

ABC Global Update

USTR Releases Negotiation Objectives for U.S.-UK Trade Deal

The Office of the U.S. Trade Representative (USTR) published its summary of [negotiating objectives](#) for a potential United States-United Kingdom (UK) trade agreement on February 28, 2019.

The list of objectives is almost identical to those established for trade talks with the European Union (EU), with the exception to the sections on intellectual property and anti-corruption.

Under the Trade Promotion Authority law, formal negotiations are allowed to begin 30 days after USTR releases its negotiating objectives, or on March 30, 2019.

However, the UK will be subject to the terms of their EU exit – which could establish a transition period during which time they could not enter into formal trade negotiations. The UK is currently slated to leave on March 29; however, the British Parliament could vote to push back the date if a Withdrawal Agreement has not been passed.

U.S.-China Talks Extended; Tariff Increase Delayed

The Trump administration has delayed U.S. tariff increase on \$200 billion worth of Chinese imports until further notice, citing substantial progress in recent negotiations.

While China has announced it will purchase more ag commodities, it is still unknown which crops will see tariff levels reduced – particularly crops like almonds, which were subject to the initial round of retaliatory tariffs last spring.

Six memorandums of understanding (MoUs) are still being sketched out, with enforceability being a key aspect of the talks. USTR Robert Lighthizer has outlined a multi-tiered consultation process that would serve as an enforcement mechanism and allow U.S. companies to bring forth complaints. As proposed, there would be monthly meetings at the director level, quarterly meetings at the vice-ministerial level, and semi-annual meetings at the ministerial level to resolve bilateral issues.

2019 Continues with No EU Aflatoxin Rejections to Date

Upcoming meetings with the European Commission in March will likely focus on the positive situation of no 2019 California almond aflatoxin rejections in Europe. The request has been made to return almonds shipped under the PEC program to < 1% import inspection as specified under EU legislation; it is anticipated this request could be taken up in Spring.

It has been difficult to obtain “real” data on the number of consignments received, pulled, and analyzed by individual Member States; unlike animal products, there is currently no system in place to track this data on an EU-wide level. However, that could change in the next few years when the EU rolls out an import reporting system for plant-based products. ABC staff hope to gather more information on this system this month, while in the EU.

Uncertainty on When Reprocessing in Europe is Allowed

Industry members have relayed numerous examples of consignments detained or rejected in Europe where were not then allowed to be

reprocessed, despite the fact that this is allowed by EU legislation. ABC will be meeting with the European Commission about needed updates to European Guidance that outlines how reprocessing procedures are to be carried out. Over the next months, it is anticipated that ABC staff will be prioritizing procedures in three EU markets: Netherlands, Spain and Italy. For more information, please contact Julie Adams or Geoff Bogart.

U.S. Wins WTO Dispute with China over Agricultural Subsidies

In a [dispute](#) between the U.S. and China, a WTO dispute settlement panel determined on February 28 that China was incorrectly calculating its domestic support for wheat, Indica rice, and Japonica rice.

The U.S. claimed that China exceeded its allowed amount of agricultural subsidies through domestic support, in the form of market price supports (MPS), for producers of wheat, Indica rice, Japonica rice and corn in 2012, 2013, 2014, and 2015. The panel agreed with the U.S. claim for all products except corn. The panel found that the measure the U.S. was contesting with regard to corn had ended by the time the U.S. initiated the WTO dispute in September 2016.

Agricultural domestic support has long been an issue for many WTO members, and negotiations on agricultural domestic support have been stalled at the WTO because the U.S. has linked any cuts to its programs to China reducing its domestic support. This case could help break the deadlock in the WTO negotiations as well as give the U.S. more power to address China’s unfair

trading practices under the ongoing trade talks.

Russia to Adopt New Organic Law

On January 1, 2020, Russian Federal Law No. 280-FZ "[On Organic Products and Amendments to Certain Legislative Acts of the Russian Federation](#)" will enter into force.

The new law will begin to regulate the manufacturing, labeling, storage, transportation, and marketing of organic products. This law is the first to specifically address issues pertaining to agricultural food production, sale, and marketing; however, it does not specifically address the importation of organic products.

USTR Releases Trade Policy Agenda for 2019

On March 1, the Office of the U.S. Trade Representative (USTR) released its [2019 Trade Policy Agenda and 2018 Annual Report](#).

The trade policy agenda advises that in 2019, the Trump administration will continue pursuing new trade deals – including the launch of new trade negotiations with Japan, the European Union, and the United Kingdom, deepen trade with Kenya through a trade and investment working group, and continue to enforce U.S. laws and trading rights through the monitoring of trade agreements, engagement in multilateral organizations such as formal challenges at the WTO, and action under U.S. trade laws.

Impact Report on USMCA Delayed

Due to a lapse in government funding, the International Trade Commission (ITC) has changed the date for transmittal of its report on the likely impact of the United States-Mexico-Canada Agreement (USMCA) on the U.S. economy, on selected industry

sectors, and on U.S. consumer interests.

The ITC will transmit its report to the President and Congress no later than 140 days, rather than 105 days, thus shifting the deadline to April 18, 2019.

European Parliament Trade Committee Endorses EU-U.S. Negotiation Mandates

The European Parliament Trade Committee on February 19, 2019 endorsed the mandate to start EU-U.S. trade talks and set conditions on the conclusion of a deal.

A trade agreement between the EU and the U.S. can be completed based on the current [draft negotiating mandates](#) if the following conditions are met:

- The U.S. lifts tariffs on steel and aluminum.
- Comprehensive consultation process and a sustainability impact assessment are carried out.
- Auto and auto tariffs are included in the talks; and agriculture is excluded from the talks.
- There is more clarity on how rules of origin (which lock in how much of the value of a product must be created locally for trade preferences) are handled during the talks.
- Talks will be suspended if the U.S. levies more tariffs.

The European Parliament will vote on the mandates in March 2019.

Upcoming Codex Alimentarius Commission Meetings

The U.S. Codex Office is sponsoring public meetings which will provide information and receive public comments on agenda items and draft U.S. positions to be discussed at the following upcoming Codex sessions:

- [Meeting of the Codex Committee on Pesticide Residues](#) on March 7, 2019;
- [Meeting of the Codex Committee on Contaminants in Food](#) on April 1, 2019; and
- [Meeting of the Codex Committee on Methods of Analysis and Sampling](#) on May 6, 2019.

Gabriele Ludwig will be attending the Codex Committee on Pesticide Residues (CCPR) will take place in Macau from April 8-13, 2019, as a representative of the INC. Issues to be discussed include proposed MRLs for pesticides in food and feed as well as a revision of the classification of food and feed.

The Codex Committee on Contaminants in Foods (CCCF) will take place in Indonesia from April 29 to May 3, 2019. Current issues include prevention and reduction of lead contamination in foods and general guidance on data analysis for maximum level (ML) development.

ABC staff will be looking at the agenda for the Codex Committee on Methods of Analysis (CCMAS), which will take place in Hungary from May 27-31, 2019. Given ongoing questions about the equivalence of sampling plans (e.g. in Japan), there could be benefits to following the discussions regarding a revision of the general guidelines on sampling.

Upcoming Travel

- **March 18-22, 2019**
Julie Adams and Geoff Bogart in Europe for European Snack Association and FRUCOM meetings, and to meet with EU/Member State authorities.

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