

ABC Global Update

Almonds Receive Agriculture Trade Promotion Program Funding

On January 31, The U.S. Department of Agriculture (USDA) announced recipients for the Agricultural Trade Promotion (ATP) program funding. The Almond Board of California was awarded \$3,185,690.

The ATP program totaling \$200 million, is one of the three USDA programs created to mitigate the effects of trade retaliation on U.S. agriculture.

Eligible almond growers are also able to access Market Facilitation Program funds. Applications can be submitted until February 14, 2019, to local Farm Service Agency offices.

Farm Bill Programs now being Implemented

The USDA's farm bill working group has set implementation priorities for implementing the farm bill. They include the Dairy Margin Coverage, the Environmental Quality Incentives Program and \$260 million a year in overseas marketing initiatives for agricultural products.

List of Legal Changes Required for USMCA

U.S. Trade Representative Robert Lighthizer on January 29 **submitted** to Congress the changes to existing laws that will be required to bring the U.S. into compliance with obligations made under the U.S.-Mexico-Canada Agreement (USMCA).

The list was submitted as required under the Trade Promotion Authority within 60 days of signature.

USTR's list focuses heavily on the required changes to U.S. rules of origin. Additionally, the list discusses tariff treatment and tariff-rate quotas, duty drawback, a special agricultural safeguard, government procurement, dispute settlement in antidumping and countervailing duties, trade remedy duty evasion, temporary entry, express shipments, and the transition from NAFTA to USMCA.

The process for implementing USMCA has been slowed by the government shutdown and due to the U.S. International Trade Commission delaying the completion of its analysis on the economic effects of USMCA.

The ITC report was scheduled to be released on March 15. However, it is expected that the delay in the ITC investigation will be as long as the government shutdown – 35 days – putting the new release date for the USMCA report in early May 2019.

Japanese Aflatoxin Rejections Continue to be an Issue

Increased import testing in Japan is continuing to result in increased rejections of almonds. Under the Ministry of Health, Labor and Welfare (MHLW) procedures, import violations can move a country from 5% to a 30% level of inspection. Further violations can result in an inspection order, requiring port officials to hold shipments until testing is completed – almonds are under this “test and hold” requirement.

ABC is working closely with the USDA/FAS office in Tokyo to engage with MHLW regarding differences in testing methodology as well as procedures for retesting and/or reconditioning a consignment (not currently allowed). Efforts are also

being made to invite a delegation to the U.S. to see almond production practices.

WTO Dispute Settlement Body to Establish Panels to Assess U.S.-China 301; Turkey-US Retaliatory Tariff Disputes

At the most recent **meeting** of the Dispute Settlement Body (DSB) on January 28, the DSB agreed to establish panels to address US Section 301 tariffs and Turkey's additional duties imposed on a number of U.S. products as a response to the U.S. Section 232 steel and aluminum tariffs.

China submitted its second request for the establishment of a World Trade Organization (WTO) panel to address the U.S. Section 301 tariffs. The U.S. blocked China's first request at the December 18 DSB meeting, but it cannot block a second request. China is making the second request due to *“the urgency of this dispute, which continues to damage China's legitimate economic and trade interests as well as the rules-based multilateral trading system.”* The U.S. said China was damaging the international trading system through its trade-distorting forced technology transfer policies and that China is seeking to use the dispute settlement system as a shield for a broad range of trade-distorting policies and practices not covered by WTO rules.

The U.S. submitted its second request regarding Turkey, maintaining that the steel and aluminum tariffs were imposed to address a threat to national security, therefore justified under Article XXI of the GATT, and that Turkey and other WTO members levying retaliatory tariffs against the U.S. undermine

WTO rules by calling the U.S. measures safeguards. Turkey reiterated that the steel and aluminum tariffs were to protect U.S. producers from the competitive effects of imports and not based on national security concerns.

Rovral® (Iprodione) EU Status

In January, the EU officially notified that the lower default maximum residue limit (MRL) of 0.01 ppm for iprodione will take effect **July 31, 2019**.

Any food item found to exceed the limit after July 30, 2019, is considered adulterated (even if it was produced/imported when the higher MRL was still in effect). To date, the ABC residue testing program regularly finds only a small number of samples that exceed 0.01 ppm for iprodione. But due to limited information, advice on how best to reduce the residues is not available. ABC will continue to monitor the situation.

British Prime Minister Forced to Reopen EU Withdrawal Negotiations

On January 29, the British Parliament took up a number of proposed Brexit amendments, including one to delay Brexit. The amendment sought to give parliament the power to legislate a delay in leaving the EU but was ultimately rejected by 23 votes.

Prime Minister May has long insisted that renegotiating the withdrawal agreement is not an option; however, May has now promised her supporters that she will seek to negotiate either an exit mechanism or a time limit for the Irish backstop (which has to do with customs borders with Northern Ireland).

The EU has already rejected both possibilities. After the vote, President of the European Council Donald Tusk said the withdrawal deal is "not open for re-negotiation" and "remains the best and only way to ensure an

orderly withdrawal of the United Kingdom from the European Union."

South Korea Transitions to New MRL System

On January 1, 2019, the Korean Ministry of Food and Drug Safety (MFDS) implemented its positive list system for maximum residue limits (MRLs) for all crops.

Korea has been working towards moving to a positive list system since 2011. In 2016 it was implemented for nuts, seeds, and tropical fruits.

Under the positive list system, only MRLs that have been established or temporarily established are in effect. In October 2018, ahead of the new system's implementation, the Korean government temporarily established hundreds of MRLs in order to avoid potential trade disruptions due to missing MRLs.

The temporary MRLs are set to expire on **December 31, 2021**, if no submission for a permanent MRL is made.

ABC has been working with Korean authorities and registrants since the positive list went into effect for almonds/tree nuts, to ensure any relevant compounds were addressed. Moving forward, ABC will continue to engage with authorities and registrants to address and outstanding MRLs. After 2021, Korea will no longer defer to Codex, nor will it use its previous system for determining an MRL for a particular pesticide on a specified commodity.

South Korea Revising Test Methods for Pesticides

On February 1, Korea **notified** the World Trade Organization (WTO) of [Proposed Amendments to the Standards and Specifications for Food](#).

Korea is revising its general test methods to expand the target residues for the multiresidue method

for the analysis of multiclass pesticides in agricultural products.

The final date for comments is April 2, 2019.

Don't Forget: Two AgTC Shipper Workshops in February

The AgTC will be organizing its annual California regional workshops in February, co-sponsored by the Almond Board. Following are the confirmed dates:

- Sacramento -- Tues. February 19
- Fresno -- Wed. February 20

The workshops provide an opportunity for candid discussions about current shipping concerns. The meetings are open to all agriculture and forest products exporters and their service providers.

The workshops will be held from 9:30 - 2:00 pm, including a Working Lunch. The cost is \$45 for members, \$145 for non-members.

[Click Here](#) to reserve your spot!

Upcoming Travel

- **February 11-15, 2019**
Julie Adams and Richard Waycott in Delhi, India for the annual India Trade Conference and meetings with government authorities.
- **February 17-21, 2019**
Julie Adams, Richard Waycott, and Sudarshan Mazumdar in Dubai, UAE at the Gulfoods trade exhibition.
- **February 19-March 1, 2019**
Swati Kalgaonkar in India to meet with researchers regarding ABC-funded programs.

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