

ABC Global Update

Year End Shipments

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

India Planning to Adopt Random Risk-Based Testing for Food Import Inspections

In an effort to facilitate trade and cut port delays, the Indian government has voiced plans to change its customs clearance procedures for inspections of imported goods. In April, India's Central Board of Excise and Customs (CBEC) issued a **circular** that established a Customs Clearance Facilitation Committee (CCFC) at every major customs seaport and airport.

According to media sources, the CBEC has called on customs officials to meet a pre-established timeframe of 12 hours plus the time taken for testing for food consignments to clear customs. Currently, the clearance process can take ten to fifteen days. To meet this call, officials have suggested that the government do away with the current practice of testing *each food consignment* and switch to the international norm of random, risk-based inspections.

Efforts Continue to Address Extension of Fosetyl-AI MRL

Almonds, pistachios and walnuts are working closely with DFA and European associations to provide data needed to support extension of the MRL for fosetyl-AI. In a reply to European associations, the European Commission questioned the need to extend the MRL, stating concerns that doing so would establish a "precedent".

U.S. government authorities are working closely with their counterparts in Europe to address the justification for the extension, given the fact that there is no risk to consumers (based on the EU's own risk assessment) and to do so would avoid considerable trade disruption for the \$2.7 billion in tree nut exports.

For more information, please contact Julie Adams or Gabriele Ludwig at the ABC.

Pre-Export Checks Finally Goes Live

California Almond shipments to Europe are finally transitioning from VASP to Pre-Export Checks (PEC) effective August 1. ABC staff have been conducting one-on-one training with handlers, and organizing webinars for shippers and European trade to ensure a smooth rollout.

Detained consignments were reported in several ports due to confusion over the starting date – the EU regulation went into effect in mid-July. The European Commission issued a clarification through the rapid alert system which helped the situation.

ABC staff is continuing to meet with European authorities and trade during this transition period.

USDA FAS Publishes Bulgaria Tree Nuts Market Update

On July 6, the USDA Foreign Agricultural Service (FAS) published a **GAIN Report** updating Bulgarian tree nut market trends.

Bulgaria, a growing market for tree nuts, is a net importer of almonds. Local production areas are growing with support from EU investment funds but production volumes vary widely due to weather conditions. The competitive local market is made up of approximately ten major companies with national brands, a number of smaller suppliers, and an illegal sales sector that accounts for 10-15 percent of the market. In March 2015, Bulgarian tree nut farmers established the first industry association, the Association of Tree Nut Producers and Processors.

National Statistical Institute data shows stable consumption growth since 2008 and a more than 20 percent increase in 2014 compared to the previous year. In

Marketing Year (MY) 2013/14, U.S. exports accounted for 940 metric tons or 53 percent of total almond imports for the marketing year. U.S. exports of almonds to Bulgaria totaled \$9.6 million in 2014, the highest ever value of almond exports to Bulgaria.

Annual Almond Industry Visit to Washington, DC in July

An ABC industry delegation representing several committees (Technical & Regulatory Affairs, Almond Quality & Food Safety, Industry Services) and the Board of Directors joined ABC staff in Washington, DC for meetings with various government offices and industry alliances. The delegation also attended the U.S. Agricultural Export Development Council (USAEDC) conference. The trip focused on concerns related to water, and the industry efforts which are currently underway.

During the week, the delegation met with U.S. Agriculture Secretary Tom Vilsack. This was an important opportunity to talk one-on-one with the Secretary about how the drought has affected almond production and to share the industry's proactive initiatives to address sustainable production. The delegation shared that growers in some parts of the Central Valley are impacted more than others, but overall almond growers continue to strive to meet demand for almonds while coping with water shortages in the fourth year of California's historic drought.

During the week, meetings were also arranged with the U.S. Department of Agriculture (USDA), the Environmental Protection Agency (EPA), the Department of the Interior (DOI), and the Food and Drug Administration (FDA). ABC also hosted an educational briefing for legislative staffers on the California drought and the impact to the industry. Many of the staffers attending were from urban areas, who were interested to learn more about one of California's top crops.

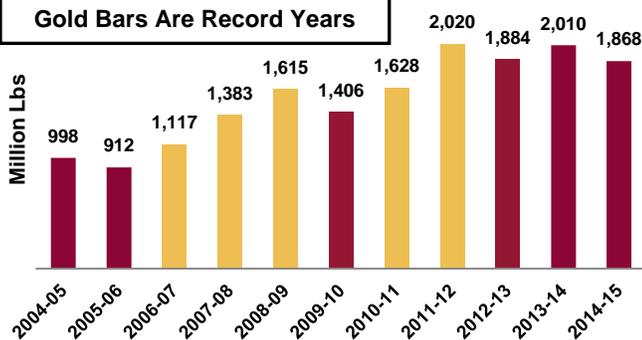
Export and Domestic Shipments for 2014/2015

Continued recognition of the health benefits and versatility of California Almonds is reflected in Global demand, which continues to be strong across markets and product types.

Production

Despite agricultural pressures, crop year 2014/15 production at 1.86 billion pounds is the fourth largest crop on record.

Gold Bars Are Record Years

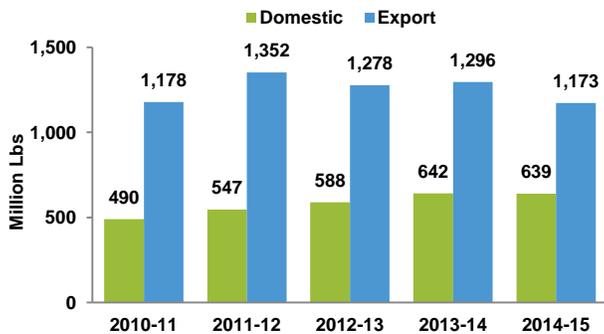


Total Shipments

Overall shipments were 1.81 billion pounds. For the sixth year, California shipped over 1 billion pounds to export destinations, although FY 14/15 exports of 1.173 billion pounds continue to be down. While slightly below last year's record, domestic market shipments at 639 million pounds are the second highest on record – reflecting continuing consumer demand for a wide range of almond products.

The U.S. accounted for 35% share of total shipments, while 65% were destined for more than 90 countries around the world.

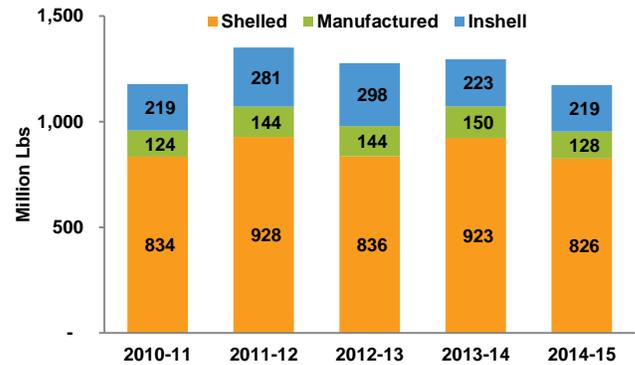
DOMESTIC & EXPORT SHIPMENTS



Export Product Types

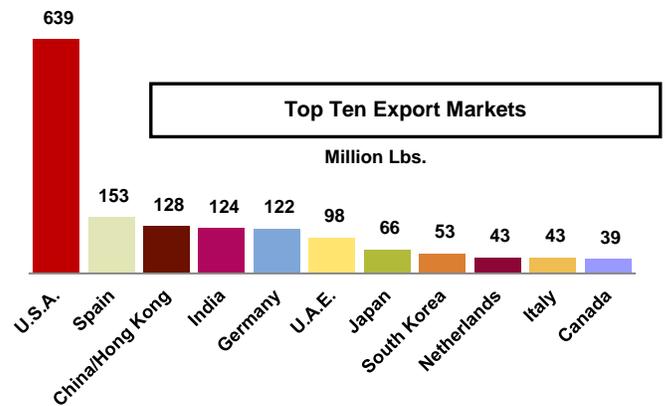
Shipments by product type show continued demand for higher value manufactured product (e.g. sliced, chopped, etc.). Exports of shelled almonds down about 10% to 826 million pounds while inshell shipments were 219 million pounds, a decrease of about 2% compared with last year.

EXPORT SHIPMENTS BY PRODUCT TYPE



Top World Destinations

The top five export destinations (Spain, China, India, Germany and the United Arab Emirates) account for approximately 50% of total export shipments. Spain continued to be the top export market in 2014/15 with shipments totaling 153 million pounds. India surpassed Germany as the 3rd highest export destination.



Regional Exports

Western European shipments of 468 million pounds continue to represent the largest export region at 40% of exports. This is largely at the expense of the Asia-Pacific region, which now accounts for 36% – up slightly from 34% last year.

ALMOND EXPORTS BY REGION

