

ABC Global Issues Update

Round Seven of North American Free Trade Agreement Negotiations

The seventh round of the North American Free Trade Agreement (NAFTA) negotiations is scheduled to take place February 25 to March 5, in Mexico City.

Last week, the U.S. Treasury Secretary Steven Mnuchin said it was a priority for the Trump administration to renegotiate NAFTA and expressed optimism in the renegotiation. However, according to media sources, he declining to speculate on the consequences of the U.S. withdrawing from the agreement.

The early March deadline for concluding talks has been extended to at least early April, and it has been speculated that talks could last months longer. The exact dates of the eighth round have not yet been announced though it is expected to take place in late March or early April in the United States

USDA Opens New Office in Vietnam

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (USDA-APHIS) has opened a new office in Hanoi, Vietnam.

The growing agricultural trade between the United States and Vietnam has increased pest and disease risk and having in-country expertise will help ensure safe trade, according to USDA Under Secretary

Greg Ibach. The APHIS Hanoi office will maintain technical working relationships with their Vietnamese counterparts to resolve any concerns associated with the science-based standards both countries employ to prevent the introduction of animal and plant pests and diseases.

Vietnam is a \$2.5 billion-dollar agricultural export market and one of the fastest growing for U.S. farm and food products.

Fosetyl-Al/Phosphonite MRL: A Success!

The Reasoned Opinion on the fosetyl/phosphonite MRL was considered by the EU Standing Committee at the end of February. Based on information appearing on the EU Commission database, the vote was positive – MRLs are entered for the whole tree nut group (excluding coconut) are shown at 500 mg/kg based on the existing residue definition of “Fosetyl-Al (sum of fosetyl, phosphonic acid and their salts, expressed as fosetyl)”.

The next step in finalizing the MRL is for it to be reviewed by the EU Council and Parliament. The permanent MRL should come into force in around 3 months.

Japan Aflatoxin Violations Cause for Concern

Japan is continuing to see an increase in aflatoxin violations. Almonds have already experienced 5

violations since the start of 2018. There were 12 violations in 2017.

Almonds have been subject to mandatory aflatoxin testing in Japan. While the aflatoxin limit is 10 ppb total, it is based on a small sample size.

ABC is working closely with industry members to identify the types of product that have been rejected. Discussions are also underway with USDA/FAS in Tokyo to understand the Japanese testing protocol. It is anticipated that ABC staff will be meeting with Japanese authorities later this spring.

Meetings with FSSAI on Grades

ABC staff met with FSSAI in February to discuss proposed almond kernel standards. Concerns about the FSSAI standards focusing on commercial parameters were raised, since this could impact the normal trade of almonds. Many of the parameters are subjective, and would be difficult for import officials to apply in a port inspection setting.

Tariffs on Cashews to be Reduced

In the India budget released in February, the tariff on cashew imports is recommended to be reduced from 5% to 2.5%.

EU Discusses the Future of Iprodione

The European Commission Standing Committee on Pesticide Residues met on February 26th and 27th to

discuss the future Maximum residue limits of Iprodione and the phase out period for the compound.

Member states could not come to an agreement with regards to the scope of the transition period and agreed to discuss more via email and at the June meeting.

Once a final scope is agreed upon, the EU will notify the World Trade Organization of its intention to change the MRL and invite non-member countries to comment. The final vote is expected to take place shortly after the comment period closes.

EU Prepares for Retaliatory Tariffs Due to Steel

With the U.S.' announcement of tariffs on imports of steel and aluminum, several countries are reviewing what imports they might target in response. Recent reporting in *Politico* indicates that the EU is considering a list of potential products that could be targeted for a 25% retaliatory tariff if the U.S. follows through with steel and aluminum tariffs. The EU has stated that it will target commodities that will not harm European industries that rely on imports; one third of the products are anticipated to be agriculture commodities.

Based on this initial report, almonds are not on the targeted list. However, ABC will continue to monitor developments and outcomes of potential steel tariffs, and how our key global export markets might respond.

EU Delegates Learn About the PEC Program

European central government and port officials from Spain and Romania, along with a representative from the European Commission, visited California to learn more about

the Pre-Export Check program during the week of February 26, 2018.

The delegation asked many questions, presented information about their respective ports to the almond industry, and left satisfied with the many procedures in place for the PEC program.

Among the information presented by the authorities was the fact that greater scrutiny is being given to consignments that are imported without PEC certificates – the normal level of import control in Spain is 8%. European Commission authorities were also commenting on the higher number of hygiene violations that have been noted. While these violations have not been previously reported through the Rapid Alert system (which is focused on consumer health hazards), there are efforts underway to develop a parallel system that would track other types of border rejections.

ABC is working with USDA/FAS in Madrid to put on an in-country seminar that will take place in Valencia, Spain the week of April 9, 2018.

If you would like further information on the recent delegation visit, please email Beth Van Meter at evanmeter@almondboard.com

Upcoming Travel

- **March 19-22, 2018**
Julie Adams in Brussels, Belgium for European Snacks Association meetings, and follow-up consultations with the European Commission.
- **March 25-30, 2018**
Emily Fleischmann in Mumbai, India for Discussions over

Almonds event and 2018/19 planning meetings with India agencies.

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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 regulatoryissues@almondboard.com. The information reported in this document is correct to the best of our knowledge.

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