



ABC GLOBAL UPDATE

August 2020 - July 2021

FY 20/21 Breaks More Shipment Records!

Despite a multitude of challenges from retaliatory tariffs, logistical log-jams, and the ongoing pandemic situation, this will be another record year for California almond exports.

ABC staff continue to monitor how climate, sustainability and worker-related priorities will impact new trade policy initiatives in the future. At the same time, we are also addressing a wide variety of technical barriers in key markets, that range from global pesticide MRLs to proposed new eco-labeling schemes, certification and facility registration requirements. Industry research, technical information and engagement have put the California almond industry in a good position to demonstrate an understanding of global market concerns leading to opportunities to expand exports of almonds in the coming years.

Successes during the past year ending July 2021...

Technical barriers to trade and market access issues challenges continue to impact almonds in a number of markets. Common issues have included changes in labeling or packaging requirements, Customs practices, etc. ABC has been a bridge between almond shippers, USDA Foreign Ag service overseas posts and regulators to help facilitate solutions to these roadblocks.

Among the issues resolved over the past year:

- The closing of the Algerian market to almonds (10 million pounds).

ABC worked with USDA staff at the Embassy in Algiers to help address in transit consignments that were in limbo during the closure. Through the USDA/FAS and USTR, Algerian authorities eventually dropped the almond ban and the market re-opened.

- In neighboring Morocco (60 million pounds), exporters experienced issues with phyto's, transferring ownership to new buyers, and confusion over required documentation. After presenting clear documentation from shippers, staff worked with the Embassy to interface with local authorities – the consignments were successfully imported.

There is no sign that technical and import issues will diminish in the future. California almond industry members are encouraged to reach out to ABC staff for support.

What's on the FY 21/22 Horizon...

The global emphasis on climate, sustainability and worker considerations are anticipated to impact the entire supply chain. In Europe, concerns about pesticide usage has been a long-standing concern, particularly with residue tolerances set based on "hazard" rather than "risk". This focus is accelerating with Europe's pursuit of strategic goals to reduce pesticide usage over the coming years. Similarly, other countries are rolling out their own "green deals" which will be felt by origin suppliers.

Undoubtedly sustainable food production, however defined, will be at the center of trade discussions in a number of countries.

Key markets to watch will be India and China. Despite retaliatory tariffs that were implemented in 2018-19, markets are growing, demonstrated by the record shipments of inshell almonds to India.

While overall shipments to China, Hong Kong, and Vietnam have fallen in the past years, direct shipments to mainland China have reached record highs – which could mean that California almond exports will be subject to more scrutiny by China's customs authorities in the future. One of the biggest trade policy concerns relates to implementation of a new facility registration and labeling regime for imported tree nuts and seeds in China tentatively scheduled to go into effect on January 1, 2022. The US government has requested more guidance from China and officially notified it at the WTO in July 2021 that it should postpone its plans until it provides clear guidelines on implementation of the new law.

While Trade Promotion Authority expired at the end of June 2021, the US administration is still reviewing current trade policy so it is not anticipated that any major new trade agreements will be initiated for the foreseeable future.

ABC will continue to monitor barriers to trade and work with local partners in markets around the globe to solve market access barriers in order to facilitate increased exports of almonds from California.

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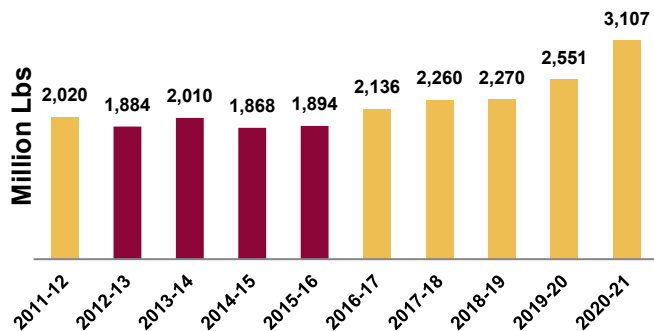


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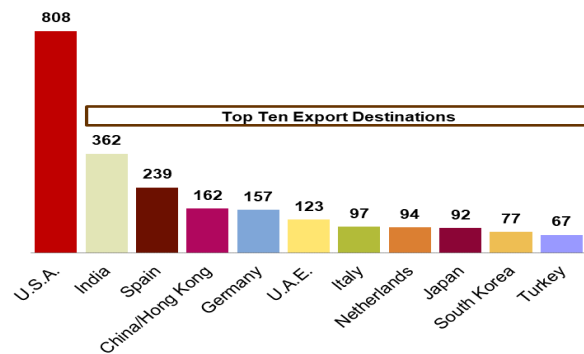
FY20/21 Global Shipments in Review

Production: 3.1 billion pounds

Gold Bars Are Records Years

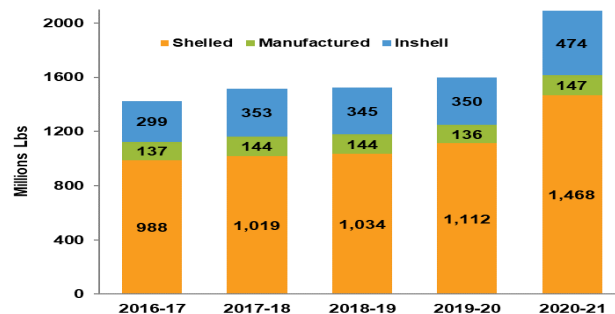
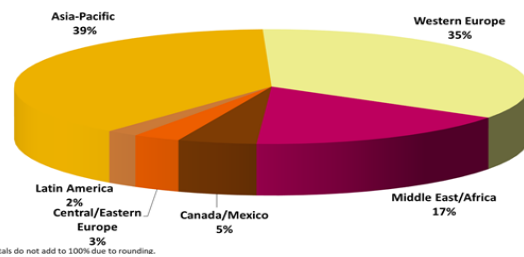
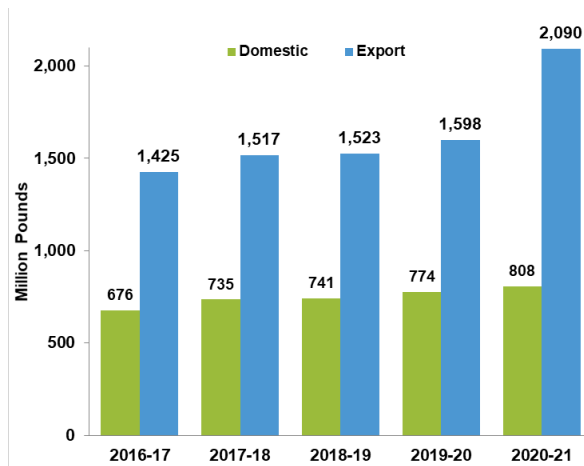


Export Shipments: Top 10, Region, Product

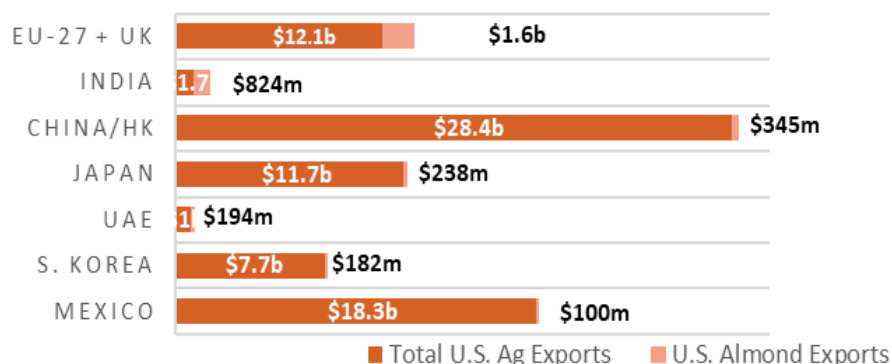


Total Shipments: 2.898 billion pounds

Domestic 28%; export 72%



U.S. Agricultural Exports by Value, CY2020



EU: Almonds #2 ag export (\$1.6b) behind soybeans (\$1.9b)
India: Almonds #1 ag export (\$824m), accounting for half of all U.S. ag exports (47%)
China + HK: Almonds #2 tree nut export (\$345m) and #13 ag export overall
Japan: Almonds #10 ag export overall (\$238m)
UAE: Almonds #1 ag export (\$194m), accounting for 21% of all U.S. ag exports
South Korea: Almonds are the #10 ag export overall (\$182m)
Mexico: Tree nuts are small sector category export (\$327m); almonds #2 within Tree nuts (\$100m)