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From: Nicholas Gutierrez
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Subject: May - 2025 USA Report

USDA & USTR Cabinet Level Leadership:

U.S. Department of Agriculture (USDA):

Secretary of Agriculture – Brooke Rollins (confirmed by U.S. Senate on February 13).

Deputy Secretary – Stephen Vaden (nominated on January 17) His hearing was held by the Senate Agriculture, Nutrition & Forestry Committee on May 20, where he reported out favorably - now awaiting full U.S. Senate confirmation.

Under-Secretary for Marketing & Regulatory Programs – Dudley Hoskins (nominated on January 17) His initial hearing was held by the Senate Agriculture, Nutrition & Forestry Committee on May 21 – Hoskins will head the Animal & Plant Inspection Service/APHIS and the Agricultural Marketing Service/AMS.

Under-Secretary for Trade & Foreign Agricultural Affairs – Luke Lindberg (nominated on January 17) The Senate Agriculture, Nutrition & Forestry Committee hearing was held on May 20, where he reported out favorably – now awaiting full U.S. Senate confirmation – He is responsible for managing the Foreign Agricultural Service/FAS.

U.S. Trade Representative (USTR):

Ambassador U.S. Trade Representative – Greer Jamison (confirmed by the U.S. Senate on February 27).

USTR Chief Agricultural Negotiator – Doug Hoelscher was expected to be nominated by the Administration by the end of May, but to date, no name has yet been officially announced.

U.S. Department of State:

Secretary of State – Marco Rubio (confirmed by the U.S. Senate on January 21.)

U.S. Ambassador to South Africa – Leo Brent Bozell III's nomination has been referred to the Senate Foreign Relations Committee for his initial hearing. Mr. Bozell is a conservative media critic and writer. Mr. Bozell is also the founder of the Media Research Center; an organization whose purpose is to identify liberal media bias.

U.S. Ambassador to Botswana: Ambassador Howard Van Vranken (confirmed by the U.S. Senate in 2022).

U.S. Ambassador to eSwatini: No Nominee to Date.

Communication with USDA - Animal & Plant Health Inspection Service (APHIS):

General: I established a courtesy visit with the new APHIS Deputy Administrator-International Services, Dr. Ibrahim Shaqir, who replaced Ms. Cheryle Blakely in January. Dr. Shaqir worked previously as the SPS Trade Director with APHIS-Plant Protection & Quarantine and more recently, headed the National Plant Programs Office for the USDA-Agricultural Research Service. He reported that his headquarters staff has been significantly reduced, especially on the administrative side. He also noted that all APHIS staff will be transferred within the next month from their current office in Riverdale, Maryland to an already established USDA center in Greenbelt, Maryland. The Greenbelt location already houses the Agricultural Research Service. Thus far, International Services has not been downsized at current field locations and still operate in some 27 countries with over 150 staff that includes two foreign service officers based in the U.S. Embassy in Pretoria.

South Africa Citrus Black Spot (CBS) Rule: Dr. Shaqir reiterated that there will not be any steps taken towards publishing a final rule until accommodations are made for improved access for U.S. pork and poultry. He confirmed that APHIS has been ready to finalize the CBS rule since the fall of 2018 but that the rule is entirely linked to the U.S. animal products.

I also inquired if APHIS had been involved in any preparatory work prior in advance to the Presidential meeting that took place between Mr. Trump and Mr. Ramaphosa in Washington, D.C on May 21. He responded that APHIS had not been consulted by USDA leadership as a possible prelude to attempting to reach a potential phytosanitary bilateral agreement.

Botswana Citrus Market Access – Draft Pest Risk Assessment (PRA): Dr. Shaqir was not aware of the current status except to state that he understood that the comments received during the PRA open public comment period were still being internally reviewed/assessed for response. He would not speculate on any timeline for completion due to a large number of risk specialist staff reductions implemented by the Administration in March.

U.S. Trade Representative (USTR): Presidential Meeting - I met with USTR to discuss President Ramaphosa's visit to Washington, D.C. The objective was to learn if any peripheral bilateral meetings took place regarding efforts to resolve South Africa citrus and/or the linkage to the U.S. animal products.

USTR stated that they met with members of the South African delegation but were disappointed with the outcome of the meetings. Although these meetings were very professional and cordial, USTR had hoped that the South African team would have been much more proactive in addressing the long-standing phytosanitary irritants involving U.S. poultry and pork. The USTR team added that the talks actually were considered setbacks to previous discussions held in 2024.. USTR was looking to make progress on the U.S. animal product topics as a path forward towards finalizing the South African CBS citrus rule. USTR said that their desire was that once these issues were resolved, then market access for a much wider number of agricultural commodities would be unlocked. However, it was their general opinion that South Africa came with a list of market access requests but were not really interested in focusing on the U.S. animal products issues. I inquired whether the aggressive stance taken by President

Trump in his meeting with President Ramaphosa may have negatively affected the tone of his South African team's outlook, but the USTR team did not believe this was the case. USTR ended by saying that the poultry and pork industries are very focused on this issue with strong lobbying efforts continuing via the Administration and Congress to resolve these phytosanitary barriers. Unfortunately, it appears that the South Africa citrus-CBS rule will not move towards resolution until U.S. pork and poultry are resolved.

<u>AGOA</u> - In addition, we also discussed the current U.S. position or stance concerning AGOA renewal since the agreement is due to expire this September. USTR stated that the U.S. Congress has not had any substantive discussions but that there has been some bipartisan support expressed for its continuation. However, the USTR team cautioned that Congress is led by Republicans in both chambers and have tended to get their overall direction from the White House who prefers bilateral agreements vs. broader regional ones such as AGOA. In addition, President Trump has expressed his displeasure with South Africa from his own personal bias which can carry over to his foreign policy. The bottom line expressed by USTR was that Congress needs to get more engaged with a more serious internal debate regarding the future direction of AGOA. In general terms, USTR believes that AGOA is of great benefit towards the U.S. as well as South Africa and the rest of Africa, not only from a trade perspective but also as a geo/political buffer from China and Russia.

<u>Corporate Council on Africa (CCA) – High Level Discussions on U.S.-African Trade Relations, AGOA Renewal & Tariff Implications:</u>

Mr. Laird Treiber of the CCA has been leading an effort to collaborate closely with the U.S. Congress and the Trump Administration in order to promote AGOA renewal, monitor tariff policies, and foster a closer bilateral relationship through market access priorities. He added that the South African team who supported President Ramaphosa during his visit to Washington D.C., all performed very well. Please find the CCA highlights:

<u>Bilateral Agreement</u>: For the moment, momentum seems to have gone out of the drive for bilateral discussions, although they may return later during the summer.

<u>AGOA</u>: CCA has been tracking the best chances for passage that would likely come after a mammoth package of budget and tax provisions through the Trump self-anointed, "One Big Beautiful Bill" currently working its way through Congress. The House of Representatives completed its version a week ago and now the bill is with the Senate. The bill was not supposed to contain a trade element, but the CCA is hearing that there may be an effort to include AGOA (and perhaps GSP) in the package.

<u>African Leaders Summit</u>: The Administration has announced planning to sponsor this Summit in New York on the margins of the UN General Assembly. The Administration is also aware that the discussions would run more smoothly if AGOA renewal was passed before then. In this regard, the Administration is in the midst of an inter-agency process to solicit suggestions for "improving AGOA." CCA has drafted a paper on suggestions for AGOA enhancements as well as a brief that argues why/how AGOA supports American and African firms.

<u>U.S.-Africa Business Summit</u>: Many of the above themes will be raised/discussed by the CCA during the CCA Summit in Luanda on June 22-25. On June 23, CCA will host an invitation only session with the Trade Ministers and companies designed to identify the top trade and investment issues. The AgBiz team will be included in the Trade Ministerial and organizations such as the CGA are also invited to participate.

USDA-National Agricultural Statistics Service (NASS) Releases May 2025 Report- U.S. Citrus Forecast for 2024/25 Season:

General: NASS released their monthly projection report on May 12, which demonstrated production remained steady and relatively unchanged from the April one. Florida's production fluctuated slightly less than 1% up or down for most of the varieties harvested. California, Texas, and Arizona remained unchanged from the previous month. The big news is that the all-orange forecast for Florida is a 36% decrease from last season's final number. California leads all the citrus states in production with about 78% of the total.

Florida

- All-Orange: Production grew less than 1% at 11.630 million boxes from 11.6 million boxes in April.
    - 2023/24 Season: 18.060 million boxes.
    - 2022/23 Season: 15.820 million boxes.
- Non-Valencia: Production dipped less than 1% at 4.580 million from 4.6 million boxes in April.
    - 2023/24 Season: 6.7 million boxes.
    - 2022/23 Season: 6.1 million boxes.
- Valencia: Production was up less than 1% at 7.050 million boxes vs. 7 million boxes in April – Harvest Complete.
    - 2023/24 Season: 11.3 million.
    - 2022/23 Season: 9.6 million.
- Grapefruit: Unchanged from April at 1.3 million boxes – Harvest Complete.
    - 2023/24 season: 1.79 million boxes.
    - 2022/23 Season: 1.81 million boxes.
- Tangerines & Mandarins: Unchanged from April at 400,000 boxes.
    - 2023/24 Season: 450,000 boxes.
    - 2022/23 Season: 480,000 boxes.
- Lemons: Unchanged at 600,000 boxes from April.
    - 2022-2024: NASS only begin calculating numbers during 2024/25 crop year with no data available beforehand.

California

- All-Orange: Unchanged from April at 47.5 million boxes from April.
    - 2023/24 season: 45.4 million boxes.
    - 2022/23: 44.6 million boxes.
- Non-Valencia: Unchanged at 40 million boxes from April forecast-Navel harvest complete.
    - 2023/24 Season: 38.3 million boxes.
    - 2022/23 Season: 36 million boxes.
- Valencia: Unchanged at 7.5 million boxes from April forecast.
    - 2023/24 Season: 7.1 million boxes.
    - 2022/23 Season: 8.6 million boxes.
- Grapefruit: Unchanged at 4.3 million boxes from April.
    - 2023/24 Season: 3.9 million boxes.
    - 2022/23 Season: 4.5 million boxes.
- Tangerines & Mandarins: Unchanged at 26 million boxes from April.

- 2023/24 Season: 27.2 million boxes.
- 2022/23 Season: 23.5 million during 2022/23.

- Lemons: Unchanged at 27 million boxes from April.
  - 2023/24 Season: 24.5 million boxes.
  - 2022/23 Season: 25.8 million boxes.

Texas

- All-Orange: Unchanged at 880,000 boxes from April.
  - 2023/24 Season: 1.18 million boxes.
  - 2022/23 Season: 1.13 million boxes.
- Non-Valencia: Unchanged at 530,000 boxes from April.
  - 2023/24 Season: 690,000 boxes.
  - 2022/23 Season: 570,000 boxes.
- Valencia: Unchanged from April at 350,000 boxes.
  - 2023/24 Season: 490,000 boxes.
  - 2022/23 Season: 560,000 boxes.
- Grapefruit: Unchanged from April at 2.3 million boxes.
  - 2023/24 Season: 2.4 million boxes.
  - 2022/23 Season: 2.25 million boxes.

Arizona

- Lemons: Unchanged from April at 950,000 boxes.
  - 2023/24 Season: 950,000 boxes.
  - 2022/23 Season: 1.4 million boxes.

U.S. Court of International Trade (USCIT) Rules Trump Tariff Policy is Illegal on May 28 (New York Times/May 29/Ana Swanson-Economics, Trade & International Relations); Followed by Federal Appeals Court Delaying Implementation of Tariffs on May 29 (New York Times/May 30):

USCIT Declares Tariffs Illegal: A panel of federal judges on May 28, blocked President Trump from imposing some of his steepest tariffs on China and other U.S. trading partners, finding that federal law did not grant him "unbounded authority" to tax imports from nearly every country around the world.

Before Mr. Trump took office, no president had sought to invoke the International Emergency Economic Powers Act, a 1977 law, to impose tariffs on other nations. The law, which primarily concerns trade embargoes and sanctions, does not even mention tariffs.

On Wednesday, the U.S. Court of International Trade, the primary federal legal body overseeing such matters, found that Mr. Trump's tariffs "exceed any authority granted" to the president by the emergency powers law. Ruling in separate cases brought by individual states and businesses, a bipartisan panel of three judges essentially declared many, but not all, of Mr. Trump's tariffs to have been issued illegally.

The ruling does not affect tariffs issued by the Trump administration under separate legal authorities, including levies on steel, aluminum and cars, and others that Mr. Trump has threatened on pharmaceuticals, semiconductors, and other critical products.

Appeals Court Temporarily Preserves Tariffs: However, on May 29, a U.S. Federal Appeals Court agreed to temporarily preserve many of Trump's sweeping tariffs on China and other trading partners. The Appeals Court stayed the ruling by the USCIT while it sorts through the arguments, including the Administration's request for a longer stay.

As a result, this ongoing court battle between the Administration versus a number of individual State Attorney Generals – Industries will most likely continue and finally end up for the U.S. Supreme Court to decide.

Import Tariffs Expected to Have Limited Impact on Citrus shipment Exports to the U.S. from the Southern Hemisphere (Fresh Plaza/May 14/Miles Frazer-Jones of Sierra Produce):

During the last week of May, Sierra Produce expects the first Clemenules from Chile to arrive to the U.S. East Coast, followed by the first citrus from Peru. Fruit from South Africa is about a week to ten days delayed due to climatic conditions, but the first shipment with Nules Clementines should arrive sometime during the 1st 2 weeks of June. Mr. Frazer-Jones of Sierra Produce states, "all in all, it should be a good transition and market conditions are expected to continue to improve going into June." He also reported on the following U.S. citrus imports:

- California Navels: Harvest was completed two weeks early, but fruit will be available in the market until the end of June.
- South Africa Navels: Just like the easy peelers, a good transition is expected for Navels as the first arrivals from South Africa are scheduled for the last week of June.
- South Africa Grapefruit: Star Ruby fruit is expected to arrive by mid-June. Mr. Frazer-Jones adds, "while California grapefruit is always available, domestic supply is more abundant when Texas is in the market.
- Argentina Lemons: Argentina is the world's largest lemon grower and is in season now. However, due to significant rainfall, the lemons have a large size profile, which is not ideal for the U.S. market. Argentina is taking advantage of favorable market conditions in Europe and ships large volumes to Europe this season.

Mr. Frazer-Jones then went on to state that there may be other reasons Europe may be favored over the U.S. due to higher tariffs and shipping costs., including container shortages. Tariffs also play a role as produce from Argentina and other South American countries are subject to a 10 percent charge. However, the impact of tariffs on other citrus varieties are expected to be more limited because there are not as many alternatives available for South America. Import tariffs from South Africa were initially a sweeping 30 percent but have been paused until July 9 as South Africa has recently engaged in negotiations with the United States. If negotiations turn out to be unsuccessful, the 30 percent tariff rate will become effective as of July 10. During the 90-day pause, South Africa still continues to support the U.S. market because it is a good outlet and a significant citrus player that prefers to diversity it export markets.

Import Tariffs Disrupt Produce Trade: Shippers & Brokers Feel the Strain (Fresh Plaza/May 27/Advance Customs Brokers & Analytics 210):

When the U.S. first introduced new import tariffs, the assumption was that the added costs would flow through the supply chain. However, several months in, the reality on the ground looks different. "Most countries sending produce to the U.S. now face a 10 percent tariff, but the cost isn't being absorbed uniformly across the supply chain, says Maria Bermudez with Advance Customs Brokers (ACB). "Some parties share the cost while others are unwilling to take any of it, pushing the full burden onto the importers."

This dynamic has led to tough conversations with clients. "As brokers, we've had to explain to our shipping customers that this situation is beyond our control," said ACB's Pat Compres. "If they want to stay in business and remain in produce, they must find a way to manage and pay these tariffs. Unfortunately, it has already taken a toll—some companies have scaled back shipments or stopped altogether."

Program business has offered some insulation for those with pre-arranged deals ahead of the season. But for others, the outlook is more uncertain. "What happens to the shippers without structured programs?" Compres asked. "There are many who operate independently, and it's unclear how they'll navigate this environment."

Increased administrative burden--

The new tariff regime has also added pressure to operations behind the scenes. "Our finance department has been hit hard—we now have to track and manage third-party tariff payments," said Bermudez. "That includes preparing thousands of entry summaries and providing U.S. Customs and Border Protection (CBP) statements for upcoming payments. It's a huge increase in workload."

To meet demand, ACB has had to reallocate internal resources and hire new staff. "While some systems are automated, many aspects require manual oversight," she said. "We're spending much more time helping importers reconcile duties and stay compliant. It's critical they stay on top of their obligations and pay CBP directly."

Is there a shift toward alternative markets?

"It's hard to tell right now—we're in a transition period," Compres explained. Offshore mango and melon seasons are ending, while citrus imports are starting up. "We did see a drop for a few weeks during the shift, but that's typical for this time of year."

Still, broader market forces are at play. The weakening U.S. dollar has made other destinations more attractive. "Grower-shippers in places like Peru or Honduras often make more sending produce to Europe, where there are no extra duties and the Euro is more stable," said Compres. "As a result, some are exploring other markets."

However, relying on alternative markets is not a long-term fix. "The U.S. is a massive consumption market. Can other regions absorb the overflow?" Compres questioned. "If a shipper already sends five containers a week to Europe and wants to double that, will the market support it? Chances are that prices will have to drop to compete."

Response from U.S. consumers?

According to a monthly report from the International Fresh Produce Association, consumer support for tariffs declined sharply. Consumers report being concerned about the potential impact on prices, availability, and jobs. "Up until now, I don't really see the impact of import tariffs on consumer prices," says Anne-Marie Roerink with 210 Analytics. "Consumer prices in the fruit category as a whole have slightly increased but that's a trend we've been witnessing from the start of the year. Vegetable prices have come down by three percent on average compared to last year."