



ABC GLOBAL UPDATE

April 2022

Australia and India ink new Trade Agreement

It has been in the works for a long time, but it appears Australia and India have finally concluded their [Economic Cooperation and Trade Agreement](#) (IndAusECTA) on April 2, 2022. The agreement provides for competitive tariff elimination or reduction on a wide range of goods **including Australian almonds**. The aim is to enhance bilateral trade to \$54 billion in the next five years which is currently at \$27.5 billion.

As soon as the Agreement is ratified by both parliaments, India has agreed to create a combined annual tariff rate quota up to 34,000 MTs for shelled and inshell Australian almonds. From the information available, it appears importers will be required to obtain import licenses to utilize the TRQ. The in-quota rate will be **50% of the current MFN rate which would equate to 17.5 rps/kg for inshell and 50 rps/kg for shelled almonds**. Meantime, the U.S. duties, given retaliatory tariffs, remain at 41 rps/kg for inshell, and 120 rps/kg for kernels. This is only the second agreement that India has signed in the last 10 years. The last agreement India signed was with Japan in 2011 followed by the UAE and now Australia in 2022. The deal with India removes tariffs on more than 85% of Australian goods exported to India, worth US\$9.4 billion, rising to almost 91% over 10 years. Tariffs will be eliminated on sheep meat, wool, copper, coal, alumina, fresh Australian rock lobster, and some critical minerals and non-ferrous

metals to India. It will see 96 percent of Indian goods imports enter Australia duty-free.

Australia is currently [negotiating nine FTAs](#) including bilateral agreements with three of its largest trading partners, China, Japan and South Korea. Meanwhile, the United States is waiting to engage in talks related to the proposed Indo-Pacific Economic Framework.

Transportation-Logistics Update

The Senate unanimously approved the Ocean Shipping Reform Act in a vote last week. The bill's support comes at a time of peak congressional concern over the resiliency of American supply chains, which has become an even more critical issue in light of the Ukraine-Russia conflict. [The bill](#), which aims to ease maritime supply chain issues, "is designed to support the growth and development of U.S. exports and promote reciprocal trade in the common carriage of goods by water in the foreign commerce of the United States." The bill now goes into a process to work out the differences between the House and Senate versions. Once the differences are worked out, the bill will need to pass both chambers a second time.

Have logistics updates you want to share? Please contact: bdensel@almondboard.com

The EU hits "Pause" on its Sustainable Food Strategy

The war in Ukraine has ["pressed the pause button"](#) on the EU's flagship food policy, the Farm to Fork strategy,

but the long-term ambition for the sector remains unchanged, according to the EU Health Commissioner Stella Kyriakides. Between skyrocketing food prices and shortages of key inputs such as fuel and fertilizer, the war has sent the EU agri-food sector reeling. "We're working hard to address global food security and for food affordability in the EU, including finding alternative feed sources for the short term," said EU Health Commissioner Kyriakide.

EU Commission and European industry have been meeting frequently to identify those temporary measures and policy implications brought about by the war and disruption to food supply systems. Several short-to-medium term measures are being considered to minimize disruption, which include allowing farmers to plant crops on marginal/set-aside lands, packaging label changes, etc.

Update on IPEF – Will there be an Agreement?

A bipartisan group of House Members sent a [letter](#) to USTR Ambassador Tai and USDA Secretary Vilsack, urging them to make agriculture a priority in the Indo-Pacific Economic Framework (IPEF), including addressing tariff and non-tariff barriers. The letter was timed in conjunction with Ambassador's Tai testimony on the Biden's administration 2022 trade policy agenda before the House Ways and Means committee on March 30th.

In the letter, the lawmakers argued tariff liberalization was an important

component to IPEF, contrary to USTR and Commerce's statements on excluding "market access" from the framework.

During Ambassador Tai's testimony, there were bipartisan calls for the Administration to nominate another USDA Chief Ag Negotiator, as well as the USDA Undersecretary for Trade.

ABC will submit comments to USTR on the IPEF on April 11.

USTR Reinstates China 301 Exclusions

USTR announced recently it would reinstate exclusions on 352 out of a total of 549 eligible goods. The reinstated product exclusions are being applied retroactively to October 12, 2021 and will expire December 31st of this year. For several months, industry groups and congressional lawmakers have criticized the Administration's reinstatement of tariffs on previously excluded products, inputs required by U.S. manufacturers of finished goods. The goods covered under reinstated exclusions are set out in a Federal Register notice.

The first round of Section 301 tariffs on Chinese imports are approaching their four-year mark in July and will expire without a formal analysis by USTR of their effectiveness. These tariffs have been used as leverage over China in making its purchase targets of the Phase One Agreement. This review may provide trade groups the opportunity to recommend that the administration allow these tariffs to expire or expand exclusions.

OFAC Update on Ag Exports to Russia

Industry members were concerned over the implications of an announcement by OFAC on March 24th. The Office of Foreign Assets Control (OFAC) published a notice on General License No. 6A which allows for authorization for U.S. entities to use a Russian financial institution

sanctioned under Executive Order 14024 for transactions involving agricultural commodities. It appeared this might impact roasted almonds shipped to Russia. However, it was clarified that there is not an embargo on Russia or Belarus, so the shipment of almonds to Russia or Belarus would not generally be prohibited by OFAC. Separately, since 2014 Russia has had in place import bans from the United States on certain agricultural products including raw almonds. Roasted almonds (HS 200819400) are not currently on Russia's list of banned U.S. agricultural imports.

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

USTR Trade Policy Agenda

USTR issued the 2022 Trade Policy Agenda and 2021 Annual Report. It states that "*the Biden administration's approach to China is and will continue to be deliberative, with a focus on the long term.*" It accuses China of a variety of unfair trade practices, including its "use of state-sponsored forced labor," "unfair, non-market practices," and "environmentally-abusive practices" but warns that there will be no quick fixes. It specifically calls out subsidies that contribute to overfishing and overproduction of industrial goods.

The report says USTR is "clear-eyed about China's doubling down on its harmful trade and economic abuses."

While the report cites new trade enforcement tools may be needed, and the "full range of tools in our toolbox" will be used to seek a "durable co-existence" with China," it does not suggest what types of measures USTR has in mind.

USTR Report on Foreign Trade Barriers

USTR recently published the 2022 National Trade Estimate Report on Foreign Trade Barriers (NTE Report) that outlines significant barriers to

U.S. exports in foreign markets and actions taken to remedy those obstacles. The NTE report specifies 14 barrier categories such as import policies (e.g., quantitative restrictions and import licensing), technical barriers to trade (e.g., standards and conformity assessments), and sanitary and phytosanitary measures. It covers 60 countries including China, Hong Kong, and Taiwan, as well as members of the European Union (EU) and Arab League.

US-UK FTA?

After USTR's discussions last week with the UK, Dr. Peter Holmes, a fellow at the University of Sussex's UK Trade Policy Observatory, told the Daily Express, "The British Government is not the natural partner of a Biden administration. Biden does not feel opening U.S. markets to British exports is the top priority for trade policy." Dr. Holmes went on to note that the EU as a trade partner is more aligned with the current U.S. trade agenda, citing the Global arrangement on steel, carbon reduction, and worker centered trade as priorities of both governments.

Upcoming Travel and Events

- April 19 Julie in DC for meetings
- May 7 Julie, Richard in India for ABC trade conference
- May 11-13 Julie, Richard in Dubai for INC Congress
- May 25-26 GTRA team in SF for Specialty Crop MRL Workshop
- June 2022 WTO 12th Ministerial (TBC)

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