



ABC GLOBAL UPDATE

June 2021

USDA Provides Status Update on Chinese Decrees 248, 249

A recent [USDA GAIN report](#) provides a status update and clarifications from the government of China regarding the Regulations on the Registration and Administration of Overseas Producers of Imported Food ([Decree 248](#), in Chinese) and Measures of the Administration of Import and Export Food Safety of the PRC ([Decree 249](#), in Chinese), adopted on April 12.

Both measures have caused concerns among exporters about potential disruptions and are set to enter into force on January 1, 2022.

Regarding Decree 248:

- China will release implementing rules as soon as June 2021
- China will grant a transition period in line with WTO basic principles
- The product scope extends to **all foods**, excluding food-additives and food-related products, including “low-risk food,” alcohol, seasonings, and casings
- GACC does not charge fees for overseas facility registration
- Current registrations remain valid
- Stick-on labels are permitted for the required labeling of both the inner and outer packaging with a facility registration number

Regarding Decree 249:

- The decree covers all foods and beverages
- Transitional procedures and requirements for foods without national food safety standards are formulated in accordance with

Article 93 of the Food Safety Law of China

- Record filing by importers and exporters of imported food is to be implemented in accordance with two 2012 Administrative Provisions.
- Credit management applies to production facilities and operators of imported foods, however China has not clarified what is meant by “credit management”
- So far, no flexibility around the entry into force for Decree 249 has been offered

Separate GAIN reports provide additional analysis, and translations, of [Decree 248](#) and [Decree 249](#) (4-23-21, 5-14-21).

AmCham China recently provided a list of concerns presented by U.S. industry. ABC is in close contact with USDA/FAS in Beijing regarding the rollout of these Decrees, the AmCham submission, and any other updates that could impact almonds. For more information, contact kschneller@almondboard.com.

EU, India to Resume Trade Talks

In a [Joint Statement](#) following a European Union (EU)-India Leader’s Meeting, the two parties announced they have agreed to resume negotiations for a comprehensive trade agreement. Previous EU-India trade talks were suspended in 2013.

EU Temporary Suspension of New Retaliatory Section 232 Tariffs

The EU and U.S. announced in a [joint statement](#) they will be entering

discussions on the mutual resolution of concerns regarding steel and aluminum excess capacity. While the tariffs in Annex I of the list of retaliatory tariffs entered into force in 2018 will remain in force, the tariffs listed in Annex II which were set to enter into force on June 1 have now been temporarily suspended.

While almonds are not among the products listed, it is an important first move to see Section 232 tariffs rolled back.

Dealing with HCN Levels in Europe

The EU is considering limits for hydrocyanide acid (HCN) in almonds. For “unprocessed whole, ground, chopped almonds” the HCN level would be 35 mg/kg. Based on amygdalin content in sweet almonds, meeting this limit was not considered an issue; however, it has become clear that there is considerable variability in amygdalin content (among varieties, among crop years) and analytical methods.

Several customers in Europe have expressed concern to their suppliers and to ABC that there could be issues with sweet and Mediterranean varieties of almonds. ABC is already in contact with the Commission, and is working closely with several European associations to generate data that can be submitted to EU officials. If you have questions, please contact Julie Adams at jadams@almondboard.com.

China Port Delays Reported

The Yantian International Container Terminal has reported major delays

as a result of more COVID-19 cases. Officials are ramping up safety measures, which has caused additional delays in the port which is a gateway for fruit, veg, meat and other ag trade. Shipping lines have reported increased congestion and vessel delays. Yantian is a modern port on the edge of Shenzhen, across from Hong Kong at the mouth of the Pearl River Delta.

UK Receives Green Light to Join CPTPP

On June 2, Member nations of the CPTPP agreed to allow the UK to start the process of joining the pact.

The CPTPP removes 95% of tariffs between its members: Japan, Canada, Australia, Vietnam, New Zealand, Singapore, Mexico, Peru, Brunei, Chile and Malaysia. The UK made a formal request to join the trade deal in February. It will supplement bilateral deals the UK has, or is seeking, with member states.

The UK struck its first major post-Brexit deal on trade with Japan last October. However, little progress has been made with the U.S. as the new administration continues to review its strategy with the UK.

In terms of the U.S. rejoining CPTPP, USTR Ambassador Tai in recent comments noted that since the original Obama-era negotiations, things have moved on and changed. She made clear that it is not an Administration priority – unless it's made one by strong Congressional support.

USTR Announces New, Suspended Section 301 Duties on Several Countries

The [USTR announced on June 2](#), it will not immediately impose tariffs on six trading partners [using digital service taxes](#) which it says are discriminating against U.S. businesses.

The Section 301 investigations into the taxes from Austria, India, Italy, Spain, Turkey and the United Kingdom were launched by the Trump administration. USTR's final determination, announced on June 2, is that the U.S. should impose tariffs, but suspend them for up to 180 days, as Organization for Economic Cooperation and Development (OECD) negotiations have regained steam under the Biden administration.

USTR estimates that the six countries would collect a total of about \$880 million per year in taxes from U.S. companies, with the highest amount collected by the UK, at \$325 m. The other estimates: \$45 m/yr for Austria, \$55 m for India, \$140 m for Italy, \$155 m for Spain and \$160 m for Turkey.

The U.S. is proposing to impose tariffs would on \$887 million worth of British goods, \$386 m of Italian goods, \$310 m of Turkish goods, \$119 m of Indian goods, \$324 m of Spanish goods and \$65 m of Austrian goods, according to the notices.

While most of the targeted items are non-agricultural products, it is disconcerting that basmati rice is one of the possible products listed on [the USTR notice for India](#). If this 25% duty is implemented, it could create further retaliation from India and the other countries in the future. ABC will monitor this situation and report accordingly.

Aflatoxin Rejections Update: Japanese Rejections on the Rise

2021 had started off to be a fairly quiet year with only three RASFF alerts for border rejections for aflatoxin in the EU and five in Japan. However, several recent Japanese rejections for aflatoxin have recently been published that so far have led to 10 rejections.

Japan's continued policy of 100% inspection on almond imports and its sampling method remain at the core of the problem. Working closely with

the U.S. Embassy in Tokyo, ABC has been expressing our industry's concerns and pressing for resolution.

Japan's perspective is that since aflatoxin is a genotoxic carcinogen, it only takes one consignment which exceeds their 10 ppb total aflatoxin limit to trigger an inspection order mandating 100% inspection. Last year, rejections represented about 0.5% of total imports; YTD the rejection rate is the same.

For more information, please contact jadams@almondboard.com.

Ag Export Delays Expected for Several More Months

The port congestion and major delays in agricultural exports that have resulted from COVID are expected to continue through the summer. This was the message by port officials from Oakland, LA and Long Beach during webinars hosted by the ABC. Labor shortages, lack of berth space for arriving ships, lack of transport equipment, and a host of other issues have converged to lead to the delays, measured in weeks. This has been costly in terms of detention and demurrage and other fees.

Shippers should monitor daily schedules provided by the ports, track excessive fees (as D & D fees can be contested). The Ag Transportation Coalition has been active in providing real-time assessments to the Federal Maritime Commission, executive and legislative branch officials.

Upcoming Travel and Events

The Codex Committee for Pesticide Residues will be meeting virtually from 7/26-7/31/21.

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