

# ABC Global Issues Update

## USDA Clarifies Phytosanitary Certification Requirements for U.S. Nut Exports to the EU

A recently published U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#) confirms that U.S. almond exports to the European Union (EU) do not require a phytosanitary certificate.

This understanding derives from the EU's [Council Directive 2000/29/EC](#), which outlines specific requirements for certain plant products entering the EU. The European Commission and several EU member state inspectors have confirmed that a phytosanitary certificate to facilitate importation into the EU is not legally required because no specific requirement for almonds from the U.S. exists in the Directive.

Please contact ABC's Beth Van Meter at [evanmeter@almondboard.com](mailto:evanmeter@almondboard.com) for more information.

## India Goods and Services Tax Regime Implementation Delayed Until July

India is delaying the implementation of its newly developed Goods and Services Tax (GST) regime until July 1, 2017, according to media sources. The government originally intended to apply GST by April 1, 2017.

India's GST regime is designed to create a more efficient tax system by consolidating the country's various indirect taxes, duties, and surcharges into a single, streamlined tax structure. By uniting India's 29 states under a single tax system, the government hopes to facilitate the

movement of goods and improve the ease of doing business throughout the country. According to India's National Council of Applied Economic Research, the new GST system could generate a 3.2 percent to 6.3 percent increase in exports and a 2.4 percent to 4.7 percent increase in imports.

The GST Council, established to oversee India's tax overhaul, is scheduled to meet on February 18 to finalize GST implementing legislation before it is presented to India's Parliament and state legislatures for approval. Indian trade and health experts have conveyed their support that a lower GST rate be applied to almonds and dried fruit.

## EU Begins Monitoring Mineral Oils

On January 16, 2017, the European Union published [Commission Recommendation 2017/84](#) outlining guidance for monitoring Mineral Oil Saturated Hydrocarbons (MOSH) and Mineral Oil Aromatic Hydrocarbons (MOAH) in food and food packaging. The recommendation encourages Member States to test for MOSH/MOAH in food and food packaging from January 16, 2017 to February 28, 2019, using the testing practices in Commission Regulation (EC) No 333/2007. Testing results will be collected and analyzed by the European Food Safety Authority (EFSA).

ABC has been proactive to understand if MOSH and MOAH is a concern for the almond industry. Several corrugated suppliers have confirmed that use of oil based inks is limited. The almond industry

predominantly uses water-based inks for labeling corrugated materials. ABC also tested corrugated material used in the almond industry from several paper manufacturers; test results confirmed that MOSH and MOAH were under the limit of detection. For more information, please contact ABC's Beth Van Meter at [evanmeter@almondboard.com](mailto:evanmeter@almondboard.com).

## TPP vs. RCEP

On January 23, 2017, President Trump signed a Presidential Memorandum withdrawing the U.S. from the Trans-Pacific Partnership (TPP). TPP would have benefited the almond industry by expanding free trade between the U.S. and 11 other Pacific Rim countries, several of which the U.S. does not currently have bilateral free trade agreements (Brunei, Japan, Malaysia, New Zealand, and Vietnam). TPP encompassed 40% of the world's economy. 9.2% of the almond crop in 2015/16 was shipped to TPP countries. The largest TPP almond importers were (descending order): Japan, Canada, and Vietnam.

In parallel to TPP in the region, negotiation is underway for a Regional Comprehensive Economic Partnership (RCEP) agreement which was initiated in 2012. Supported by China (which was not a party to TPP), RCEP encompasses 16 countries and 24% of the world's economy but does not include the same protections for labor, human rights, and the environment as TPP. Of the 16 countries included in the RCEP agreement, the U.S. only has FTA's with Australia, Singapore, and South Korea. About 23% of the almond crop

was shipped to RCEP countries in crop year 2015/2016. The largest RCEP almond importers were (descending order): China, India, Japan, South Korea, and Vietnam.

The RCEP 16th round of negotiations was completed from December 2016 in Tangerang, Indonesia. The 17th round is scheduled from February 27-March 3, 2017 in Kobe, Japan.

**Trump Administration Seeks to Renegotiate NAFTA; Mexico Begins Domestic Consultations**

In line with the President's agenda to reshape U.S. trade policy, the Trump Administration has announced that Commerce Secretary Wilbur Ross will lead the talks for the U.S.

Under the rules of the Trade Promotion Authority (TPA) legislation passed by U.S. Congress in 2015, the Trump Administration must provide written notice to Congress 90 days before it formally enters into trade negotiations with another country. They must also publish a document outlining the specific negotiating objectives 30 days prior to the initiation of formal talks.

The Mexican Government is also taking steps to clarify its domestic industry priorities. On February 1, Mexico's President Enrique Peña Nieto announced his administration is opening a 90-day consultation period to receive stakeholder feedback regarding NAFTA renegotiation. Government officials noted formal talks are expected to begin in May, following the conclusion of this consultation period.

**Brexit Begins!**

On February 2, 2017, the UK parliament formally voted 498 to 114 in favor of Britain leaving the EU. The vote comes after the British Supreme Court ruled that Prime Minister Theresa May must have the parliament's approval prior to initiating Article 50 of the Lisbon

Treaty, which "starts the clock" for the UK's departure.

The UK government has now published a [white paper](#) outlining a 12-point plan for how Britain will officially leave the EU. Ms. May is expected to initiate Article 50 in early March 2017.

It's unclear what the relationship will be between the UK and the EU related to tariffs, pesticide MRLs, movement of goods, etc. ABC staff are continuing to engage with industry in Europe as well as European authorities to monitor the developments.

**India Levies 4.5% Tax on Ocean Freight**

Effective January 22, 2017, the Indian government has levied 4.5% Service Tax on ocean freight and all related charges for shipments to India under Prepaid Term, according to the amended Service Tax legislation (**Notification No.26/2012-Service Tax** and **Notification No.8/2015-Service Tax**). In the implementation of this Service Tax on prepaid freight and charges, the levy amounts will be collected at origin. There will be no option to handle the collection of this levy as payable elsewhere. Some carriers have stated the levy will be added to prepaid freight.

**EU Cutoff Criteria for Pesticides Starting to Hit Almond Pesticides**

In 2009, the EU Parliament passed legislation that set time frames for the EU to remove from the EU market any pesticides that were known human carcinogens, genotoxins, caused human reproduction toxicity and/or were endocrine disruptors.

In recent months, we have heard of several pesticide uses cancelled and their associated MRLs reduced to the default MRL of 0.01 ppm because they or a metabolite met one or more of the cut-off criteria.

ABC staff are monitoring these changes, keeping an eye out for changing EU MRLs

**Save the Date! 2017 MRL Conference**

The annual MRL Harmonization Workshop will be held May 31 and June 1 at the Hyatt-Fisherman's Wharf in San Francisco. The workshop is an excellent opportunity to engage with U.S. government authorities, and to learn more about current and/or emerging global pesticide issues.

We will keep you posted as more information becomes available.

**Upcoming Travel**

- **February 10-15, 2017**  
Emily Fleischmann, Harbinder Maan, and Nan Nan in Shanghai for China Planning Kick Off.
- **February 20-24, 2017**  
Julie Adams and Richard Waycott in Chennai and Delhi, India for meetings in with trade and government authorities.
- **February 25-March 2, 2017**  
Julie Adams, Richard Waycott, and Sudarshan Mazumdar in Dubai, UAE at the Gulfood trade exhibition.

**ABC Trade/Regulatory Staff Contacts:**  
 Julie: [jadams@almondboard.com](mailto:jadams@almondboard.com)  
 Beth: [evanmeter@almondboard.com](mailto:evanmeter@almondboard.com)  
 Gabriele: [gludwig@almondboard.com](mailto:gludwig@almondboard.com)  
 Bunnie: [bibrahim@almondboard.com](mailto:bibrahim@almondboard.com)

Document #2017GTRA0002

The Global Update is a publication by the Almond Board of California. For more information, please contact the Almond Board at 209.549.8262 or [staff@almondboard.com](mailto:staff@almondboard.com). The information reported in this document is correct to the best of our knowledge.

The Almond Board of California welcomes the participation of all industry members and does not discriminate on the basis of race, color, national origin, sexual orientation, gender, marital status, religion, age, disability or political beliefs

