Free	--	--	--	--
2008.93.220	Dried Cranberries - Other - Other (not in pulp form)	12%	12%	8%	6%	4%	2%	Free
2009.81.210	Cranberry Concentrate - Other (1) Not more than 10% by weight of sucrose	19.10%	19.10%	12.70%	9.50%	6.30%	3.10%	Free
2009.81.290	Cranberry Concentrate - Other (2) Other	25.50%	25.50%	17%	12.70%	8.50%	4.20%	Free

*Immediate tariff reduction upon entry into force of agreement, January 1, 2020. **Tariff reductions occur on the start of Japan's fiscal year on April 1 each year.



**CMC WINTER MEETING
FEBRUARY 6 & 7, 2020
RENAISSANCE AIRPORT HOTEL
ORLANDO, FLORIDA**



**GSAR-1 FORMS DUE JAN. 15
Q1 HANDLER REPORTS
DUE JAN. 20**

GROWER GSAR-1 FORMS MUST BE RETURNED TO CMC BY JAN. 15

2019 Grower Sales and Acreage Report (GSAR-1) forms were mailed out to all active growers in early December. These forms must be returned to the Cranberry Marketing Committee (2527 Cranberry Highway, Bldg B, Wareham, MA, 02571) or filed electronically by the **deadline of January 15, 2020**. If you have more than one contract number with the CMC, separate forms need to be completed with production and acreage information for each separate contract number.

Please note that in the event of any future crop regulation, a grower will be ineligible for sales history appeal if their GSARs are not filed with the CMC. Also, in the case of any future grower disaster relief programs (federal or state), or to verify crop information for crop insurance claims or property sales, your historical production information will not be provided for verification purposes unless completed GSARs are filed in accordance with §929.62 (a), Cranberry Marketing Order. This has been a CMC policy since 2007 and will continue to be enforced.

If you complete your GSAR electronically, you do *not* need to return the hard copy form. If you did not file electronically last year, we encourage you to do so this year by visiting www.uscranberries.com → Member Portal → Grower Online Registration. If you have any questions or need assistance with online registration, please contact Dotty Pipher at dpipher@uscranberries.com or 508-291-1510, ext. 4.

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August 1, 2018 - July 31, 2020

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U.S.-MEXICO-CANADA TRADE AGREEMENT DEAL

The Trump administration announced on Dec. 10, that they have agreed on a revised U.S.-Mexico-Canada Trade Agreement (USMCA), with changes to labor and environmental enforcement. The Mexican Senate already ratified a previous version of the agreement, but must also approve the recent changes. Canada and the U.S. have not yet ratified it.

Once the Trump administration introduces a USMCA implementation bill to Congress, it will trigger a 90-day deadline to approve USMCA. Congress is set to adjourn on December 20 this year.

Implementation of USMCA will mean that the current zero duties on U.S. cranberry products into Mexico and Canada will remain in place. These duties were negotiated under NAFTA. Failure to advance USMCA could have meant NAFTA's future and associated duty-free access were in question depending on Administration policies. With the advancement of USMCA, the U.S. cranberry industry will continue to see zero duties in Canada and Mexico.

MFP TARIFF RELIEF PAYMENTS

In May, President Trump authorized USDA to provide up to \$14.5 billion in direct payments through MFP for 2019 to assist impacted producers, which is in line with the estimated impacts of the retaliatory tariffs on – and non-tariff barriers to exports of – U.S. agricultural goods.

Some cranberry growers have received payments, yet many others are experiencing delays in payment. Because this program is being facilitated by the USDA's Farm Service Agency, there is not much the CMC can do to assist. We encourage you to contact your local FSA branch for more information. If that does not work, you may consider reaching out to your local congressional leaders for assistance.

You can find details of the program as well as your local FSA branch details at www.farmers.gov/manage/mfp.

CHINA 'PHASE ONE' TRADE AGREEMENT ANNOUNCED

On Dec. 13, the U.S. Trade Representative announced that the U.S. and China reached a "Phase One" trade agreement. The U.S. agreed not to levy tariffs that were planned for Dec. 15. It will also cut tariffs imposed on Chinese goods on Sept. 1, in List 4A from 15% to 7.5%. However, the U.S. will maintain the 25% tariffs on Chinese goods that were imposed in Lists 1-3.

Chinese officials announced that China would significantly increase its purchases of U.S. agricultural goods, but gave no specifics. U.S. officials have stated that China agreed to purchase \$40 billion in U.S. agriculture goods as part of the agreement. China did not levy new tariffs on U.S. goods that were scheduled to be implemented on Dec. 15, but there has been no indication that China will reduce the tariffs is currently has in place on U.S. goods. Once more details are available, BCI will provide a more comprehensive assessment of any relevant Chinese tariff decisions on U.S. goods.

The agreement will now be reviewed by both sides and signed likely in 2020.

MAXIMUM RESIDUE LEVEL (MRL) SUBCOMMITTEE UPDATE ON THE EU, INDIA & KOREA

European Union

Chlorpyrifos (Lorsban). A decision on MRLs is expected by February 17, 2020. If MRLs are withdrawn, it would take three months to enact; making mid-May when the cranberry MRL would go from 1 ppm to 0.01 (limit of detection). Chlorpyrifos is used mostly in WI (40 to 50% of the acres treated), WA (20 to 30%) and NJ (about 15%). Very little is used in MA and OR.

Chlorothalonil (Bravo). Current expectations are that the European Union could enact the removal of the cranberry MRL during the second quarter of 2020, meaning the MRL would go from 5 ppm to 0.01 ppm towards the end of 2020 or early 2021. A significant majority of acres are treated with chlorothalonil in MA, NJ, OR and WA. Very little is used in WI.

Quinclorac. Cranberry MRLs have been successfully established in many foreign markets including Codex and China. Testing done through IR-4 using a TASC grant found no methyl-ester

metabolite, the primary concern of EU regulators (“good news”). The EU import tolerance application is expected to be submitted next spring 2020 with possible approval in 2022.

Glyphosate. European Food Safety Authority has approved this chemical. It is a political issue that is being vetted in the European press.

Channels of Trade. EU regulators are having a dilemma in deciding exactly when a commodity enters the “channels of trade.” For example, an unidentified commodity sends raw product to the EU where it is usually stored for several years and later processed for sale in the market. In August, the EU removed an MRL for pyridaben (miticide) on this commodity. What happens to the crop in storage which has already been treated? In this case, eliminating the MRL after a crop is treated. This is an example of how immediate elimination of an MRL would cause significant market disruption. A decision has yet to be made on this

particular example, but we are monitoring the situation.

U.S. Response to EU. In addition to the U.S., a number of other countries have responded negatively to the EU’s restrictive MRL policies. The WTO is working with the disaffected countries and the U.S. in creating a response to the EU. The U.S. Trade office is preparing a review of the economic impact the MRL eliminations will have in international markets.

Korea

The list the MRL SC developed last year for seeking cranberry MRLs is on track but it was mentioned that the approval process is “slowing down.”

India

It was noted that all of the MRLs have the default tolerance. With the CMC and cranberry producers seeking India markets with products, the lack of cranberry MRLs is vexing. Even though there have not been any residue violations, we will look into future options for MRLs in this market.



INDUSTRY SUBMITS COMMENTS FOR ITC MRL STUDY

On December 12, 2019, the Cranberry Institute submitted comments to the International Trade Commission (ITC) to support its study on how missing and reduced pesticide maximum residue levels (MRLs) are affecting international trade. The comments highlighted how the U.S. cranberry industry addresses international MRL issues including: how the industry is organized to discuss MRLs; the amount of resources the industry dedicates to ensuring international MRLs do not affect cranberry trade; and comments on the cranberry industry’s MRL experiences in key export markets such as the EU, Japan, Korea, China, and Australia.

A second set of comments with specific case studies on cranberries and MRLs will be submitted in the late spring for a second volume of the ITC study. The information in the ITC study will be used by the U.S. Trade Representative’s office in addressing MRL issues with trading partners.

EUROPEAN UNION CRANBERRY CONCENTRATE DUTY SUSPENSION RENEWAL ANTICIPATED

The EU’s duty suspension for cranberry concentrate is up for renewal this year. Unless objections are raised, the duty suspension will be automatically renewed at the end of the year until December 31, 2024. So far, it has not encountered any push back. In three key hearings in the spring, no objections were raised. The final announcement on the duty-suspension is expected in December.

It is important to note that the duty suspension is separate from the EU’s 25% tariff on concentrate, which was imposed in June 2018 in response to the U.S. steel and aluminum tariffs.

The EU’s duty suspension on dried cranberries for further processing is in place, but remains subject to a potential 25% retaliatory tariff from June 1, 2021.



2527 Cranberry Highway
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Wareham, MA 02571

Return Service Requested

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CRANBERRY MARKETING COMMITTEE HOSTS USDA BOG TOUR

On October 16, CMC hosted six USDA representatives for a bog and processing plant tour. This was an important opportunity for USDA to learn more about not only how cranberries are grown, but also what issues the industry is currently facing and how we can work together more effectively.

Members of the commodity procurement and promotion and economics divisions, as well as the CMC's marketing specialist, donned waders on a cloudy, windy day to see how cranberries are wet harvested in Halifax, MA. They also witnessed cranberry processing and SDC manufacturing at Decas Cranberry in Carver, MA.

Many thanks to Scott Hannula and his team, as well as Parker Mauck, Joe Santos, and Mary-Beth Weiss at Decas for their participation.



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