

# TRADE AND RETALIATORY TARIFFS

Attention has focused on the “trade dispute” with China, which accelerated when the U.S. imposed steel and aluminum tariffs. But the emerging trade situation is a larger issue that goes beyond China.

## How we got here

1. The U.S. maintains its actions related to the steel and aluminum tariffs (25% and 10%, respectively) are for national security purposes (referred to as the Section 232 case)
2. Other countries say that they are justified in retaliating because the U.S.' tariffs more closely resemble **safeguard actions** — trade restrictions that can be used to protect struggling industries. BUT, but only if compensation is also supplied to the other WTO members that suffer as a result of those trade restrictions.
3. The U.S. maintains that its actions are not safeguards and has offered no compensation.
4. WTO members can impose retaliatory tariffs 30 days after formally notifying the WTO, though it does not mean they *will* proceed with duties. Each country has rejected the U.S.' argument that the tariffs are necessary for national security reasons and so are exempt from certain WTO retaliation rules.
5. In their WTO notifications, countries lay out how much the U.S. tariffs would cost them based on last year's trade data.
6. **Japan, Russia, and Turkey** have joined the **EU, India, and China** in notifying the WTO of potential retaliation to the steel and aluminum tariffs.

## How this impacts almonds

- **China** imposed a 15% additional duty on almonds – already in effect since April 2. In addition, the U.S. was proposing additional duties on China due to intellectual property issues (referred to as the Section 301 case). While recent public statements from the U.S. and China indicated that steps were being taken to avoid a “trade war,” the White House subsequently decided that tariffs on \$50 billion worth of imports, broad investment restrictions and litigation at the WTO will be announced in June and take effect shortly thereafter.
- **EU** did not include almonds in their retaliation list.
- **India** recently notified it would apply a 10% duty on inshell almonds and 20% on kernels (the effective date is yet to be confirmed). This is separate from the increased *specific duty* that was announced to take effect on May 25 on almond kernels from all origins, taking the rate from 65 rupees/kg to 100 rupees/kg.
- **Japan** and **Russia** have calculated that the duties would add approximately \$439.9 million and \$537.6 million, respectively, in costs. Both countries said they would respond by imposing their own tariffs that would cost the United States roughly the same amount, but neither has detailed which products would be targeted.
- **Turkey** said it will face around \$266.6 million in additional costs and listed 22 products that it plans to target in retaliation — including a 5% tariff on harmonized tariff code 0802 (tree nuts including almonds). There may also be a suspension of the inward processing regime for U.S. imports subject to these duties; this processing regime allows tax free imports for products which are imported as inputs for products which are then going to be exported.

## Next Steps

The Almond Board is closely following these developments, and is working closely with USDA/FAS, the U.S. Trade Representative's office, and in-country industry members.