



# ABC GLOBAL UPDATE

November 2020

## Virtual Workshops for Port Officials in the EU on the Pre-Export Check Program (PEC)

What was originally planned as a series of in-person workshops with port health officials in Valencia, Barcelona, and Naples had to go virtual this year thanks to COVID-19.

Supported with Technical Assistance for Specialty Crops (TASC) funding from the USDA, ABC staff with support from the USDA/Foreign Ag Service organized virtual workshops in November on the Pre-Export Check (PEC) program and aflatoxin sampling. Central government authorities and port health inspectors participated in the webinars – over 50 participants across Spain joined that webinar, while more than 20 attended the Italy and Greece webinar. The program included the ABC's Director of Quality Assurance and Industry Services Tim Birmingham giving a complete review of the pre-export check program, including the scientific and statistical variance in sampling for aflatoxin.

Former EU official Francesco Montanari, who now participates in training programs for European ports, reviewed the details of EU import control regulations and clarified misconceptions regarding inspection criterion for animal/non-animal commodities.

The two sessions were the first of their kind and were the result of collaboration on the part of ABC, USDA/FAS, and Spanish/Italian central government authorities. Both sessions generated considerable positive feedback from the participants – for the PEC program and ABC engagement.

The next phase of this effort is to hold a European port authorities delegation to California to see almond handling and export procedures.

## EU Retaliatory Tariffs take Effect November 10

The EU won their WTO case concerning the U.S. "excessive subsidies" for Boeing, giving the EU the right to retaliate on about \$4 billion worth of U.S. goods in a long-running dispute. As you may recall, the U.S. earlier was awarded the right to implement tariffs amounting to over \$7 billion on EU goods.

A listing from April 2019 included a wide range of commodities that the EU might consider for additional tariffs. The EU released the final list of products and commodities subject to an additional 15% or 25% tariff, which takes effect November 10 (Tuesday). **Almonds and roasted almonds are not among the commodities on the final listing.**

## Ocean Carriers are Cancelling Ag Exports to Favor Empty Containers

COVID-19 has had a major impact on the global supply chain. One of the biggest and constant challenges has been the lack of availability of empty containers for ag exports. In recent days, this situation has been exasperated as ocean carriers are now cancelling or rolling containers at an alarming rate. They are focused on exporting empty containers back to Asia and points beyond to service the higher freight rate imports and leaving U.S. exporters stranded.

ABC will be working with almond exporters to assess where we can support efforts to address this situation. Looming is the fact that contract negotiations are anticipated

next year, which could further complicate supply chain movement.

The Ag Transportation Coalition has been very engaged on this issue on behalf of ag exporters. For more information, visit: <https://agtrans.org/>

## Loss of MRLs in Thailand

Thailand, which announced the end of the use of paraquat (Gramoxone) and chlorpyrifos (Lorsban) as of June 2020 within Thailand, has now announced that the associated maximum residue limits (MRLs) will be reduced to the level of detection as of June 1, 2021. It is not clear that these MRL changes are based on any risk assessments.

The herbicide Gramoxone is used by almond growers, and on occasion, there have been residues above the limit of detection. Use of the insecticide Lorsban has been phased out in California.

## MRL Disharmony Raised at this Month's SPS Meeting

At the regular meeting for the parties to the WTO's Sanitary and Phytosanitary Agreement, a sidebar session was held where the findings of the U.S. International Trade Commission's Report Part 1 on the Impact of Missing and Low MRLs was presented.

The 350+ page report details the MRL setting policies and issues that lead to MRL disharmony around the world and the impact on global trade. In response, the EU claimed that the cut-off criteria were not affecting trade, and that in fact, the lower MRLs improved food safety. A copy of the report can be found at <https://www.usitc.gov/publications/332/pub5071.pdf>

### ERS Analysis of the EU Farm-to-Fork Proposal

USDA's Economic Research Service (ERS) recently released a report on the possible impact of the EU's Farm-to-Fork and Biodiversity strategies, part of the EU Green Deal. The strategies are the roadmap for how the EU envisions its food to be produced, and include increasing organic production, reducing pesticide and fertilizer use, and taking land out of ag production. The strategy *explicitly wants to export the values to trading partners.*

The ERS report found that the strategy would **at a minimum reduce food production and increase food costs** for Europeans – and globally if implemented outside of the EU. The report did not assess any environmental or human health benefits possibly associated with the strategies. A copy can be found at: <https://www.ers.usda.gov/webdocs/publications/99741/eb-30.pdf?v=6742.6>

### UK Nut Associations TNA and NDFTA Announce Merger

The UK Nut Association (TNA) has merged with the National Dried Fruit Trade Association. The merged association, the **Nut and Dried Fruit Trade Association (NDFTA)**, was effective November 1, 2020.

It is important to note that the Terms and Conditions and Rules of Arbitration and Appeal of the NDFTA have been updated, also effective November 1, 2020, to reflect the change.

References to the TNA and the Arbitration Rules of the TNA are contained within the Uniform Almond Export Contract 2016 (UAEC), in particular, the Arbitration Clause found at clause 16. The UAEC should therefore be updated to reflect the change of name.

### Final Brexit Transition is Around the Corner....

The EU summit on November 19 is seen as the deadline for the draft Brexit deal which will outline the UK's trading and security relationship with

EU-27. Part of the issue is agreement on how the two sides will establish a mechanism whereby a baseline of environmental, labor, and social standards would develop in tandem.

We believe the UK will continue to recognize the PEC program. ABC is working closely with UK trade associations and USDA/FAS in London to monitor discussions. A PEC seminar for UK port officials is planned for the end of 2020.

### EU Adopts New Chemicals Strategy

The European Commission **announced** the adoption of the new **EU Chemicals Strategy for Sustainability**, which is part of the EU Green Deal.

Among the changes to approaches for chemical use:

- Applying the EU's hazard-based "generic approach to risk management" to consumer goods, including food contact materials.
- Addressing the combination effect of chemical exposures from different sources and over time, including by introducing or reinforcing provisions in food additive legislation.
- Reinforcing the regulation of chemical contaminants in food.
- Phasing out the use of per-and poly-fluoroalkyl substances (PFAS), including in food contact materials.

The EU Commission has a **Question and Answers Document** and **webpage** for the Chemicals Strategy.

### USDA Releases Korea Market Brief on Tree Nuts

USDA released a **Korea Tree Nuts Market Brief**, using a new infographic format developed by the Seoul Agricultural Trade Office (ATO).

The U.S. dominated the Korean almond market, accounting for 99% of all almond imports. Almonds remain the most popular tree nut, accounting for 62% of the market in 2019 with 26 MT of almonds sold.

The report applauds the success of the Almond Board of California's "*Almonds, Your Beauty Nut*" campaign in expanding consumer almond demand.

Additionally, the report points to "One Pack a Day" trail mixes, flavored nuts, and increasing inclusion of tree nuts in processed foods and restaurants as drivers of growth.

The USDA is seeking feedback on the new Market Brief format at [atoseoul@state.gov](mailto:atoseoul@state.gov).

### USDA Releases Australian Tree Nuts Annual Report

USDA recently released its annual **GAIN report** on the Australian tree nut market, in which almonds are the preeminent crop.

Almond production is forecasted to set another record for MY 2020/21 at 120,000 metric tons, an 8% increase over MY 2019/20. Over the past ten years, production has increased by 195%.

Due to increased plantings and the current mix of tree ages, production is expected to increase an additional 30% over the next five years. Most of the increased production is expected to be exported.

Hong Kong and China are the main export destinations, increasing from 879 MT in MY 2016/17 to 36,579 MT in MY 2018/19. Over the past five years, Australian almond exports to the U.S., Spain, and India have significantly declined.

### Plans for Virtual Almond Board Conference Underway!

The Almond Conference is still ***the place to be on December 8-10!*** Register today for the virtual meeting, which is full of great speakers, exhibitors, and sessions providing important information.

<https://www.almondconference.com/>

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