



## ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

### AGRICULTURE AND SEAFOOD RELATED PROVISIONS

#### Overview

Since 2009, China has been one of the top four largest export markets in the world for U.S. food, agricultural, and seafood products. China's rapidly-developing economy has become one of the fastest growing markets in the world. While China represents a major market for U.S. agricultural exports, China's overly restrictive and burdensome import requirements have hampered the ability of U.S. farmers to compete on a level playing field.

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will further open China's food and agriculture market to American products. The Phase One agreement addresses structural barriers to trade and will support a dramatic expansion of U.S. food, agriculture, and seafood product exports, increase American farm and fishery income, generate more rural economic activity, and promote job growth.

Key outcomes of the Phase One agreement are:

- **Purchases:** China will purchase and import on average at least \$40 billion of U.S. food, agricultural, and seafood products annually for a total of at least \$80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional \$5 billion per year over the next two years.
- **Agricultural Biotechnology:** China has agreed to implement a transparent, predictable, efficient, science- and risk-based regulatory process for the evaluation and authorization of products of agricultural biotechnology. China's time frame for review and authorization for

products for feed or further processing will be an average of 24 months. China has also agreed to certain administrative improvements in the application process, and to certain steps to address situations of low-level presence.

- **Domestic Support:** China has agreed to abide by its current World Trade Organization (WTO) obligations on the transparency of its domestic support measures. Separate from this Agreement, as part of a WTO dispute brought and won by the United States, China previously agreed to comply with its WTO obligations on its domestic support for rice and wheat by March 31, 2020. The United States maintains the right to take actions related to that dispute.
- **Tariff Rate Quota Administration:** China has agreed to comply with its WTO obligations and to make specific improvements to its administration of wheat, corn, and rice tariff-rate quotas (TRQs), including the allocation methodology, treatment of non-state trading quota applicants, and transparency. Separate from this Agreement, as part of a WTO dispute brought and won by the United States, China agreed to comply with its WTO obligations for the administration of TRQs for wheat, corn, and rice by December 31, 2019.
- **Sanitary and Phytosanitary Measures:** The Phase One agreement streamlines and establishes timeframes for Chinese regulatory actions for meat, poultry, seafood, dairy, infant formula, rice, potatoes, nectarines, blueberries, avocados, barley, alfalfa pellets, hay, feed additives, distillers' dried grains (DDGs), distillers' dried grains with solubles (DDGS), and pet food. The Parties agreed to not implement food safety regulations that are not science- and risk-based and shall only apply such regulations to the extent necessary to protect human life or health. In addition, recognizing the importance of ensuring that sanitary and phytosanitary (SPS) measures are science-based, non-discriminatory, and account for regional differences, the Parties have agreed that China will improve SPS measures affecting a wide variety of products, which will facilitate exports of U.S. food and agricultural products to China.
- **Geographical Indications (GIs):** China has agreed to not undermine market access for U.S. exports to China using trademarks and generic terms through any GI measures taken in connection with an international agreement, to use certain relevant factors when making determinations for genericness, and to not provide GI protection to

individual components of multi-component terms if the individual component is generic.

- **Intellectual Property for Agriculture:** China has agreed to prohibit the unauthorized disclosure of undisclosed information, trade secrets, or confidential business information by government personnel or third-party experts or advisors when such information is submitted to the central or sub-central levels of government.

### Specific Elements of the Agreement

- **China's Imports of U.S. Agricultural and Seafood Products:** China will purchase and import on average at least \$40 billion annually of U.S. food, agricultural, and seafood products, for a total of at least \$80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional \$5 billion per year over the next two years. China and the United States recognize that purchases are to be made at market prices based on commercial considerations and that market conditions may dictate the time of year that agricultural purchases are made within any given year.
- **Agricultural Biotechnology:** China has agreed to implement a transparent, predictable, efficient, science- and risk-based regulatory process for the evaluation and authorization of products of agricultural biotechnology. China's average time frame for review and authorization of products for feed or further processing will be an average of 24 months. China has also agreed to certain administrative improvements in the application process, including pre-screening of applications for completeness, timely submission and review of information for the National Biosafety Committee, extending authorizations to five years, accepting applications on a year-round basis, not requesting information unnecessary for assessing the safety of the product for its intended use, and issuing biosafety certificates within 20 business days of completion of the safety evaluation. China also agreed to certain steps to address situations of low-level presence and to develop safety assessment procedures for approval of food ingredients that are derived from genetically modified microorganisms.
- **Food Safety:** China and the United States have agreed to not implement food safety regulations, or require actions of the other Party's regulatory authorities that are not science- or risk-based and to apply regulations

and require such actions only to the extent necessary to protect human life or health. China also has agreed to not require certification for low risk food products from the United States.

- **Poultry:** U.S. exports of poultry meat products to China were valued at over \$500 million in 2013 and have the potential to reach or exceed \$1 billion annually. On November 14, 2019, China reopened its market to U.S. poultry meat, partially eliminating the ban it had imposed in late 2014.

U.S. establishments can only export to China poultry that is slaughtered and further processed after the establishment has been added to the General Administration of Customs of the People's Republic of China (GACC) website. On November 22, 2019, GACC completed updating an initial online list of 349 U.S. establishments eligible to export to China.

The Parties will next work to finalize a protocol for the regionalization of poultry diseases. China has also committed to fully lifting the ban on other U.S. poultry commodities, including live birds. Furthermore, China committed to abide by World Organization for Animal Health (OIE) standards for international trade of poultry products.

- **Pork:** U.S. exports of pork products were \$700 million in 2017 and are expected to reach \$1.7 billion annually in the next two to three years. China agreed to broaden the list of pork products that are eligible for importation to include processed products such as ham and certain types of offal that are certified by USDA's Food Safety and Inspection Service (FSIS) for human consumption.
- **Beef:** China will expand the scope of beef products allowed to be imported, eliminate age restrictions on cattle slaughtered for export to China, and recognize the U.S. beef and beef products' traceability system. China will establish maximum residue levels for three synthetic hormones legally used for decades in the United States consistent with Codex Alimentarius Commission (Codex) standards and guidelines. Where Codex standards do not exist, China will use MRLs established by other countries that have performed science-based risk assessments. USDA estimates that U.S. beef and beef product exports to China could reach \$1 billion annually.
- **Processed Meat:** China effectively banned processed meat and poultry products in 2012 when it instituted an onerous registration process for

exporting to China. Through this agreement, China immediately recognizes oversight of U.S. meat, poultry meat, and processed meat and poultry meat facilities by USDA's FSIS, thereby eliminating any unique registration requirements. It is estimated that these provisions could result in \$10-25 million annually of processed meat and poultry exports to China.

China also agreed to conduct a risk assessment for ractopamine, which is sometimes used in the production of U.S. beef and pork, in a manner consistent with international risk assessment guidance. The risk assessment is to be based on verifiable data and the approved conditions of ractopamine use in the United States.

- **Electronic Meat and Poultry Information System:** China will implement, by February 2020, FSIS' Public Health Information System, an electronic and automated system for foreign countries to access FSIS meat and poultry export certificates. China will ensure relevant certificate information is shared in a timely manner to the Chinese port customs officials to prevent undue delay for clearing such shipments at the port of entry. China also will accept replacement certificates issued by FSIS for situations consistent with Codex guidelines.
- **Live Cattle for Breeding:** China banned the import of live cattle from the United States following the detection of bovine spongiform encephalopathy (BSE) in 2003. Through this Agreement, China will immediately engage in technical discussions with the United States to lead to a final market access agreement. The United States exported \$4.5 million in live breeding cattle to China in 2003. With the conclusion of a commercially viable protocol, U.S. exports of live breeding cattle to China could reach \$25 to \$50 million annually.
- **Dairy and Infant Formula:** China has committed to streamline the timelines and procedures for registering U.S. facilities and products and to provide regulatory certainty and market stability for products like fluid milk and dairy permeate powder. For example, upon receiving a list of U.S. facilities eligible to export to China from the U.S. Food and Drug Administration (FDA), GACC will update its website with the list of facilities within 20 business days. In addition, China also committed to open its market for goat and sheep's milk products. The United States estimates the dairy and infant formula commitments could result in an additional \$250 to \$300 million in annual dairy and infant formula exports to China above current levels.

- **Rice:** China will authorize the importation of U.S. rice from any rice facility approved by USDA's Animal and Plant Health Inspection Service (APHIS) within 20 business days of China's receipt of a notification from the United States that APHIS has approved the facility as compliant with the phytosanitary protocol agreed to by the United States and China. China also communicated that U.S. medium grain rice will be able to be imported under China's tariff rate quota for "Rice, short and medium grain." This action will allow U.S. rice to compete with comparable rice grades in the Chinese market. With these commitments and China's commitments to abide by WTO commitments for administration of the rice TRQ, USDA estimates that U.S. rice exports could reach or exceed \$300 million annually.
- **Seafood:** China has agreed to allow the import of 26 previously unapproved aquatic species through a side letter that accompanies the Agreement. China has also committed to streamline the timelines and procedures for registering U.S. seafood facilities and products, including fish meal and oil, by updating its facility registrations within 20 business days of receipt of a list from FDA and the National Oceanic and Atmospheric Administration (NOAA). China will ensure the continued use of existing bilaterally-agreed certificates issued by NOAA. In addition, competent authorities in the United States and China will reconvene their technical working group on seafood. The United States estimates these commitments could result in an additional \$400 million in annual aquatic product exports to China above current levels.
- **Fruits, Vegetables, and Plant-based Feed Products:** China has agreed to finalize phytosanitary protocols for certain U.S. fresh fruit and vegetable products, including potatoes, California nectarines, blueberries, and avocados, as well as barley, alfalfa hay pellets and cubes, almond meal pellets and cubes, and timothy hay. The Agreement stipulates binding timelines for completion of the phytosanitary protocols to ensure there are no delays in the technical process. These protocols will expand access for U.S. fresh fruits and vegetables and plant-based feed exports into the Chinese market, which is estimated at \$850 million annually.
- **Feed Additives, Premixes, and Compound Feed, including DDGS:** China has agreed to immediately update its list of traditionally-traded feed additive products with 23 U.S. products and to streamline the registration process for feed additives, premixes, and compound feed by waiving manufacturer site visits and export protocols that are normally

part of the registration process for feed products. Upon receipt of a list from the United States, China has agreed to list the registered facilities on GACC's website within 20 business days. For applications for approval of a new feed additive, premix, or compound feed product, timeframes are established for China's review process. With regard to DDGs and DDGS, China has agreed to issue renewed licenses for DDGs and DDGS manufacturers within 20 business days of receiving applications. USDA estimates that U.S. exports of these products could exceed \$700 million annually.

- **Pet Food:** China has agreed to immediately resume imports of pet food containing poultry ingredients and to lift the ban on ruminant ingredients. In addition, China has agreed to allow imported animal-origin ingredients in pet food. China has also agreed to limit the Polymerase Chain Reaction (PCR) testing to pet food with non-ruminant ingredients, which is to be done on a risk-based selection of shipments. China agreed to streamline the facility registration process, by eliminating the requirement for facility questionnaires, and to immediately register 24 facilities that had been waiting to be listed on GACC's website. USDA estimates U.S. exports could exceed \$300 million annually.
- **Tariff Rate Quotas and Domestic Support for Corn, Wheat, and Rice:** Related to the WTO dispute brought and won by the United States, China has agreed to comply with its WTO obligations for the administration of TRQs for wheat, corn, and rice by December 31, 2019. In addition, in this Agreement, China has agreed to ensure that it administers its TRQ for corn, wheat, and rice with specific obligations to:
  - Allocate the full TRQ by January of each year;
  - Not discriminate between state trading enterprises and non-state trading enterprises;
  - Reallocate unused or returned TRQ amounts;
  - Ensure that allocations are made in commercially viable shipping amounts;
  - Enhance transparency of the eligibility criteria and allocation principles;
  - Ensure there is a sufficient number of state trading enterprises and non-state trading enterprises eligible to receive allocations and that full utilization of the TRQs is not inhibited;
  - Provide relevant allocation and reallocation information upon request of the United States; and

- Make public on a website existing laws, regulations and announcements on the administration of the TRQs.

Regarding its domestic support, China confirms that it will respect its WTO obligations to publish in an official journal its domestic support laws, regulations and related measures. Separately, through dispute settlement proceedings at the WTO, China has already agreed to come into compliance with a panel report on domestic support for wheat and rice by March 31, 2020. The United States maintains its rights in those dispute settlement proceedings should China not come into compliance.

- **Cooperation:** China and the United States intend to continue to work cooperatively on various projects to expand markets and promote growth in trade of food and agriculture, including on pesticide registration regulatory processes, sustainable agriculture, animal and plant pests and diseases, and agricultural policies.