To*:* Dr. Boitshoko Ntshabele
Chief Executive Officer
Citrus Growers Association of Southern Africa
Hillcrest 3650
KwaZulu Natal, South Africa

From: Nicholas Gutierrez
USA Consultant – CGA
Elkridge, Maryland USA

Subject: June - 2026 USA Report

USTR – Status of the Tariff Policy Transition & Ongoing Bilateral Discussions:

U.S. Tariff Update:

I communicated with the USTR Agricultural Office to get an update regarding the ongoing Section 301-Forced Labor investigation and the U.S. Federal Register rule-making process for the Administration's goal to transition from the current Section 122 tariff policy over to a more permanent Section 301 tariff schedule.

Context: South Africa was one of 60 countries investigated by USTR for alleged charges of using forced labor practices for exported goods to the United States. A USTR report was published on June 02, titled, "Acts, Policies, & Practices of Various Economies Related to the Failure to Impose & Effectively Enforce Prohibition on the Importation of Goods Produced with Forced Labor." The full 98-page report may be found on the USTR website: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/june/ustr-makes-findings-and-proposes-action-60-section-301-investigations-relating-failures-take-action. In short, the USTR investigation concluded that South Africa failed to enforce forced labor protections. The specific section on South Africa is detailed on Page 74 and states:

"USTR found that South Africa has failed to impose and effectively enforce a forced labor import prohibition. In section IV, we found that the failure to impose and effectively enforce a forced labor import prohibition is unreasonable. In section V, we found that the failure to impose and effectively enforce a forced labor import prohibition burdens or restricts U.S. commerce. Some comments suggest that South Africa's existing labor laws, anti-trafficking laws, and customs laws provide a legal framework for South Africa to prohibit the importation of goods produced with forced labor. A legal framework that could provide a basis for a forced labor import prohibition, however, is distinct from a measure that forbids legally the USTR Report (June 2) –importation of goods produced with forced labor."

"A Public Comment by Matthew Parks, USTR-2026-0133-00126978 (Apr. 15, 2026) argues that South Africa has not failed to act, since it has "legislated, ratified, and enforced protections against forced labor at every level of its legal and administrative system")."

"For the foregoing reasons, the results of this investigation indicate that the acts, policies, and practices of South Africa related to the failure to impose and effectively enforce a forced labor import prohibition are unreasonable and burden or restrict U.S. commerce."

The top highlights from the meeting with the USTR Agricultural Office:

- Federal Register Process: USTR is accepting comments from the public through July 06, and the Section 301 Committee will convene public hearings for a limited number interested domestic/international parties on July 7. USTR will then accept post-hearing rebuttal comments 5 days after the last day of public hearings.
- The USTR/Office of General Counsel or OGC legal staff is managing the current Federal Register process, so USTR cautioned that discussion with outside parties is not allowed while the Federal Register process is being administered.
- USTR stated that DTIC has maintained a dialogue with the USTR-Labor Section regarding the Section 301-Forced Labor investigation. USTR believes that this dialogue is important to continue negotiations and persuade USTR that South Africa does not engage in any forced labor activities. These negotiations are very likely to influence and affect the USTR tariff policy affecting the current 10% tariff rate. USTR has recommended this rate be raised to 12.5% but recurrent bilateral communication is critical.
- USTR reminded that USTR Ambassador Greer's statements over the last several months have been consistent and transparent where the goal is to transition from Section 122 over to Section 301 tariffs. The current Section 122 tariffs will legally expire on July 24 and neither the Congress nor the President has shown any interest in extending or delaying the continuation of Section 122.
- USTR added that the advantage of implementing Section 301 is that it has no limits concerning the establishment or modification of a statutory tariff rate schedule, a cap or any time limits making it the only authority that the Administration may utilize. USTR is employing the Federal Register regulatory process in order to withstand future legal action, especially after the U.S. Supreme Court ruled in February that the International Emergency Economic Powers Act (IEEPA) were illegal followed by the U.S. Court of International Trade decision in May declaring that Section 122 tariffs were illegal unless approved by the Congress.
- Unfortunately, the downside has always been that the Administration's tariff policy management has been chaotic/unpredictable and that the President could change or modify the any Section 301 tariff rate schedules on a short notice based on a personal whim or impulse.

<u>USTR-DTIC Bilateral Trade & Section 301-Forced Labor Negotiations</u>: USTR said that they had not had any trade discussions since February, but that DTIC has been working closely with the USTR-Labor staff including a visit by DTIC to Washington, D.C. USTR believes that the discussion with DTIC regarding the internal Section 301-Forced Labor investigation of South Africa was the priority given the short turn-around time via the Federal Register and that DTIC action to address was the far more prudent decision. However, USTR continued to informally recommend that DTIC continue to communicate with USTR with the goal of reaching a more formal trade agreement to help avoid potential Administration or USTR unilateral action versus South Africa’s domestic interests.

<u>African Growth & Opportunity Act (AGOA) Modernization Proposal:</u> The Federal Register announcement seeking public comments ran from April through May 15. USTR received 123 comments including those from the South African government and many other internal private sector organizations. Since the Federal Register remains open, USTR could not fully comment but stated that the major goals for this Administration and USTR remain the following;

- benefit U.S. workers and businesses,
- advance U.S. national and economic security,

- create reciprocal trade agreements by eliminating barriers for U.S. trade and investment, and,
- combat poverty and corruption by maintaining political pluralism, rule of law and due process.

USTR stated that "next steps" in this rule-making process will be for USTR to complete a report and forward their trade policy recommendations to Congress for AGOA reauthorization consideration.

APHIS – Botswana Plant Protection Division (PPD) Market Access: APHIS Plant Health-Sanitary & Phytosanitary (SPS) trade directors responsible for managing Botswana (and all Sub-Sahara African countries) informed that their risk management team members are still reviewing the last communication from the Botswana-Plant Protection Division (PPD). The PPD had previously submitted strong scientific evidence to APHIS that *Ceratitis cosyra* (Mango fruit fly) did not infest commercial citrus fruit. In addition, APHIS stated that they are also reexamining approved cold treatment schedules to determine if the 22-day cold treatment currently authorized for South Africa may also be utilized for all Botswana citrus varieties.

APHIS had earlier informed the PPD that the 22-day cold treatment option could not be utilized for Botswana tangerine/clementine varieties to address *C. cosyra* and were requiring irradiation as the only authorized one. However, the top priority is to eliminate *C. cosyra* from the pest list where both sides would then remove from the Pest Risk Assessment (PRA). Those pests include; *Ceratitis capitata* (Mediterranean fruit fly), *Ceratitis rosa* (Natal fruit fly), *Ceratitis quinaria* (Five-spotted fruit fly), *Bactrocera dorsalis* (Oriental fruit fly, *Thaumatotibia leucotreta* (False codling moth)), and *Phyllostica citricarpa* (Citrus black spot).

In an earlier PPD success this year, APHIS had agreed to remove *Dacus ciliatus* (Lesser pumpkin fly) from the PRA after receiving scientific/technical citations from PPD that this fruit fly was not a pest of citrus. The CRI continues to provide invaluable support to PPD in this continuing technical engagement with APHIS.

U.S. Congressional Report Identifying the Individual Import Tariffs & the Various Separation of Authorities Designated between the President and Congress:

On March 19, Congress published an interesting and comprehensive report which examines Congress's constitutional power over import tariffs, Congress's ability to delegate tariff authority to the President within constitutional limits, the scope of specific authorities Congress has delegated to the President to impose or adjust tariffs, and the ways in which courts have resolved challenges to the President's use of those authorities. The report also provides an overview of legal debates surrounding recent tariff actions by the President.

The Constitution grants Congress the power to regulate foreign commerce, impose tariffs, and collect revenue. As discussed in this report, Congress has long enacted laws authorizing the President to adjust tariff rates on goods in certain circumstances. Courts have generally upheld these laws against constitutional challenges, holding that they do not impermissibly delegate Congress's legislative power over tariffs to the executive branch.

This report also examines how courts have resolved legal challenges to the President's use of statutory tariff authorities. Courts have traditionally given deference to the President, allowing the President to impose and modify tariffs unless he "clearly misconstrues" the scope of his authority and holding that these statutes commit certain matters to the President's unreviewable discretion.

Several statutes currently authorize the President or an executive agency to impose tariffs under various circumstances. This report introduces five such statutes: Section 232 of the Trade Expansion Act of 1962; Sections 122, 201, and 301 of the Trade Act of 1974; and Section 338 of the Tariff Act of 1930. These laws afford varying degrees of discretion to the President.

Finally, this report considers selected proposals by Members of Congress to change the current scope of the President's tariff authorities. While some Members have sought to delegate additional tariff authorities to the President, others view the President's existing authorities as overly expansive and have sought to reassert congressional control over import tariffs by repealing or amending those authorities.

The entire report may be found at: https://www.congress.gov/crs.product/R48435.

Weather Challenges to Export Success: A Look into the 2026 Southern Hemisphere Citrus Season
(Carla Gutierrez/Fresh Fruit Portal) June 25 , 2026

Despite weather woes keeping growers on their toes, the Southern Hemisphere citrus season is ramping up supplies and boasting great quality across crops.

In the Andes region, Chile is forecasting a larger overall export harvest, with the United States as the top destination. Across the Atlantic, South African lemon exports are projected to increase by seven percent. The country remains the largest citrus exporter in the hemisphere, followed only by its Latin American counterpart.

Meanwhile, in the land down under, Australian orange and mandarin production, which reached record levels in 2025, is expected to surge again as trees planted in 2019 have now reached full maturity.

According to Chilean fruit guild “Frutas de Chile,” shipments are expected to reach 530,000 metric tons in 2026, up six percent year-on-year. The US currently accounts for nearly 80 percent of the country’s citrus exports.

Mandarins lead Chilean export projections at 190,000 metric tons, followed by oranges at 134,000 metric tons and lemons at 131,000 metric tons. Clementine exports are initially projected at about 75,000 metric tons, although weather-related delays in the northern Coquimbo Region could affect final volumes.

"Persistent sunny days and high temperatures delayed the color break in Coquimbo, affecting the normal start of harvests and contributing to the slower pace of exports," explained Citrus Committee President Monserrat Valenzuela.

Southern Hemisphere citrus sector focusing on market strategy

Market conditions in the US continue to support Southern Hemisphere citrus imports. Valenzuela said the end of Peru's clementine season, a delayed start for Peruvian mandarins, and lower domestic US availability have created favorable conditions for Chilean exporters.

For mandarins, Chilean growers could begin harvesting about one week earlier, allowing exporters to enter the market before competition intensifies. However, the Citrus Committee said exporters should monitor the start of California's mandarin season, which is set to begin earlier than usual.

"The committee's recommendation is always to avoid sizes with lower market acceptance. For easy-peelers, we suggest not exporting sizes 5 and 6, as there is currently no commercial room for them in the market," Valenzuela emphasized.

Australian suppliers are also targeting key seasonal sales windows. QDC Fresh said its citrus program is designed to support summer, back-to-school, and fall merchandising periods in the US.

Chilean citrus exports to the US

For oranges, Chile expects the first export shipments to arrive while significant volumes of domestically grown Valencia oranges remain available in the US, creating a more competitive environment.

"Chilean oranges show good quality this season, with better soluble solids levels compared to last year, while maintaining good acidity," the committee president highlighted.

The lemon category faces a different challenge. The Citrus Committee said abundant supplies from multiple origins continue to pressure the international market despite steady demand.

Through week 24, Chile exported 33,814 metric tons of clementines, down 26 percent from the same period in 2025. The US accounted for 97 percent of shipments, and Clemenules and Orogrande represented nearly 80 percent of exported volume.

Lemon exports reached nearly 22,000 metric tons through week 24, an increase of 108 percent year-on-year. Japan and the US remained the leading destinations.

Orange exports totaled 1,902 metric tons through week 24, down 63 percent from the same point last season. The Chilean O'Higgins Region accounted for nearly half of shipments, while Latin America and the US remained the primary markets.

Valenzuela said exporters will need to remain disciplined as the Southern Hemisphere season progresses.

"The Chilean season faces a challenging environment that demands greater rigor, but it offers good opportunities for fruit with good quality and arrival conditions," she concluded.