



October 12, 2023

## Update on European Import Testing

Over the past month, ABC staff have been meeting with European industry, Commission officials and USDA/FAS offices to address increased import testing. A close analysis shows the majority of testing is in Italy, focused primarily in Vado Ligurie which has seen an increase in shipping routes. Unfortunately, it appears authorities are confusing physical damage, such as chipped/scratched with insect infestation. Italian inspectors are also testing for yeast and mold, which is a parameter that has normally not been included in analysis. ABC is working with USDA/FAS to provide a deeper analysis of European notifications, in an effort to avoid a move to increase controls across Europe.

If you are having any issues with shipments to Italy, please contact Abhi at [akulkarni@almondboard.com](mailto:akulkarni@almondboard.com) or Julie at [jadams@almondboard.com](mailto:jadams@almondboard.com).

## USDA Update on Decree 248

USDA recently published a [new report on Decree 248](#) and China's latest product list. This list is useful since it shows both HS and China's internal CIQ codes under Decree 248. It also clarifies which products can be self-registered using the [cifer.singlewindow.cn](http://cifer.singlewindow.cn) portal or that need support from the US competent authority which is a more complicated process. ABC continues to engage with FDA, since there is still no procedure for "new" facilities to register facilities with China's General Administration of Customs (GACC). FDA has assured us that they are in the process of transferring management of the USG CIPHER portal to USDA's AMS. A joint letter from several tree nut commodities was recently sent to FDA, USDA and USTR stressing the importance of having nuts classified as "low risk" which would allow a more simplified self-registration process. We hope to see movement on this in the near future. For more info, contact [kschneller@almondboard.com](mailto:kschneller@almondboard.com)

## EU State of the Union Address - Ag Policy Delays?

On September 13th, the European Commission's President Ursula von der Leyen delivered the annual State of the Union address, in which she announced

the launch of a "strategic dialogue" on the future of agriculture in the EU, meant to foster "more dialogue and less polarization". She stressed the need to protect Europe's nature but added that this must be balanced with food security, which remains an "essential task". She noted the challenges farmers have been facing, including Russia's invasion of Ukraine and climate change, alongside "new obligations", as having a "growing impact on farmers' work and incomes". For many, the address suggested a lowering of the ambitions in the EU's Farm to Fork Strategy. This impression was supported by the lack of a reference to the proposed Sustainable Food Systems law in her speech. This and other parts of the aggressive Farm to Fork Strategy continue to be delayed. ABC will continue to closely monitor the development of these proposed regulations and potential impact on almond imports into the EU.

## World Trade Organization Updates

The WTO recently published its annual [World Trade Report](#) that examines "how re-globalization – or increased international cooperation - could address the three major challenges facing today's global economy: national and economic security, poverty alleviation and environmental sustainability." More recently, US Trade Representative Katherine Tai gave a [speech](#) on the WTO and the multilateral trading system at the Center for Strategic and International Studies (CSIS) in DC. The speech reaffirmed the Administration's commitment to WTO reform, provided some specifics of US reform priorities, and stressed that the trade body's rules "were never meant to be immutable or static." Dr. Ngozi Okonjo-Iweala, Director General of the WTO, also participated in the event, commenting on how important the WTO and stable international trading rules are to global peace and prosperity.

## Ongoing EU Trade Negotiations

The EU and Mercosur have restarted negotiations in Brasilia after the EU recently shared a proposal on environmental safeguards in an effort to complete the deal before the end of the year. An initial agreement was reached in 2019 after 20 years of negotiations, but environmental concerns blocked signing of the agreement that would be the largest trade deal struck by the EU in terms of population. The EU Commission also sent its proposals for the EU Council to conclude the [EU-Kenya Economic](#)

Partnership Agreement by the end of 2023 that would provide immediate liberalization of the EU market for Kenyan products and around 80% of EU products going into Kenya.

## US-UK Trade

The UK Food Standards Agency recently reviewed a modified PEC certificate which reflects relevant British legislation. The benefit is that the UK intends to recognize reduced import testing based on a PEC certificate accompanying consignments of almonds. ABC is now working with system programmers to automatically generate the appropriate format, depending on whether a handler selects the UK or EU as the destination. ABC will be rolling out the modifications and training handlers shortly. There are no other changes to PEC – only a change in the certificate format. For more information, contact [akulkarni@almondboard.com](mailto:akulkarni@almondboard.com).

In other news, the UK announced the signing of another Memorandum of Understanding (MOU) with a U.S. state, this time with the U.S. state of Washington to elevate trade and investment. The MOU marks the sixth arrangement as part of the UK's state-level strategy to boost trade with the U.S.

## China Appeals WTO Ruling on Section 232 Retaliatory Tariffs

China recently appealed the dispute panel ruling in a case brought by the U.S. regarding China's retaliatory duties in response to U.S. section 232 tariffs on steel and aluminum. China's action, termed by several trade experts as "appealing into the void," effectively places the case in limbo given the absence of a functioning WTO appellate body. In the appeal notification, China contends that a member self-declaration of safeguard disciplines should not go unchecked and that further due process to settle disagreements on what constitutes a safeguard are warranted. By appealing to a non-functioning Appellate Body, China can maintain its retaliation in place with the lack of a final decision.

## US Agricultural Export Forecast

USDA recently reported that U.S. agricultural exports in fiscal year (FY) 2024 are projected at \$172 billion, down \$5.5 billion from the revised

forecast of \$177.5 billion for FY2023. The decline will be driven by lower soybean and dairy product sales, as well as lower exports to its largest agricultural export market, China (currently about 19% of US agricultural exports). USDA also estimates the largest agricultural trade deficit in two decades in 2023, reaching up to \$27.5 billion (up from \$19 billion in 2022). Horticulture exports for FY2024 are forecast up \$1.6 billion to a record \$39.5 billion, driven by higher exports of tree nuts and processed fruits and vegetables.

## Recent Hearing on GSP

The House Ways and Means Committee recently held a hearing on reforming the Generalized System of Preferences (GSP). The hearing demonstrated the widespread bipartisan support for renewing GSP, which expired at the end of 2020, but did not result in concrete steps moving forward. GSP was first established by the Trade Act of 1974 and was designed to promote economic development in more than 100 beneficiary countries by eliminating duties on imported products from those countries. Countries like India are waiting for the U.S. to re-instate GSP.

## ABC Input for USTR's NTE Report

ABC is preparing input for the 2024 National Trade Estimate Report on Foreign Trade Barriers to be published by USTR. The report provides an overview of tariffs and technical barriers faced by exporters. Last year's report can be found here.

## Upcoming Events:

- Nov 1-10 Keith in China for Embassy & CII Show
- Nov 13-17 Abhi in Europe for industry meetings, Waren Verein annual dinner
- Nov 13-15 USAEDC Meetings in Baltimore

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