

# ABC Global Issues Update

## 2018 Farm Bill Update

The Senate's version of the 2018 Farm Bill - the [Agriculture Improvement Act of 2018](#) – passed by an overwhelming margin, 86-11, on June 28 clearing the way for negotiations to begin in July with the House.

The House Farm Bill – the [Agriculture and Nutrition Act of 2018](#) – narrowly passed along party lines, with 213 for and 211 against, on June 21. The bill that passed is relatively unchanged from the version that failed in May and includes the controversial Supplemental Nutrition Assistance Program (SNAP) work requirements.

Other differences to be addressed at conference focuses on the Conservation title. The House bill includes language eliminating the Conservation Stewardship Program and folds some of its provisions into the Environmental Quality Incentives Program and includes \$800 million in cuts to the Conservation title. The Senate version does neither.

Both the House and the Senate bills combine all agriculture trade programs under one umbrella. Funding levels for each trade program remain the same as in the current Farm Bill, although each version has additional funding within the umbrella that can be shared among some of the programs at the Secretary's discretion. The current farm bill is set to expire in September.

## Global Tariffs Update

Global trade discussions have continued between the United States and many other countries. Many

countries have implemented retaliatory tariffs in response to the tariffs imposed by the U.S. resulting from Section 232 Steel and Aluminum Case and the Section 301 Intellectual Property Case. Here is a breakdown of current tariffs on almonds:

- China – **50%**
- India – **42 rps/kg** on inshell, **120 rs/kg** on shelled (effective August 4)
- Turkey – **10%**
- Canada, Mexico, European Union – did not include almonds on their retaliatory tariffs list
- Japan and Russia – stated they will release a list but have not yet done so.

The U.S. has announced its intention to impose \$200 million in additional tariffs in response to recent Chinese actions.

## Japan Aflatoxin Rejections Continue to be a Concern

During the week of June 25<sup>th</sup>, ABC traveled to Tokyo, Japan to meet with USDA/FAS, Japanese importers, and the Ministry of Health, Labor, and Welfare (MHLW).

ABC discussed the differences in aflatoxin sampling and testing procedures between Japan and the United States. Importantly, ABC reaffirmed with the Japanese officials that the almond industry is committed to food safety and would like to partner with MHLW and the USDA/FAS to find a solution for the high aflatoxin rejections the industry is currently experiencing in Japan. Further discussions with USDA/FAS are underway.

## China Reporting Requirements

GIABC has been advised that on June 21, the new Chinese handbook on how to complete clearance documentation was issued. This is coming after China customs and CIQ have been combined. Importers can find the new 13 digital code number of the Beijing, Shanghai and Guangzhou customs websites.

## South Korea and Aflatoxin

South Korea, Japan, and Taiwan share information with regards to food safety and imports. ABC recently was advised by USDA/FAS in Seoul that South Korea is monitoring the aflatoxin rejections in Japan. As a result, South Korea has implemented mandatory inspections of California almonds. Though testing has increased, South Korea has not found any positive aflatoxin detections and no consignments have been rejected.

## European Union Organic Regulation Approved

The European Parliament and the Council of the European Union (EU) formally adopted the text of the new **Regulation on organic production and labelling of organic products**.

The Regulation is expected to be published in the EU's Official Journal and will apply from January 1, 2021.

According to a recent U.S. Department of Agriculture **report**, the biggest impact for the United States organic sector is that the EU will require trade agreements in place of the current framework of equivalence arrangements. With these regulatory changes, the U.S. equivalence

agreement would expire by January 1, 2026 – five years after the entry into force of the regulation.

### China Market Access for Almond Hulls

China customs authorities have accepted the almond industry's almond hull application for market access. The next steps in the process will be for the authorities to visit each of the exporting facilities for an audit. ABC is waiting to hear when the Chinese delegation would like to visit California – this could take place by the end of 2018. For more information please contact Beth Van Meter at [evanmeter@almondboard.com](mailto:evanmeter@almondboard.com).

### Taiwan Organic Agriculture Promotion Act

On June 11, Taiwan updated the World Trade Organization (WTO) on the status of its "Organic Agriculture Act."

The "Organic Agriculture Act" was promulgated on May 30, 2018 as the "**Organic Agriculture Promotion Act**" (in Chinese), and will come into force May 30, 2019. Taiwan first notified the WTO of the Act on December 8, 2015.

- The Act specifies the general principles, certification and verification requirements, management rules, and the penalty provisions for violations. Businesses that wish to export organic agricultural goods to Taiwan must be compliant with the following:
  - Agricultural products and production sites are certified by organizations that are recognized by Taiwan; and/or
  - Agricultural products are certified by organizations that are qualified by other countries, or WTO members, to issue certificate. Also,

international stakeholders shall obtain a product approval document issued by the central competent authority.

- Organic agricultural product labels must contain the following:
  - Product name
  - Ingredients
  - The name, address, contact number of international stakeholder
  - Country of origin
  - Verifying organization
  - Certificate number
  - Other items required by the authority

### Upcoming Travel

- **July 9-14, 2018**  
Emily Fleischmann in India for agency RFP meetings.
- **July 10-13, 2018.**  
Julie Adams in Washington, DC for USAEDC meetings.
- **July 31- August 3, 2018.**  
Julie Adams in China for industry conference.

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