

The California Citrus Mutual has welcomed the recently announced trade agreement with Japan, but says it won't offset losses from the Chinese tariffs.

President Donald Trump and Prime Minister Shinzo Abe reached an agreement in principle at the Group of Seven (G7) Summit on the weekend. The two sides could sign the deal as soon as next month.

The details have not yet been revealed, but U.S. Trade Representative Robert Lighthizer said it would lead to substantial tariff reductions.

This agreement reportedly contains similar language to the Trans Pacific Partnership (TPP), from which the U.S. withdrew.

"Assuming so, this agreement calls for an immediate tariff reduction and eventual phase-out of a significant barrier to increased exports," states CCM strategic advisor and past president Joel Nelsen.

"We were part of the original negotiation and appreciative that the Administration held the line for a more balanced trade opportunity."

CCM president Casey Creamer notes that the California citrus market share has diminished as other competing areas took advantage of the U.S.'s high tariff level.

"Export sales have been reduced to Japan and perhaps with rapid implementation we can recapture our momentum in this historically profitable market," he says.

Deal won't offset China losses for California citrus

The CCM says it "does not expect this opportunity to offset tonnage loss with the China dispute, however". While exports to China are significant, growth in Japan would be in "small increments", it says.

"Exports to China are significant whereas growth in Japan may occur this year and in small increments going forward," it adds.

"Nevertheless, this is a bit of good news that we can use at this time," Nelsen concludes. "The Administration promised a trade deal and they delivered."

Japan closely protects its citrus industry, subjecting imports from non-free-trade-agreement countries to high tariffs.

The country doesn't set a duty on lemon imports. But U.S. oranges face a 16% tax from June through November and 32% from December through June. Grapefruit is subject to 10%. For members of the CPTPP - the revived TPP - Japan will phase out orange and grapefruit tariffs over six to eight years.

In 2018, the U.S.'s leading citrus exports to Japan were lemons (US\$68m), oranges (US\$68m) and grapefruit (US\$22m).