

ABC Global Update

U.S.-Japan Trade Agreement Enters into Force

The recently agreed U.S.-Japan Trade Agreement went into force on January 1, after it was ratified by the Japanese Diet and signed by President Trump.

The agreement will lower or eliminate Japanese tariffs on U.S. products including almonds. The specific tariff rates and reduction schedules are available in [Japan's tariff schedule](#) under the agreement.

For almonds, tariffs on in-shell and shelled will be reduced to 0% upon implementation. Almond meal will be reduced from 15% to 10%, reaching zero after five years. Almond paste, previously at 25%, will gradually reduce to zero over a ten-year period.

China Phase 1 Agreement to Be Signed this Month

The Phase 1 agreement with China will be signed in DC on January 15. Limited information has been provided on the details of the agreement; while it is reported that China has committed to additional purchases of agricultural products from the U.S., there has been no information regarding which ag commodities are likely to see increases.

Once the agreement is signed, ABC will be reviewing the details to determine the elements relevant to almonds, including the

status of market access for pelletized almond hulls.

China Lowers MFN Tariff Rates

China has also **announced** (in Chinese) reductions to **some tariff rates** (in Chinese), effective from January 1, 2020.. These reductions apply to all countries where no bilateral agreement exists.

In terms of almonds, the tariff on inshell almonds had been "temporarily" reduced to 10% several years ago. This announcement will formally reduce the tariff from **24% to 10%**.

HOWEVER, there is no reduction in the retaliatory tariffs which are currently in place on U.S. products. Shelled and inshell almonds continue to be at a 60% tariff.

Under the Australia-China Free Trade Agreement, Australian almonds (inshell and kernels) enter China at a 0% tariff.

UK House of Commons Approves Brexit Deal

On December 20, the UK House of Commons approved Prime Minister Boris Johnson's proposed Brexit deal. A similar proposal was previously rejected but was re-introduced after a general election gave the Conservative Party a majority in Parliament.

This Brexit deal will have the UK exit the EU on January 31, 2020, and institute a transition period

lasting until December 31, 2020 during which time the UK and the EU will negotiate a trade agreement.

The European Union and the UK House of Lords still need to vote on the agreement. Both are expected to approve the deal.

If this moves forward, the UK will continue to be part of the Customs Union and subject to EU regulations during the transition period.

House of Representatives Approves USMCA

On December 19, the House of Representatives overwhelmingly approved the revised USMCA deal. The Senate Finance Committee gave its approval on Tuesday, January 7, but up to six other committees may need to approve the agreement before it can go to the full Senate for vote. Those committees would have 15 days to act before the agreement would be sent to the full Senate for consideration. The original intent was to take up the agreement after the impeachment trial, but if that is delayed, it could be taken up before.

All three participating countries' legislatures must ratify the agreement for it to enter into force. Mexico has already ratified the agreement, while Canada is expected to vote in January.

Unofficial Translation of Chinese Proposed Labeling Regulations Available

In early December, the Chinese State Administration for Market Administration (SAMR) notified the WTO of draft regulations for food labelling. An unofficial translation of the proposed regulations.

The regulations include the general requirements and principles for food labelling (Chapter 11), such as required size, fonts, colors, language, and manufacturer information.

Chapter III contains more detailed requirements for food labelling and ingredient lists. Among other requirements, it includes the format for manufacturer information (Article 20) and date marking (Article 21).

Chapter III, Articles 27-29 cover labelling of food additives, genetically modified foods, and irradiated foods, respectively.

Improved Crop Quality Leads to fewer Rejections for Aflatoxins in Calendar 2019

In 2019, California almonds recorded **12** EU Rapid Alert rejections for aflatoxin levels exceeding established tolerances. This was a 62 % decrease from the 2018 crop that had a record **32** rejections. Improved crop quality and less insect damage this past year were factors in the drop.

Recognizing the improved crop quality, in September the EU directed competent authorities in member states to return to the less than one percent inspection protocol for California almonds.

In Europe, ABC has focused its educational outreach efforts in Spain and Italy where all of the 2019 aflatoxin rejections were registered. This included visits to port health officials in Valencia, Barcelona and Naples to review the PEC program and the quality control measures taken. With funding support from USDA, ABC will be hosting workshops in these cities this Spring to review in greater detail the PEC program, as well as sampling methods and industry updates.

Looking to the Pacific, Japanese health authorities rejected **28** consignments in 2019, which also represented a significant drop from the **47** consignments denied entry in 2018.

While the improvement is noteworthy, ABC remains very concerned about the 100% inspection order and the sampling methods used in Japan which lead to high numbers of rejections. ABC is continuing to raise these concerns with USDA officials in Washington and Tokyo, since addressing the situation must be done on a government-to-government level.

Upcoming Travel

- **January 17-20, 2020**
Richard Waycott and Julie Adams in Orlando, FL for Peanut and Tree Nut Processors Association Convention.
- **February 10-14, 2020**
Julie Adams and Richard Waycott in Delhi, India for the annual India Trade Conference and meetings with government authorities.
- **February 17-20, 2020**
Julie Adams, Richard Waycott, and Sudarshan Mazumdar in Dubai, UAE at the Gulfoods trade exhibition.

Staff Contacts:

Julie: jadams@almondboard.com
Gabriele: gludwig@almondboard.com
Geoffrey: gbogart@almondboard.com
Jesse: jroseman@almondboard.com
Bunnie: bibrahim@almondboard.com