



November 10, 2022

U.S. Mid-term Election Update/Impact

While we are still waiting for the final results of the election in several key states and races, there are a few highlights we can share.

1. Republicans likely gain control of the House of Representatives, though it will likely be narrow majority.

This will trigger a change of leadership across the chamber including teeing up California Rep. Kevin McCarthy to be speaker of the House and Pennsylvania and Rep. G.T. Thompson to be Chairman of the Agriculture Committee. This will bring about a change in legislative priorities potentially affecting the almond community, specifically as it relates to both trade policy and Farm Bill. Additionally, these changes will bring about additional oversight by House Republicans on USDA (particularly its recent use of Commodity Credit Corporation funds).

2. Senate control is too close to call

As of writing neither party has gained the required number of seats to gain control of the Senate, and it could come down to a runoff in Georgia (in early December). In any case either party would need to win 2 of the outstanding races in Arizona, Nevada, or Georgia. If Democrats are able to maintain control and Congress is split, both parties' legislative agenda may grind to a halt, especially with narrow majorities for each.

3. Central Valley districts in the spotlight

None of the key races in California's Central Valley have been called, as of writing. In CA-09 Rep. Harder, who is a member of the Appropriations Committee, is leading challenger Tom Patti. In CA-23, Rep. Valadao, also a member of Appropriations and also sits on its Agriculture subcommittee is leading challenger Rudy Salas. And in the open seat of CA-13, which comprises the most significant number of current almond acreage, John Duarte currently holds a slim lead over Adam Grey.

For more information, bdensel@almondboard.com.

Transportation/Logistics Update

On Nov. 2, a labor dispute involving an ILWU Local 34 clerk led to a shutdown of the Port of Oakland for a shift. The cause for this shutdown is one that would usually be

resolved through a process outlined in the collective bargaining agreement. With PMA and ILWU still operating without an agreement, this case escalated to a full shutdown of the port for a short period. PMA and ILWU agreed to a media blackout which has led to much speculation regarding the status of negotiations between the two parties. The most recent development suggests that the negotiations have stalled due to a jurisdictional dispute between ILWU and the International Association of Machinists related to shore power connections at Terminal 5 in Oakland. A motion was filed with the National Labor Relations Board over this dispute.

On October 10, railroad workers rejected the [contract](#) the White House proposed last month (it included a 24 percent increase in pay over five years and more flexible schedules). Negotiations must now resume between the Administration and the Brotherhood of Maintenance of the Way Employees Division (BMWED). In a [statement](#), BMWED president Tony Cardwell indicated "Railroaders are discouraged and upset with working conditions and compensation and hold their employer in low regard." The National Carriers' Conference Committee (NCCC) guaranteed that there would be no immediate operational impacts from the set back; however, it does prolong the risk of a nationwide railroad strike – which could mean \$2 billion losses per day, according to the Association of American Railroads. The union agreed to delay any strike action until 5 days after the congressional recess ends on November 14. For more information, please contact bdensel@almondboard.com.

EU Regulatory & Trade Update

The EU continues to grapple with the fallout from the ongoing Russia-Ukraine war in the form of delayed implementation of some of the Green Deal/Farm-to-Fork proposals, and higher energy costs. ABC is monitoring proposals that may impact export of California almonds to the EU. As part of stakeholder consultations, ABC has provided comments on the implications of applying EU environmental standards to imports without taking into consideration the differences in geographical, climatological, and consequently, pest pressures of different growing regions. ABC also provided input to another stakeholder consultation on sustainable food systems, highlighting the work the California almond industry has already done related to water conservation and pollinator health. ABC is also monitoring the EU's consideration of Front-of-Pack (FOP) nutritional and sustainable labeling, as well as harmonized handling of rejected shipments.

Industry members are encouraged to attend the trade panel discussions during the upcoming Almond Conference in December 2022, where a representative from Prospero (our regulatory monitoring consultant in EU), will provide updates on EU regulatory issues. For more information, contact akulkarni@almondboard.com.

Continued Engagement with FSSAI

ABC staff recently met in Delhi with the Indian Food Safety and Standards authorities. The previous CEO recently moved into a new position; the Delhi meeting was an opportunity to introduce the Almond Board to the new CEO as well as to continue discussions with the Director of Imports. Unfortunately, a November visit to California by the two officials was postponed but is anticipated to be rescheduled to first half 2023. ABC plans to follow up on discussions with FSSAI and almond industry members in February, in conjunction with the annual India trade conference.

Clay Hamilton (USDA/FAS), who will be posted in India next summer, has been invited to participate in the trade panel session at the upcoming December Almond Conference. For more information, contact jadams@almondboard.com.

Pesticide, Trade Strategies being Developed

Clearly, trade/regulatory challenges, including pesticides, have been priorities for the almond industry. Following on Board strategic priorities, staff have been defining new strategies to better deal with complex regulatory issues at home and abroad. The trade strategies have included deeper dives into the tariff and technical barriers (such as complex facility registration or overly burdensome labeling requirements) impacting trade in both established and horizon markets, with intent to better focus resources on opening new and expanding existing markets in the future. One common theme is the impact of stricter pesticide requirements stemming from the EU's efforts to restrict use of chemical tools — in the EU and by elimination of import tolerances supported by international standard setting bodies like Codex. Better definition of the actual barriers will enable ABC work more effectively with USDA, USTR, and industry partners to resolve these barriers ultimately increasing future export opportunities.

USDA Tree Nut Annual Reports

USDA recently published its annual Tree Nuts Reports for [China](#) and [Turkey](#). USDA forecasts China's almond production to increase 24% to 52,000 metric tons (MT) in Marketing Year (MY) 2022/23 (August-July) due to

favorable growing conditions and a small crop in MY 2021/22. Planted acres are expected to decrease by 4%, but production will be offset by recently grafted trees entering peak production maturity. The report predicted increased almond imports in MY 2022/23. USDA notes that, while U.S. almonds make up the majority of imports, *Australian almonds are gaining market share due to disparities in tariff rates.* Australian almond imports are tariff-free, while U.S. almonds face a total tariff rate of 25% (including retaliatory tariffs).

Turkey's almond production is forecasted to increase 13% to 22,500 MT in MY 2022/23 due to growing numbers of bearing trees and favorable weather. Almond consumption for MY 2022/23 is estimated at 43,500 MT, a 2.4% increase compared to the newly adjusted MY 2021/22 consumption of 42,500 MT. Imports are estimated to remain unchanged at 40,000 MT, with the U.S. remaining the top supplier. U.S. almonds are subject to an additional 10% retaliatory tariff imposed in response to U.S. Section 232 tariffs.

Update on China's Decree 248

ABC will be reaching out to handlers to help finalize their registrations with GACC by inputting some "mandatory" information required by GACC including a copy of a business license (CDPH certificate), some HACCP documents including processing flow chart, signed enterprise statement, information about annual processing capacity and recent exports to China. A few handlers are also waiting for FDA and GACC to finalize steps required for first time registration for facilities that missed the fast-track deadline last December. For more information, contact kschneller@almondboard.com.

Upcoming Travel and Events

Nov 16-18 USAEDC 2022 Annual Conference
Dec 6-8 The Almond Conference

Staff Contacts

Julie jadams@almondboard.com
Gabriele gludwig@almondboard.com
Jesse jroseman@almondboard.com
Keith kschneller@almondboard.com
Abhijeet akulkarni@almondboard.com
Brock bdensel@almondboard.com

Document # 2022GTRA0030

The Global Update is a publication by the Almond Board of California. For more information, please contact the Almond Board at 209-549-8262 or regulatoryissues@almondboard.com. The information reported in this document is correct to the best of our knowledge. The Almond Board of California welcomes the participation of all industry member and does not discriminate on the basis of race, color, national origin, sexual orientation, gender, marital status, religion, age, disability or political beliefs.