



ABC GLOBAL UPDATE

March 2020

USDA Report Provides Translation of Chinese Tariff Exclusion Process

China has announced it will accept Section 301 tariff exclusion applications from Chinese companies starting on March 2.

ABC has disseminated a bi-lingual memo to industry members outlining the process, which can be shared with trade contacts in China. USDA/FAS also released a [USDA GAIN Report](#) on the process which provides further details and a translation of the application instructions.

Tariff exclusions will be granted only to individual applicants and tied to a specific product and import quantity. They **will not** apply to other imports of the same products or imports in excess of the quantity.

Almond shippers are encouraged to work with their Chinese customers to apply for the exclusion. Successful applicants will receive a company-specific exclusion number to be used on customs declarations – the tariff rate that will apply to these consignments of California almond kernels and inshell is **25%**, rather than the current 55%.

China Introduces Emergency Customs Measures

Chinese ports and customs officials have implemented temporary measures at ports of entry and customs checks to control the coronavirus epidemic.

However, these measures vary between jurisdictions, according to [Chinese General Administration of Customs announcements](#) (in Chinese).

In order to reduce person-to-person contact, the consignor and consignee are no longer required to be present at the site of a customs inspection, and all communication should be conducted online, according to a February 11 [customs announcement](#) (in Chinese).

Lanzhou, a major trading hub in Northwest China, has prioritized shipments of perishable products and will not process any enterprise registration changes until the state of emergency is lifted. It is not clear whether other customs points have done the same.

Market Access for Pelletized and/or Cubed Almond Hulls

Market access for pelletized/cubed almond hulls is included under the U.S.-China Phase One agreement, contingent on an on-site visit to California by Chinese authorities followed by agreement of the import protocol.

Given the current limitations on travel due to the coronavirus, ABC is currently working closely with USDA/APHIS to identify and recommend an alternative to an on-site visit which meets timeline obligations and is consistent with the spirit of the Phase One agreement – but which reflects health and safety guidance. It is anticipated that final decisions on

the way forward will be agreed to shortly.

USTR Establishes U.S.-China Agreement Compliance Office

The office of the U.S. Trade Representative is establishing a [Bilateral Evaluation and Dispute Resolution Office](#) which will work with China to ensure compliance of the [Phase One U.S.-China trade agreement](#).

The Phase One agreement entered into force on February 14.

European Port Seminars Delayed

Plans were underway for workshops to be held with Port officials in Spain and Italy focusing on the Pre-Export Check (PEC) program for California almonds. There has been broad support among port authorities for the sessions, which were scheduled to be held at the beginning of April in Naples, Barcelona and Valencia.

Given current travel limitations, the decision has been made to postpone the workshops. ABC will be working with USDA/FAS as well as authorities in Spain and Italy to identify new dates.

No U.S.-India Deal at Meeting; Talks to Continue

Negotiations for a partial trade deal between the U.S. and India, similar to the U.S.-China Phase One agreement, did not move forward as anticipated prior to or

during the recent Trump-Modi summit in India.

Reports were that the agreement would focus on medical devices and limited ag commodities, however, nothing materialized. One concern is India's trend towards protectionism which could limit their willingness to make trade concessions.

It is anticipated that negotiations on a bilateral trade agreement will continue, but no specific timing has been announced.

U.K. and EU Negotiations Underway

Britain and the EU are working out their future trade agreement, however, both sides are "digging in" ahead of the next round of negotiations on March 18.

Among the difficulties is the EU insistence that the U.K. agree to close alignment with EU regulations. The tight timetable specifies finalizing a trade agreement by December 31.

Meantime, the U.S. and U.K. continue their negotiations, but have already hit snags over chlorine-washed chicken and hormone-fed beef – with the U.K. stating it "will not compromise high environmental protection, animal welfare, or food standards."

U.K. to Introduce Import Controls and VAT for EU Products in 2021

The U.K. government confirmed that it will introduce import controls, including phytosanitary regulations, and charge a value-added tax on imports from the European Union starting on January 1, 2021.

ABC is watching to see how this may affect the almond market in the U.K. The U.K. imports approximately 44% of its almonds from the EU, mostly Spain. U.S.

direct imports account for about 52% of imports and Australia the remaining 4%.

It is not clear how new import controls will apply to Northern Ireland, where special provisions exist to prevent a hard border with Ireland.

Government of Oman Now Requiring Consignments Have a Pesticide Residue Analysis Certificate

The Government of Oman is enforcing the requirement of a **pesticide residue analysis certificate** for all fresh fruit and vegetables for each shipment which states the goods are in compliance with Codex Maximum Residue Levels (MRL) or with tolerances established in the European Union (EU).

The U.S. Foreign Agricultural Service at the Embassy in Muscat has notified ABC that a **GAP certificate will be accepted in lieu of a residue analysis certificate** as an alternative to the certificate of laboratory analysis. Oman authorities will accept fresh fruit and vegetable consignments that are accompanied by a Good Agricultural Practices (GAP) certificate from all production facilities where the goods have been sourced. For more information, contact: gbogart@almondboard.com.

With Almond Shipments to Morocco on the Rise, Consignments Experience Delays at Ports

January 1, 2020 marked the full implementation of the U.S./Morocco Free Trade Agreement, with all remaining tariffs on almonds dropping to zero. The growing north African economy has become a hub for food manufacturing, and a

commercial gateway to the rest of Africa. It should be no surprise that U.S. almond shipments to Morocco in the current crop year are up almost 250% from the same period last crop year, showing almost 10 million pounds in the January Position Report.

In recent weeks, handlers have reported that consignments have been held up at the ports of Casablanca and Amandes for lack of proper documentation. Certificates of Origin get misplaced, and in some instances, USDA inspection certificates are being required (non-compulsory).

The USDA/Foreign Agricultural Service in Rabat is aware of the situation and has been assisting importers as needed to get consignments released.

Handlers who experience delays or have problems in Morocco, should contact ABC Principal Specialist Geoffrey Bogart at gbogart@almondboard.com

Upcoming Travel and Events

ABC is closely following global spread of the coronavirus, and its impact on market development programs.

For the current time, ABC is limiting international travel by staff to the extent possible, and in line with guidelines issued by CDC and U.S. State Department.

Staff is working closely with industry association partners and stakeholders in other markets to maintain our trade relationships and ensure there is limited impact on engagement efforts.

Staff Contacts:

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