



ABC GLOBAL UPDATE

June 2020

President Trump Announcement Threatens Revocation of Hong Kong Special Status

On May 29, President Trump announced that the U.S. will revoke Hong Kong's special trade status and stop treating it as a customs union separate from China. If this moves ahead, it will mean the city will be subject to the same U.S. import tariffs and export requirements as mainland China.

Earlier in the day, officials in Beijing stressed that China would impose countermeasures on the U.S. if President Trump moved forward with the anticipated action on Hong Kong.

At this point, the U.S. has not moved ahead with any action related to Hong Kong's status.

Attention is also on the status of the U.S.-China Phase One trade agreement, particularly as the rhetoric intensifies concerning whether or not China will meet its purchase commitments.

China Market Access for Pelletized/Cubed Almond Hulls

As mentioned in the May Global Update, a protocol was signed between USDA/APHIS and China's Customs Authority (GACC) opening the market in China for pelletized/cubed almond hulls.

APHIS has submitted to GACC a list of the first group of facilities that have been certified to export. Before companies can export, however, pelletized/cubed almond hulls must be listed in the Feed Ingredients Catalogue of the Ministry of Agriculture and Rural Affairs (MARA). ABC is working with the USDA's Foreign Agricultural Service

(FAS) in Beijing and others to see that pelletized/cubed hulls get listed. ABC is also confirming import licensing/registration requirements with MARA which must be done through an Agency (importer) in China. ABC will provide an update as soon as available.

General questions can be directed to Geoff Bogart at gbogart@almondboard.com. For information specific to facility inspection and certification to export pelletized/cubed almond hulls, please contact Paul Vanderhorst with the APHIS office in Sacramento paul.j.vanderhorst@usda.gov.

Clearly, there is considerable interest in market access for bulk shipments of almond hulls. ABC has been discussing this with USDA and U.S. trade negotiators to ensure almond hulls are part of upcoming Phase Two discussions with China.

Vietnam Lowers Tariff on In-shell Almonds

Vietnam's Prime Minister signed Decree 57 on May 25, 2020, revising Decree 125/2017, which is the final approval for a number of agricultural product MFN tariff reductions.

These tariffs go into effect in 45 days, or on July 10, 2020. **In-shell almonds** were included, and as of July 10, the tariff will be **lowered to ten percent**, equaling the tariff on shelled almonds.

Aflatoxin Rejection in the EU and Japan

As we hit the halfway mark in the calendar year, the EU has reported only **four** Rapid Alerts (only one of which was a border rejection, issued

by Spain). Two aflatoxin rejections were self-reported by the end users after importation in Netherlands and Belgium; one was a self-reported salmonella notification in Germany which was treated (blanched).

Japan's aflatoxin policy continues to be a problem, particularly the policy of a 100% level of import inspection. To date, there have been **eight** rejections. It is important to note that these rejections constitute **less than 1% of total Japanese imports**. Rejected consignments must be returned to the U.S. and there is currently no authorization to re-sort or re-process in Japan.

ABC is working with an internal industry task force and the USDA/FAS in Washington, DC and Tokyo regarding a more effective Japan strategy to address this and other issues including Japan's sampling and inspection protocols.

Pesticide Attention is Increasing on a Global Level

In markets around the world, attention on pesticide issues is increasing. ABC has been providing comments on maximum residue limits (MRLs) that are being proposed, particularly where we are seeing the limits are not harmonized with global limits or are not risk-based provisions

One concern was seeing that a recent India's MRL notification included proposed cancellations based on hazard criteria; for example, if listed as an endocrine disrupter by the U.S. or EU. Thailand has banned the use of chlorpyrifos and paraquat with planned enforcement of June 1, 2020. Vietnam plans to phase out the use of glyphosate as of June 30, 2021. Another ongoing area of concern has to do with *channels of trade*

provisions – in effect, where a commodity might be considered in violation of MRLs that have been adjusted/reduced, even if they were in compliance at the time they were applied. This is a major issue in the EU and may spread with the changes planned by Vietnam and Thailand.

Europe’s Green Deal – Challenge and Opportunity

ABC is working closely with key partners in Europe, including FRUCOM and the European Snacks Association, in monitoring the EU’s launch of its Green Deal which outlines priorities including a sustainable food supply, the circular economy, and biodiversity. While many of the goals identified are “aspirational” rather than regulatory, the philosophy is being driven from an EU Commission level and is being reflected in other EU activities, including trade agreements.

Korea Proposes Revisions to Food Labeling Standards

Korea’s Ministry of Food and Drug Safety (MFDS) recently **notified** the WTO of **proposed revisions** (in Korean) to its Labeling Standards for Foods.

According to the notice, the main changes address: 1) requirements regarding the identification of packaging material on subdivided or repackaged food; 2) specifications for the use of the term “decaffeinated” on tea products; 3) labeling rules for blended soy sauce; and 4) required labeling information for food additives.

Comments can be submitted to MFDS within 60 days of notification at intmfds@korea.kr. No date of adoption or entry into force has been given.

Saudi Arabia Announces Tariff Increases

Saudi Arabia recently **announced** it is increasing tariffs on a wide range of products effective June 10, 2020.

Almonds **are not** included in the product list.

Notably, in May Saudi Arabia also **announced** it will be increasing its value-added tax (VAT) as of July 1, 2020 from 5% to 15%). These steps are taken to support the government’s budget in the wake of the Covid-19 pandemic and lower global oil prices.

Upcoming Travel and Events

ABC Life is slowly returning to “normal” – or at least some semblance of normal! The Almond Board office is phasing in its reopening; many staff continue to work from home, but several individuals are part of the returning “first wave.” All meetings continue to be virtual, and non-ABC staff are not allowed in the office. Since international travel is not possible, we continue to leverage our industry association partners and stakeholders in other markets to maintain our trade relationships and ensure there is limited impact on engagement efforts.

Don’t hesitate to reach out if you need assistance with anything – or if you just want to hear a friendly voice!

ABC Website Relaunch Underway!

ABC is in the process of relaunching its website. For GTRA, we are looking at opportunities to include more statistics, tariff information, market profiles, etc. We welcome your input and suggestions for what we can include that will support your activities!

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*Farewell to Martin Pohl,
Our Friend, Mentor, Leader....
You will be missed!*

We join the entire almond industry in expressing sadness over the passing of Martin Pohl and send our deepest sympathies to his family. Martin had been a keen supporter of the almond industry, never hesitating to offer his experience, advice, and leadership. Martin chaired the Technical Regulatory Affairs Committee for more than 8 years, representing almond interests and promoting its values with stakeholders, regulators and policymakers around the world.

