



July 11, 2024

ABC Annual Industry Delegation to DC

Several almond growers and a handler joined ABC staff for their annual trip to DC during the last week of June. The trip is an opportunity to engage with key government and legislative offices, providing an update not only on almond industry issues, but also to discuss market development and innovation activities, efforts to build demand, Board strategic priorities, and stewardship achievements.

The trip is always an important touchpoint, giving almond industry members a better sense of what issues are likely to impact growers in the coming years. Across all meetings, there was a clear respect for the efforts the almond industry has made to growing demand, and to generating data that demonstrates the industry's stewardship commitments. Meetings were held with USDA, FDA, and US Trade Representative Office as well as with Congressional offices where the delegation heard about Farm Bill efforts. There were also visits to USDA's bee lab and human nutrition labs.

Data that has been generated on the industry's water efficiency, carbon sequestration and biproduct use were well received – it was noted that few industry have the extensive data that almonds has generated, which is essential in driving for greater harmonization of standards and mitigating market barriers.

For more information about the trip, please contact Brock at bdensel@almondboard.com or Julie at Jadams@almondboard.com.

Highlights from Ag Export Finance/Insurance Webinar

ABC held a [Webinar on June 11](#) featuring different tools to help manage export trade risk. USDA introduced the [GSM-102 Credit Guarantee Program](#) that facilitates about \$5 billion of U.S. agricultural commodity exports each year. This program that covers up to 98% of the value can be helpful for larger volume transactions to developing countries, but requires use of a Letter of Credit (L/C) that is not so commonly used in international nut trade. Some nut traders do use Deferred or Usance L/Cs that allow buyers favorable repayment

terms from 30-90 days; these are also eligible to be used under the GSM-102 program. Another banker also described the benefits of using L/Cs to help limit risk in providing terms to buyers overseas.

Two different brokers introduced trade credit insurance alternatives which are insurance guarantees based on the credit worthiness of the end customer. [EXIM provides](#) this type of credit insurance or it can also be offered by public carriers like AIG, Allianz, Atradius, Coface, Chubb, Amynta, FCIA, Tokio Marine, etc. Most policies pay up to 90% and can increase to 95% with EXIM and selective others. These policies are linked to the companies' Accounts Receivables and may cover Terms from Net1 to Net 90. An Account Receivable claim is based on a PO (Purchase Order, Contract, email etc.), Invoice and Proof of Delivery (POD) prior to credit limit approval. All these are needed to file a claim if the approved transaction is not paid by the "buyer". Credit Insurance is not well known in the USA but many companies in Europe rely on it as a cornerstone to their Credit & Collection Procedures.

Finally, there was a short discussion on work being done to digitalize trade documentation including [eL/Cs](#), [eBOLs](#) and [ePhyto](#) Certificates. A [McKinsey report from 2022](#) points out that digitalizing documentation could free up \$6.5 billion in direct costs each year related to trade. Please contact Keith at kschneller@almondboard.com for more information on these matters.

Implications of EU Election Results on Agrifood Policy

Based on an initial analysis of the recent results of the European Parliament elections, the general consensus is that the center held and even came out of the elections stronger than going in. There was a shift from center-left to center-right, but not from center to hard right as many feared. Some key takeaways:

- Ursula von der Leyen most likely to be reconfirmed as Commission President.
- A bigger focus on European industrial growth and competitiveness.
- A former farmer, Max Schulman (EPP candidate for the European Parliament) could

become the next EU Ag Commissioner. Whether this results in more pro-ag or more EU protectionist policies remains to be seen.

Contact Abhi at akulkarni@almondboard.com for more information.

Revision of UNECE Almond Standards

ABC staff (Tim Birmingham, Abhi Kulkarni) attended the United Nations Economic Commission for Europe (UNECE) conference in Geneva from May 15-17, 2024. Three almond standards (almond kernels, blanched almond kernels, and inshell almonds) were on the agenda for revision. Staff participated in the technical discussions, providing data on USDA grade standards which helped ensure the resulting UNECE parameters were in alignment. In addition, an almond poster depicting defects and tolerances was also approved.

Contact Abhi at akulkarni@almondboard.com for more information.

Updated ABC Almond Tariff Chart

In early July, ABC posted an updated almond tariff chart that can be found at the following [link](#). This chart shows most major destinations for California almonds and includes both Most Favored Nation (MFN) tariff levels for all WTO members and any special rates for U.S. origin almonds that fall under special Free Trade Agreements. The ABC tariff chart covers the [HS Codes](#) for inshell almonds (080211), almond kernels (080212), processed almonds (200819), paste (200799 or 170490), and flour/meal (110630). The chart also provides some information on other duties and fees commonly charged including VAT, consumption taxes, etc.

Other HS codes sometimes used include 151590 for almond oil, 200600 for candied almonds, 220290 for almond beverages, and 230800 for almond hulls (animal feed). Please contact Keith for more info at kschneller@almondboard.com

Denmark proposes C02 Tax on Livestock

On June 24, the Government of Denmark announced a [proposal](#), which, if passed by its parliament, would make Denmark the first

European country to introduce a carbon tax on livestock farming. The EU does not charge an equivalent carbon tariff on food or ag products, but is moving forward with a [Carbon Border Adjustment Mechanism](#) on industrial goods like cement, iron, steel, fertilizers, etc. Denmark's plan would reduce greenhouse gas emissions for 1.8 million tons of CO2 in 2030. A fee would be charged on livestock emissions in 2030 and increase in 2035; the proceeds would be used to support the green transition of the livestock industry.

Recent spike in Ocean Freight Rates

An ocean container capacity crunch has hit global trade just as peak shipping season starts. Over the past few weeks, Asian freight spot rates to the U.S. West Coast have risen by approximately 30% and are still climbing. Several factors contribute to this situation. According to freight analysts with [Exaneta](#), *"the ongoing conflict in the Red Sea region, congestion at ports in the Mediterranean and Asia, equipment shortages and shippers frontloading imports ahead of the Q3 peak season, the pressure within the ocean freight container shipping system is still at severe levels. The breakdown of labor negotiations and threat of union action at U.S. East Coast ports will add even more pressure. At the moment it is unlikely – but not impossible – that spot rates will reach the levels seen during the Covid-19 pandemic but there are so many factors in play it is not possible to predict the market with any degree of certainty."*

Upcoming Events:

July 10-11	USAEDC/Attache Conference, DC
Aug 6-9	China Tree Nut Conf CFNA Lin'an
Aug 22	GTRA Leadership Training Modesto
Aug 22-23	Chinese Buyer Team Visit Modesto

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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 members and does not discriminate on the basis of race, color, national origin, sexual orientation, gender, marital status, religion, age, disability or political beliefs. 2024GTRA0018