



ABC GLOBAL UPDATE

September 2021

Ocean Shipping Reform Act Introduced

The new [Ocean Shipping Reform Act of 2021](#) was greeted with enthusiasm by the agricultural industry. The bill, which was introduced by Reps. John Garamendi (D-CA) and Dusty Johnson (R-SD), aims to address maritime shipping issues that have created problems for agricultural exporters, such as shipping companies turning down export bookings. The bill aims to enhance transparency and oversight of certain charges and fees. It comes at a time of soaring shipping costs as exporters try to regain foreign markets and face crises at ports.

Over 100 agricultural organizations and businesses – including the Almond Alliance of California, the American Farm Bureau Federation, the US Dairy Export Council, and the National Association of State Departments of Agriculture - signed a letter of support for the legislation, led by the Agricultural Transportation Coalition.

For more information, contact gboart@almondboard.com.

WTO Agriculture Negotiations Draft Text Published

A [draft text](#) was recently circulated by the World Trade Organization (WTO) agriculture negotiations chair from Costa Rica as officials prepare for the WTO twelfth ministerial conference (MC12) scheduled for the end of November.

The draft text addresses several key topics including domestic support,

market access, export competition, export restrictions, special safeguard mechanisms, public stockholding for food security, and transparency. The United States hopes to focus agricultural negotiations on tightening up existing commitments on transparency and notifications.

More than 30 ag industry groups recently sent a [letter](#) to U.S. Trade Representative Katherine Tai and Agriculture Secretary Tom Vilsack outlining their agriculture priorities for WTO reform. The letter states that any negotiations regarding changes to domestic support programs should be tied to enhanced market access for U.S. food and agricultural goods.

More information on MC12 Agr Trade Issues can be found on a recently published [report by the Congressional Research Service](#). In addition to agriculture, WTO members hope to conclude 20 years of negotiations on the elimination of fishery subsidies. This will be a crucial part of the talks that could lead to more favorable negotiations on other environmental issues in the future.

Recent USG Ag/Trade Nominations

The Biden Administration continues to slowly fill important trade-related posts, but still has not nominated the USTR's Chief Agricultural Negotiator or the USDA Undersecretary for Trade. However, it did announce the new Ambassador to the WTO, Ms. Maria Pagan, who is a veteran trade official who worked at USTR since 2003.

Chris Wilson, another USTR veteran, will become the first Chief Negotiator for Innovation and Intellectual Property. Nicholas Burns, a career diplomat who served under both Bush and Clinton, was appointed as Ambassador to China. Finally, USDA nominated Brooke Jamison for Associate Administrator of the Foreign Agricultural Service. Once confirmed by the Senate, we're hopeful these experienced individuals can start shaping trade policy in the coming weeks and months.

AgTC to Delay Conference Date

The Agriculture Transportation Coalition has announced that the upcoming 33rd AgTC Annual Meeting in October will instead be condensed to a virtual meeting on October 7.

While certainly expected to be much needed and timely, new information on COVID cases in the region would not allow the meeting to proceed as planned. The annual meeting will return to June 14-17 in Tacoma.

Meituan terminal at Ningbo Port in China Reopens

China reopened one of the terminals in Ningbo, the world's third largest port (south of Shanghai) that deals with trade to North America, after a two-week closure due to Covid infected workers. While this should help ease some current congestion, tightening quarantine rules in other ports as well as early orders for December holidays, and rapidly increasing freight rates will extend shipping delays into Q2 of 2022.

US-China Phase One Agreement

China's purchases of US imports in June covered under the Phase One deal reached 59 percent of its commitments, according to the [Peterson Institute for International Economics](#). China's monthly purchases of US agricultural goods continue to outpace 2020. In the first six months of 2021, China's average monthly purchases of US agriculture products was \$12.5 billion, a sharp increase from the first year of the Phase One deal. The average monthly purchases in first six months of 2020 was \$5.6 billion.

However, the new Administration is still doing its top to bottom review of existing policies including the Section 301 and 232 tariffs that remain in place from the previous administration. The US/China Business Council recently took the lead in sending a [letter](#) signed by many Ag groups to Treasury Secretary Yellen and USTR Tai requesting that talks related to the Phase One Agreement be resumed as soon as possible in order to fully implement the Agreement and mitigate harm done to the US economy by tariffs implemented on over \$350 billion of Chinese goods. The letter references two reports from the [Congressional Budget Office](#) and [Moody's](#) that highlight this harm. The anniversary of the signing of the original Agreement is February 15, 2022. ABC is also working to finalize a commitment made by China under the Agreement to allow market access in China for almond hull pellets/cubes for livestock feed.

Vietnam Lowers Tariffs

As a result of Vice President Harris' recent trip to Hanoi, the Vietnamese government agreed to lower MFN tariffs on imports of corn, wheat, and pork products making U.S. products more competitive with those from CPTPP countries. Last year the Trump Administration conducted a

Section 301 investigation and found Vietnam guilty of manipulating its currency. However, the US Treasury Department and Bank of Vietnam recently settled this issue whereby Vietnam agreed to modernize its monetary policy avoiding Section 301 tariffs. Vietnam is currently the 7th largest market for US agricultural exports and facilitates transshipments into Mainland China.

The EU Lowers Maximum Limits for Cadmium, Lead in Foods

The EU recently set new maximum levels for [lead](#) and [cadmium](#) in a variety of food products. Previous levels are available in a [consolidated annex of Commission Regulation \(EC\) No 1881/2006](#).

The new maximum level (mg/kg wet weight) of cadmium in almonds will be established at 0.20 mg/kg. Regulations regarding lead will enter into force on August 30, 2021, and for cadmium on August 31, 2021. Products containing metals beyond the new limits, but entering the EU before entry into force, can be sold until February 28, 2022.

EU-Mercosur Trade Negotiations

The EU has included the first **animal welfare-based provision** of any FTA. The [market access provisions](#) are in an agreement between the 27 EU countries and Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay). The move sets a significant precedent in trade policy.

On July 15 the European Commission published that EU-related standards on shelled eggs must be applied to imports from Mercosur for the imports to receive duty-free access. Mercosur egg producers will have to certify that they have followed EU-equivalent rules for laying hen welfare.

The EU-Mercosur deal is still controversial in Europe and faces opposition, particularly among agrifood groups. Some EU countries

have expressed environmental concerns and threatened not to ratify the deal.

The EU has not added parallel measures on other animal products, creating concerns about intensification of production in Mercosur countries of other food products, especially meat, produced under less-burdensome standards and undercutting EU products.

Animal welfare is a key theme of the EU's Farm to Fork strategy, and EU farmers and producers are worried about their higher standards. Some are calling for EU regulations to be imposed on meat imports as well. They argue it would be WTO-compliant if based on ethical grounds. However up to this point, decisions like this must be risk-based according to principles under the WTO's SPS or TBT Agreements.

Trade Promotion Authority

The House Ways and Means Republicans sent a [letter](#) to the Biden administration to renew Trade Promotion Authority (TPA), which expired at the end of June. The letter urges the Administration to engage in discussions on renewing TPA "so that America can once again lead the world by negotiating strong trade agreements that create US jobs and open new markets for American goods and services while raising standards throughout the world."

Upcoming Travel and Events

Sept 13 - GTRA Staff /BCI Meeting in Seattle

Staff Contacts:

Julie: jadams@almondboard.com
 Gabriele: gludwig@almondboard.com
 Geoffrey: gbogart@almondboard.com
 Keith: kschneller@almondboard.com
 Jesse: jroseman@almondboard.com
 Abhijeet: akulkarni@almondboard.com

Document #2021GTRA0019