

ABC Global Issues Update

FDA Recognizes Australia as Having a Comparable Food Safety System to the U.S.

The U.S. Food and Drug Administration (FDA) has signed an arrangement with the Australian Department of Agriculture and Water Resources recognizing each other's food safety systems as comparable to each other. This is the third time that the FDA has recognized a [foreign food safety system](#) as comparable, the first being New Zealand in 2012 and Canada in 2016. By recognizing each other's systems, the FDA and Australia can leverage each other's science-based regulatory systems to help ensure food safety.

Systems recognition establishes a framework for regulatory cooperation in a variety of areas that range from scientific collaboration to outbreak response. It also helps FDA focus more on potential risks when planning the scope and frequency of its inspection activities, including foreign facility inspections, import field exams, and import sampling.

West Coast Port Discussions

The International Longshoremen and Warehouse Union (ILWU) met in San Francisco in early May to discuss the union's position on negotiating a new contract with the Pacific Maritime Association (PMA) regarding West Coast ports.

The PMA and ILWU have met twice in the last year regarding the contract.

The current labor contract runs through June 2019.

A labor dispute and slowdown in 2014-15, resulted in massive cargo backups. Avoiding a similar slowdown in 2019 is a priority for many U.S. industries.

Trump Administration Considers and Then Drops Activating Withdrawal from NAFTA

On Wednesday, April 26, reports circulated that an Executive Order to withdraw the United States from the North American Free Trade Agreement (NAFTA) was being debated within the Trump administration. After an afternoon of confusion, which included Republican Senators coming out against withdrawal as well as calls with the leaders of both Mexico and Canada, President Trump stated that the administration intends instead to seek renegotiation of some elements of the agreement. NAFTA was signed by the U.S., Canada, and Mexico in 1992, and took effect in 1994.

NAFTA withdrawal procedures allow a party to withdraw from the agreement six months after giving written notice.

Should the U.S. ever withdraw from NAFTA, Canada and Mexico would maintain a bilateral free trade agreement (FTA). Products from those countries would continue to enter each other's markets under duty-free tariff rates, meanwhile U.S. products to both nations would presumably return to the most-favored nation (MFN) tariff rates. This presumes the President would also withdraw from the earlier US-Canada Free Trade Agreement, which predates NAFTA.

Going forward, it is anticipated that the Administration will be reviewing several the trade agreements which have been negotiated by the U.S. ABC will continue to follow these discussions to determine if there is any impact on almonds.

Sonny Perdue Confirmed as Agriculture Secretary

The Senate confirmed former Georgia governor Ervin "Sonny" Perdue as the 31st Agriculture Secretary. He began the job by immediately working on an [Agriculture Task Force](#). Meanwhile, U.S. Trade Representative (USTR) nominee Robert Lighthizer was unanimously approved by the Senate Finance Committee on Tuesday, April 25, sending his nomination to the Senate for final approval after months of delays. The panel also approved a statutory waiver related to Lighthizer's previous work lobbying for foreign governments. Majority Leader Mitch McConnell has scheduled a vote for Lighthizer for the week of May 8.

Commerce Secretary Wilbur Ross has faulted Congress for delaying Lighthizer's approval, and in turn, stalling the North American Free Trade Agreement's (NAFTA) renegotiation. Key members of the Senate Finance Committee have previously stated that a confirmed USTR in office is a prerequisite for notifying Congress of NAFTA renegotiations and triggering the 90-day consultation period.

Recent disputes between the US and Canada on ultra-pasteurized milk and softwood lumber have drawn even more attention to NAFTA because both dairy and lumber are not

included in NAFTA's free trade provisions. Ross points to these disputes as proof that NAFTA no longer functions properly, and that renegotiation talks need to begin as soon as possible

Mexico gets green light at WTO to hit U.S. with trade retaliation

The World Trade Organization has given Mexico the go-ahead to hit the U.S. with retaliatory tariffs valued up to \$163 million per year in a long-running dispute over U.S. "dolphin-safe" labeling requirements for tuna products, according to diplomatic sources.

However, the ruling could be overturned later this year if a subsequent WTO Dispute Settlement Body (DSB) decision finds that the U.S. has brought its labeling requirements into compliance with WTO rules. According to a recent WTO notice regarding the dispute, the DSB panel reviewing the case expects to publish its final report by mid-July 2017.

During the last tariff dispute between the US and Mexico, almonds were placed on carousel tariffs. The ABC is following this issue closely to understand how this issue will affect the almond industry.

Specialty Almond Exports for Korea

The ABC recently became aware of a new registration requirement for specialty almonds such as kosher or halal that are exported to South Korea. All certifying agents must register with the South Korean Food and Drug Safety (MFDS).

There are currently only two organizations in California that are on the certification list: Orthodox Rabbinic Certifiers of San Francisco and KSA: Kosher Supervision of America. If you have questions, please contact Beth Van Meter at evanmeter@almondboard.com

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, registrants, and other commodity organizations to learn more about current and/or emerging global pesticide issues.

For more information, please contact Beth Van Meter at the ABC, evanmeter@almondboard.com.

New Chinese Pesticide Legislation

China has passed new pesticide legislation that will take effect June 1, 2017. The focus of the legislation is to modernize their pesticide registration, and enforcement for pesticide manufacturers and users. The regulation includes increased residue testing by the provinces for enforcement purposes.

The Chinese regulators are also developing an import MRL process. The lack of an import MRL process has been the major hurdle to establishing more almond MRLs in China. The proposal is to be open for comment sometime this summer.

EU Rapid Alerts Update

Almonds from the U.S. have received three Rapid Alerts from the EU since January 2017. In each of the cases, the almonds tested above the EU's aflatoxin tolerance limit.

Two of the three notifications were rejections at the import border. It appears the consignments were lower grade product which was imported without a Pre-Export Check (PEC) certificate. ABC is reviewing the notifications, and is following up with the shipper and EU authorities. ABC also liaises with FDA in those

situations where the rejected consignment is returned to the U.S.

If EU authorities see a pattern of rejections, either involving a common shipper or a common importer, they can target those companies for a higher rate of inspection. Of particular concern is ensuring EU authorities do not question the integrity of the PEC program as a result of these rejections.

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Upcoming Travel

- **May 11-20, 2017**
Emily Fleischmann and Joe Butler in Indonesia for an exploratory market assessment, including in-home interviews.
- **May 14-22, 2017**
Guangwei Huang and Nan Nan in China for SIAL China and industry meetings.
- **May 14-23, 2017**
Karen Lapsley in India for INC meeting and then to Singapore for meetings with researchers.
- **May 17-21, 2017**
Richard Waycott and Julie Adams in India for INC meeting.
- **June 5-9, 2017**
Julie Adams, Richard Waycott and an industry delegation in Washington, DC for meetings with regulators and congressional staff.

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Document #2017GTRA0012

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. The information reported in this document is correct to the best of our knowledge.

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