



December 12, 2023

## International Trade Featured at TAC

The Almond Conference was again “the place” to be for updates and key insights. This year, the State of the Industry presentation featured comments from the U.S. Trade Representative’s Chief Agricultural Negotiator Doug McKalip. Ambassador McKalip provided an overview of accomplishments achieved so far, including the removing of retaliatory tariffs in India, and a reduction in duties on Moroccan phosphorous imports which should bring fertilizer costs down. The Ambassador committed to do what he can to help us expand almond exports going into the future especially with new funding tools recently offered by USDA. He commended the partnership and efforts by Almond Board staff and industry, indicating that he and his team are working on multiple trade barriers in an effort to maintain and expand export markets for almonds.

Later in the Conference, a panel session featuring ABC staff, Jonathan Hoff (Monte Vista Farming) and Tim Harrison (Intersnack) focused on ABC’s Global Trade Report Card. While USG is not pursuing new “traditional” trade agreements, ABC has worked with various partners to request tariff suspensions in several major markets. There has also been success dealing with major technical barriers to trade, especially assisting handlers with China’s facility registration issues.

Tim Harrison explained how increasing environmental pressures are driving the need for data; he commended almond industry practices and efforts to document what growers are already doing in the orchard. This helps demonstrate to regulators and major European processors that California almonds can meet European standards. There was also acknowledgement that efforts *by both suppliers and customers* will be needed to address this year’s challenging crop conditions. All agreed that the complexity of global trade and increasing technical barriers require more collaboration and coordination. Overall, ABC has done a good job keeping up with technical barriers of trade and identifying new opportunities for exports of California almonds.

## Mold Testing in Italy

ABC staff have been meeting with European industry, Commission officials and USDA/FAS offices to

address increased rejections for ‘hygiene/mold’ in almond shipments in Italy. It is important to note that **there are no regulatory limits for mold either in the U.S. or the EU.** The generally accepted industry reference value is <10,000 cfu/g – BUT results exceeding these values are not an indication of active mold growth nor is it a food safety issue.

USDA/FAS, AMS and FDA have held multiple discussions with Italian authorities regarding the multiple consignments that have been detained. Our understanding is that containers with results under 5,000 cfu/g have been released; those that tested above 5,000 cfu/g will require importers to work with health authorities to ensure the finished product is below 5,000 cfu/g. Going forward, we understand import authorities will not be conducting testing for mold. *However*, their view remains that consignments showing “*visible molds or parasitic infections, indicating poor conservation, will be prohibited from entry.*” Clearly, this can be a very subjective determination, particularly if grades and defect classification is not fully understood.

While this may be a short-term solution, additional discussions are needed between industry, USDA and Italian authorities to avoid these disruptions in the future. If you are having any issues with shipments to Italy or have questions, please contact Abhi at [akulkarni@almondboard.com](mailto:akulkarni@almondboard.com) or Julie at [jadams@almondboard.com](mailto:jadams@almondboard.com).

## China Market Access for Almond Hulls Update

On December 1, 2023, China’s Ministry of Agriculture’s (MARA) Technical Review Committee reviewed several feed ingredient applications and **finally** approved ABC’s application to add “prime hulls” and “almond hulls and shells” to their official feed ingredients catalog. The two definitions will be consistent with those published by the Association of American Feed Control Officers (AAFCO) and CDFA. While we are still waiting for the new definitions to be published, we understand the MARA feed catalog definitions will cover all forms of almond hulls and shells including whole, ground, pellets and cubes.

Since the existing import phytosanitary protocol signed by China’s General Administration of Customs (GACC) in May 2020 only covers almond hull pellets and cubes, a protocol specifically for whole/ground hulls still needs to be agreed – this discussion is already underway between USDA/APHIS and Chinese authorities. It is also not clear if U.S.

facilities will have to obtain licenses for these “processed” products from MARA before they can actually start exporting. ABC will try to clarify this question as soon as possible. For more information, contact [kschneller@almondboard.com](mailto:kschneller@almondboard.com)

## Regional Ag Promotion Program (RAPP)

Industry groups have been pressing for additional funds to support market development initiatives, which has met with bipartisan support in Congress. In October, Secretary Vilsack announced that USDA would allocate \$1.3 billion to help producers maintain and develop export markets. The first tranche of RAPP funding is set at \$300 million. ABC is in the process of developing its proposal for funding which will help accelerate market development efforts identified this past year as an outcome of the Deloitte study. The funding is available for “approved market development activities” aimed at expanding exports and diversifying markets. In this funding tranche, activities in Canada, China/Hong Kong, the EU and Mexico are not eligible. Furthermore, \$25 million of will be reserved for activities in Africa.

Of the \$1.3 billion, USDA set aside \$100 million under the RAPP to help with access to global markets for fruits, vegetables, nuts, and other specialty crops. Details related to use of this funding are still under consideration.

## USTR Review of Sec 301 Tariffs on Chinese Products

USTR intends to complete by the end of the year its review of the tariffs imposed by the Trump Administration on imports from China. Two Democratic senators sent a [letter](#) to Biden encouraging him to keep the tariffs in place. Lifting the tariffs would likely prompt China to lift retaliatory duties, many of which affect agricultural products. Meanwhile, President Biden and Chinese leader Xi Jinping held a favorable meeting on the margins of the APEC Leaders meeting in San Francisco. For more information, please contact Keith at [kschneller@almondboard.com](mailto:kschneller@almondboard.com)

## Status of Japan Aflatoxin Rejections

As of the end of November, there have been 27 rejections for aflatoxin in Japan with the majority in Tokyo. This compares with 20 rejections in total for 2022. Despite the increase, this still represents *about*

1.5% of total shipments. ABC is waiting to hear back from MHLW regarding a proposed protocol which would allow testing prior to export, in order to eliminate 100% import testing in Japan.

## President’s Export Council

The President’s Export Council (PEC), a national private sector advisory committee on international trade, [sent letters to President Biden covering agriculture](#), manufacturing, and climate policy. The letter on agriculture included recommendations for expanding U.S. exports: Coordinate efforts to diversify agricultural supply chains; Establish a robust trade agenda by, inter alia, recommitting to negotiating comprehensive trade agreements and eliminating tariff and non-tariff barriers; Enforce existing trade agreements; and Lead on international sustainability and climate efforts.

## Upcoming Events:

- Dec 22-29 ABC Modesto Offices Closed (reopen Tuesday, Jan 2, 2024)
- Feb 15 ABC India Trade Conference in Delhi
- Feb 19-23 ABC exhibiting at Gulfood in Dubai



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2023GTRA0025