

ABC Global Update

Year End Shipments

Another record year! Please see the next page for an in-depth look at year-end shipments.

Almond Industry Members visit Washington, DC

In July, industry members and ABC staff visited Washington, DC for a weeklong series of meetings to update government agencies and industry alliances on current almond industry issues. They also participated in the annual U.S. Agricultural Export Development Council (USAEDC) conference, meeting with USDA Foreign Agricultural Service (FAS) field staff from key export markets.

Agencies visited during the trip included the USDA Agricultural Marketing Service (AMS), the Environmental Protection Agency (EPA), and the Food and Drug Administration (FDA). These meetings provided valuable opportunities to discuss current issues impacting the industry such as the new incoming sampling program, China legislation, harmonizing maximum residue limits (MRLs) and FSMA implementation.



The delegation also met with staffers from several California Congressional offices to provide educational materials on industry water use efficiency, bee health research, and key trade issues.

MRL Workshop

In July, the annual MRL Workshop was held in San Francisco. Key takeaways this year included:

- How other commodity groups manage multiple export markets with different MRLs and applying some of these tools to the almond industry.
- As South Korea realizes the work load to establish their own MRLs (positive list system), they have decided to focus on setting import MRLs for commodities primarily imported. Tree nuts are scheduled to have MRLs set for implementation in January 2017. It also means that data packages for tree nuts need to be submitted to Korean authorities by November of 2014.
- The EU continues the trend to regulate pesticides much more stringently than anywhere else in the world. They are currently in the process of conducting “cumulative risk assessments” where compounds with the same impact on the

body are assessed together. The more compounds lumped together, the less likely that they will pass the risk assessment – and it seems the EU’s criteria for lumping together is much broader than the U.S. EPA’s. In parallel, the EU is still trying to implement 2009 legislation that said that any pesticide that was a carcinogen, mutagen, or endocrine disrupter needed to be removed from the EU market (hazard criteria rather than risk based criteria).

Hong Kong Implements New MRL System; Other MRL Regulations Take Effect

On August 1, Hong Kong implemented a new MRL positive list and no longer defers to Codex MRLs. Under the positive list system, only MRLs included in the **Pesticide Residues in Food Regulation** apply in Hong Kong. There is no default MRL.

- Additional MRLs are expected to be added later this year to supplement the current list. It is expected that the supplemental MRL list will include several new MRLs recently established at Codex, along with recently-requested MRLs whose data packages were submitted following the publication of the initial list in 2012.
- Importantly, Hong Kong government officials have stressed that their goal is not to stop trade with the new MRL system, only to establish a positive list. Should a residue be detected on a product that has not yet been approved in Hong Kong, the Hong Kong government would conduct a risk assessment to determine whether a MRL needed to be established. Hong Kong does not intend to hinder trade while such investigations were underway.
- In related news, China announced an updated, consolidated MRL regulation in late 2013. The MRL regulation, **GB-2763-2014**, takes effect on August 1.

MRL changes from both the Hong Kong and Chinese MRL regulations have been updated and are currently available in the **USDA-EPA MRL Database**

Russia Bans U.S. Ag Imports

Russian President Vladimir Putin issued a decree in response to economic sanctions imposed on Russia over the Ukraine crisis. The measures announced on August 7 impose a one-year term prohibition of imports of ag products, raw materials and food from the U.S., EU, Canada, Australia, and Norway. ***The extensive list includes almonds.***

The Almond Board continues to work with U.S. authorities, industry and export officials particularly to address implications for consignments already on the water or in transit.

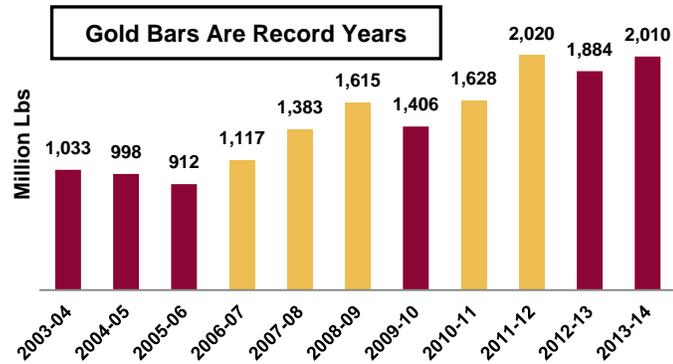
Handlers/shippers have been asked to keep ABC apprised of any issues. For any questions, please call Julie Adams at 209.343.3238 or by email to jadams@almondboard.com.

Export and Domestic Shipments for 2013/2014

Global demand for California Almonds continues to be strong across markets and product types, with crop year 2013/14 achieving the highest overall shipments and the second highest production level in the industry's history.

Production

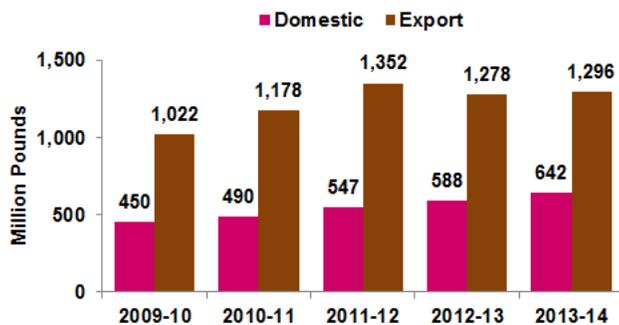
Five out of the last eight almond crops have set records despite agricultural pressures. Crop year 2013/14 production at 2.01 billion pounds is the second largest crop on record.



Total Shipments

Overall shipments were up 3.8%, at 1,937.4 billion pounds. For the eighth consecutive year, the domestic market set a record – shipments were up 9% over the prior year, at 641.8 million pounds. Domestic increases were across all categories – shelled, inshell and manufactured product. For the fifth year, California shipped over 1 billion pounds to export destinations. With shipments up slightly over last year, FY 13/14 is the industry's second largest export year.

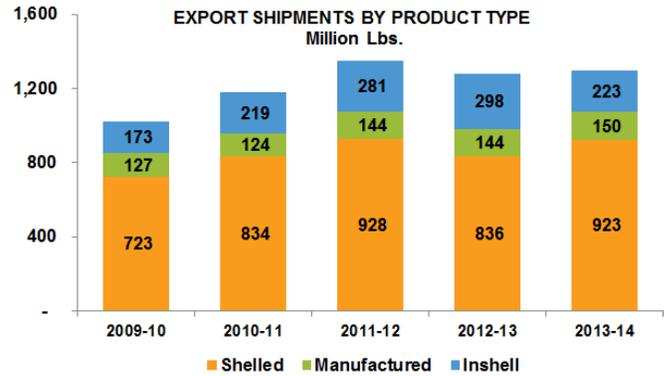
The U.S. accounted for 33% share of total shipments, 67% were destined for more than 90 countries around the world.



Export Product Types

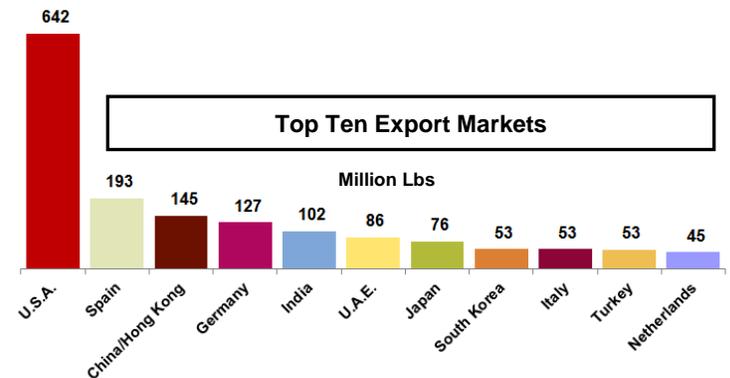
Shipments by product type show continued demand for higher value manufactured product (e.g. sliced, chopped, etc.). Exports of these forms increased to 149 million pounds. Exports of shelled almonds were up 10% to 923 million pounds while inshell shipments were 223 million pounds, a decrease of 34%

compared with last year. This decrease is primarily due to lower inshell shipments to China and India.



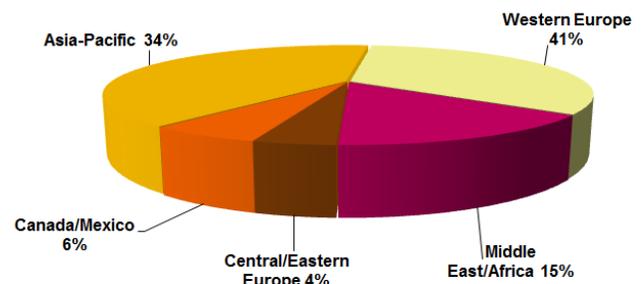
Top World Destinations

The top five export destinations (Spain, China, India, Germany and the United Arab Emirates) are unchanged from last year, and account for approximately 50% of total export shipments. However, Spain regained its position as the top export market in 2013/14 with shipments totaling 193 million pounds, up 22% from the previous year. The top ten destinations account for over 72% of export shipments, with Italy and Turkey regaining their positions over Russia and Canada.



Regional Exports

Western European shipments of 532 million pounds increased to become the largest export region at 41% of exports. This was largely at the expense of the Asia-Pacific region, which now accounts for 34% – down from 38%.



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 staff@almondboard.com. The information reported in this document is correct to the best of our knowledge.

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