



# ABC GLOBAL UPDATE

October 2020

## 2020 Shaping up to be Year for Lower Aflatoxin Rejections

As the California almond industry heads into the last quarter of calendar year 2020, every indication is that it will finish with fewer Aflatoxin border rejections than the past two years.

The lower insect damage and overall improved crop quality which brought almonds back to the less than one percent inspection regiment for the PEC program in the EU in fall 2019, have played a role. There have been five border rejections thus far compared to 11 at the same juncture last year. A rejected consignment can cost thousands of dollars to reprocess or return to the US, so fewer rejections mean fewer headaches and unexpected expenses for shippers.

ABC staff have been cooperating with EU ports and the Foreign Ag Service, explaining origin procedures, and highlighting where problems continue to be identified.

With 12 rejections in Japan, compared to 23 at the same time last year, Japan is also looking up. But Japan continues to follow a 100% inspection regime with no clear rationale. ABC has been working with FAS in Tokyo and Washington, DC to find a solution to the situation, and how to progress discussions with Japanese authorities.

## China Releases Draft of New Standards for Nutrition Labels on Prepackaged Foods

China notified the WTO of draft General Rules for Nutrition Labeling of Prepackaged Foods (in Chinese).

The new standard replaces GB 28050-2011, *Standard for Nutritional Labeling of Prepackaged Foods*.

Products that remain exempt from mandatory nutritional labeling include fresh, prepackaged food derived from agricultural primary products. Any nutritional labeling that is voluntarily provided must comply with the regulation.

Based on an informal translation, changes from the current standards include:

- Bulk and ready-made foods are exempt from mandatory nutrition labeling (Item 7)
- The nutritional label format has been modified
- The allowable error range for Vitamins D and A is set at 80% of the declared value (versus the current range of 80% to 180%)
- Some modifications have been made to nutrient reference values (NRV)
- A definition is added for “energy”, “nutrients”, “nutritional ingredients”, and “serving reference value”

Comments are due by November 13, 2020. China has not published an implementation date.

## Mexico Front of Pack Warning Labels to Enter into Force

On October 1, 2020, Mexico began implementing front of pack (FOP) nutrition warning labels, with a grace-period extending through November 30, 2020.

The labels consist of a mandatory FOP octagon (“stop sign”) warning label are required for pre-packaged

food and beverages deemed to include excess calories, sugars, saturated fat, trans fat, sodium and/or presence of sweeteners.

Starting on April 1, 2021, products with warning labels are not permitted to use packaging with elements directed towards children including characters, games, celebrities, athletes, etc.

Details about the new requirements, including specific nutritional thresholds for labeling and product exemptions, are included in a USDA GAIN report.

## USDA Announces a Second CFAP Program

The USDA recently announced an additional \$14 billion in COVID-19 related relief for agricultural producers under a new Coronavirus Food Assistance Program (CFAP 2). Details can be found at <https://www.farmers.gov/cfap>.

Sign up for CFAP 2 began on September 21, 2020 and extends through December 11, 2020.

CFAP 1 accepted applications from May 26, 2020 through September 11, 2020 for most producers and October 9, 2020 for producers in certain locations impacted by natural disasters.

Most specialty crops, including almonds, walnuts, pistachios, cherries, grapes, etc. are eligible for funding as sales commodities under CFAP 2. ABC and the AAC in cooperation with Farm Services Agency, recently hosted a webinar for almond growers.

Sales commodities payments will be equal to the amount of the producer’s eligible sales in calendar year 2019,

based on a sliding scale multiplied by a percentage payment factor ranging from 8.8 to 10.6 percent dependent on sales range determined by a declining block format.

For information on the program, a fact sheet, and the video presentation: <https://www.almonds.com/tools-and-resources/grower-tools/COVID-19-resources-for-almond-growers>

**USDA Releases Report on EU Tree Nut Market**

USDA recently released its annual **GAIN report** on the EU tree nut market, emphasizing the importance of the U.S. as a supplier to the EU.

In all, the U.S. represents 41% of all tree nut imports to the EU-28, with 24% of those imports consisting of almonds. In 2019, the EU imported nearly \$1.8 billion in U.S. almonds.

According to the report, COVID-19 confinement measures increased the demand for tree nuts as a healthy snack and baking ingredient. The USDA predicts that demand this fall, traditionally peak tree nut demand season, will suggest whether the new demand levels will continue in the long-term.

**FDA Releases New Rule to Advance Traceability of Foods**

The U.S. Food and Drug Administration (FDA) **announced** a **new rule**, *Requirements for Additional Traceability Records for Certain Foods* which implements

section 204 of the Food Safety Modernization Act (FSMA) to harmonize and standardize record-keeping for food traceability. FDA also released a draft **Food Traceability List (FTL)** of high-risk foods to which the rule will apply.

The requirements would be mandatory for persons that manufacture, process, pack, or hold foods on the FTL and voluntary compliance is encouraged for all FDA-regulated food products. While almonds are not listed, ***all nut butters are subject to the new requirements.***

Comments are due by January 21, 2021.

**November 3 Election: More than just the Race for the Presidency!**

While the focus is on the presidential race, there are many key races to watch in the House and Senate. For instance, for California voters, former Congressman David Valedao (R) is seeking to take his seat back from Congressman TJ Cox (D-21).

Another House race to watch is that of Colin Peterson (D-MN) who is the current chair of the House Agriculture Committee. The Ag Committee oversees the Farm Bill, which includes global market development funds as well as grower incentive programs.

And let's not forget the Senate, where there are numerous races rated as tossups. Will the majority flip?

With the impact of COVID-19 and the impact to the U.S. economy as well as the current trade situation, this has become an election year like none other. *Be sure to vote!*

**Plans for Virtual Almond Board Conference Underway**

While the almond conference may not provide a chance for you to meet colleagues in-person at the ABC booth, the December 8-10 almond conference will be a great "virtual" meeting place full of great speakers, exhibitors, and sessions providing important information for the industry!

Key sessions being planned include the State of the Industry, an election recap, marketing sessions, research updates, a panel on the current trade situation, incentives for growers and much more. Stay tuned as details become available!

**Virtual Travel and Events**

- ◆ **November 16-20, 2020**  
Julie Adams and Geoffrey Bogart participating in U.S. Ag Export Development Council meetings.

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**China Spotlight: Value of China Shipments**

While we tend to focus on volume versus value when looking at shipments, trade negotiators and government officials usually focus first on the value of exports. Following, is a closer look at how the value of shipments to China, Hong Kong and Vietnam have been impacted since 2014.

U.S. Exports to China, Hong Kong, and Vietnam, Calendar Year 2014-2019						
Partner	2014	2015	2016	2017	2018	2019
Hong Kong	\$327,653,454	\$444,087,835	\$444,671,691	\$397,595,714	\$391,996,082	\$196,097,506
China	\$66,691,635	\$57,399,166	\$61,912,457	\$99,253,343	\$119,506,398	\$173,179,591
Vietnam	\$66,753,435	\$75,605,445	\$156,297,927	\$131,488,218	\$184,603,506	\$69,106,532
<b>TOTAL</b>	<b>\$461,098,524</b>	<b>\$577,092,446</b>	<b>\$662,882,075</b>	<b>\$628,337,275</b>	<b>\$696,105,986</b>	<b>\$438,383,629</b>

The importance of the region is clear. While there has been an increase in the value of **direct** shipments to China, it is likely a shift of shipments which would have previously shipped via Hong Kong and Vietnam. **Overall, the value of 2019 shipments to the region were the lowest in more than 5 years.**

In the same period, Australia, with its 0% tariff in China, saw the value of its exports to the region increase from just over \$9 million in 2014, to more than \$310 million in 2019. We will be closely following the numbers for 2020.