

ABC Global Update

Export Shipments

Export shipments through November were down nearly 18% from last year at 439.5 million lbs. Domestic shipments YTD were down 1.45% at 215.4 million lbs compared to last year

	Million Lbs. Aug-Nov 2014	% Change from Last Year
W. Europe	156,119,704	-15%
Spain	41,425,803	-30%
Germany	45,868,165	-4%
Netherlands	17,868,413	3%
Italy	14,231,162	-19%
UK	8,370,617	-13%
France	6,660,225	-12%
Belgium	7,182,635	-1%
Central/E. Europe	7,589,065	-64%
Asia-Pacific	190,652,661	-15%
China	64,295,828	-42%
India	61,443,413	48%
Japan	18,917,593	-21%
S. Korea	16,817,690	-9%
Vietnam	14,660,686	-7%
Middle East	52,146,589	-26%
UAE	29,122,751	-13%
Turkey	15,295,626	-43%
Total Exports	439,503,072	-18%

US Government Accountability Offices Calls for Increased Pesticide Residue Monitoring

On October 7, the U.S. Government Accountability Office (GAO) published a [report](#) reviewing the federal oversight system with respect to pesticides in or on foods across multiple agencies including the Food and Drug Administration (FDA), USDA's Food Safety and Inspection

Service (FSIS), as well as Agricultural Marketing Service (AMS). GAO reviewed each agency's pesticide residue data, data reliability, and sampling/testing methods, in addition to conducting interviews of officials.

FDA's most recent data (2008-2012) indicated that pesticide residue violation rates were generally low; however, GAO felt the monitoring approach for high risk commodities was weak. Similarly, GAO found limitations in FSIS data from 2000-2011 focused on animal products and in AMS' annual surveys of highly consumed produce and foods from 1998-2012.

Overall, GAO recommends that the above-mentioned agencies disclose their data limitations in their monitoring and data collections as well as enhancing the FDA and USDA methodologies.

Draft Proposals for Revisions to EU's Food Control Procedures raise Concerns

Draft proposals for modifications to the EU's food control procedures raise a number of concerns related to how they will be implemented and enforced. One of the most significant areas of concern involves proposed introduction of mandatory fees for non-animal origin products.

The discussions have been difficult within the European Council, with no agreement. Among the key provisions being debated:

- Fees considered mandatory, not optional (although there is still disagreement)
- No agreement on amount of fixed fees
- Member States may "top-up" fees to cover other costs – but a non-exhaustive list is open to each Member State's discretion, which will result in inconsistent approaches
- Non-exhaustive list of costs that could be considered in the calculation includes insurance, maintenance, training, travels...
- 'Other official activities' also included – no clear definition for such activities.

There is the possibility of a reduction for 'certain activities,' e.g., importers with low throughput or a record of compliance. But again, it is up to the Member State to determine criteria. ABC is continuing to monitor the proposals, working closely with industry associations in Europe. It is anticipated that discussions will continue in early 2015.

India's FSSAI under Review at Highest Level

As noted previously, the Prime Minister's Office (PMO) has decided to intervene and find tangible remedies to mitigate the difficulties with India's Food Safety and Standards Authority (FSSAI).

Harsimrat Kaur Badal, the Union Minister of Food Processing Industries has held discussions with the Union Minister of Health and

Family Welfare, Dr. Harsh Vardhan, on the matter; she commented that while food safety and regulatory measures are appreciated, there also needs to be consideration for the growth of the food industry. There has been a heated debate recently if approvals must now be sought of the Ministry of Food Processing and the industry instead of the FSSAI. Badal clarified that this is not the case, but that the objective was to eliminate arbitrariness in decision making.

Badal also confirmed that talks were being held with the Health Minister on the issue of imported food stuck at various ports and that the matter was also being looked into by the Prime Minister's Office.

US and India Reach Resolution Paving Way for WTO Trade Facilitation Agreement

On November 13, the Office of the U.S. Trade Representative (USTR) **announced** that the U.S. and India have reached an agreement on food security issues, which had previously created a deadlock in the implementation of the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA).

The TFA protocol was first introduced at the last WTO ministerial meeting, held in Bali, Indonesia in December 2013. TFA would reduce costs and delays of importation at the point of entry and harmonize customs procedures for all 160 WTO members. Also, least-developed countries (LDCs) would receive duty-free, quota-free market access for 97% of exports.

WTO members were set to ratify TFA in July 2014; however, India blocked its ratification, objecting to the lack of a corresponding 'food security' agreement. This would allow India higher levels of government subsidization and stockpiling of

certain bulk foods than is currently permitted under WTO rules, in order to continue its cheap food grains program for the impoverished.

The agreement between the U.S. and India sets clear language which will allow India to continue its food security program unchallenged, until a permanent arrangement is found.

A USTR **fact sheet** notes that this resolution will pave the way for implementing TFA, which will be the first multilateral agreement concluded since the WTO's inception 20 years ago.

ABC Bids Farewell to USDA/FAS New Delhi's Minister Counselor Allan Mustard

Allan Mustard, who has been an important partner for ABC in India, was recently confirmed to be the U.S.' Ambassador to Turkmenistan. He will be leaving Delhi toward the end of December, to take up his new posting. It is anticipated the new USDA/FAS Minister Counselor will be in place in New Delhi in time to participate in ABC's February trade conference.

China to Cut Ag Tariffs after FTA Concluded with Australia

China will reduce import tariffs across a range of Australian agriculture products as part of a China-Australia free trade agreement (ChAFTA) that may boost shipments to the world's second-largest economy.

Australia is seeking to reduce its reliance on resource exports and rebalance growth to other areas. It has the most China-dependent developed economy, with exports to China representing 5.3 percent of gross domestic product. The FTA gives Australia an advantage over agricultural competitors such as the U.S. and Canada and counters

benefits New Zealand has through its own deal with China signed in 2008.

Under ChAFTA, all tariffs on horticultural products will be eliminated. Key outcomes include:

- Elimination of the 10 to 25 per cent tariff on macadamia nuts, **almonds**, walnuts, pistachios and all other nuts within 4 years.
- Elimination of the 11 to 30 per cent tariff on oranges, mandarins, lemons and all other citrus fruits within 8 years.
- Elimination of the 10 to 30 per cent tariff on all other fruit within 4 years.
- Elimination of the 10 to 13 per cent tariff on all fresh vegetables within 4 years.

Separate to the FTA negotiations, Australia already enjoys quarantine access protocols for entry into China for many horticultural products, and will be able to take immediate advantage of tariff reductions for a range of products including citrus, grapes, almonds, macadamias, mangoes and cherries.

Of Special Note

ABC offices will close Wednesday, December 24, 2014 and reopen Friday, January 2, 2015.



From all of us to all of you, a joyous holiday season!

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.

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