

# ABC Global Update

## First Quarter Shipments Down

The 2015/2016 first quarter shipments are down across regions, including domestic down 5% from last crop year YTD.

	Million Lbs. Aug 2015- Oct 2015	% Change from Last Year
<b>W. Europe</b>	<b>108,004,571</b>	<b>-10%</b>
Spain	37,211,930	11%
Germany	22,492,117	-36%
Italy	13,083,482	25%
Netherlands	9,415,760	-32%
UK	6,393,605	0%
Belgium	4,756,492	-20%
France	4,498,259	-5%
<b>Central/E. Europe</b>	<b>3,252,000</b>	<b>-46%</b>
<b>Asia-Pacific</b>	<b>125,286,140</b>	<b>-19%</b>
India	50,123,419	-10%
China	38,913,150	-26%
Japan	14,455,734	11%
S. Korea	9,026,986	-22%
Vietnam	5,528,181	-55%
<b>Middle East</b>	<b>21,216,954</b>	<b>-48%</b>
UAE	9,131,319	-62%
Turkey	6,052,822	-44%
<b>Total Exports</b>	<b>276,646,902</b>	<b>-20%</b>

## Trans-Pacific Partnership (TPP) Text Released

TPP text was released on November 5, 2015. The trade deal includes 12 countries, and in FY 14/15 represented almost \$800 million in export trade of almonds. Trade barriers for almonds will be limited due to minimal controls on almonds throughout the Asia Pacific region.

Two major benefits are:

### Japan

- Japan's 2.4 percent tariff on sweet inshell almonds (HS 0802.11.200.6) and shelled almonds (HS 0802.12.200.5) will be eliminated immediately for all member countries upon entry into force of the agreement for Japan. The U.S. currently faces the most favored nation (MFN) tariff rate of 2.4 percent.

### Vietnam

- Vietnam's tariff on inshell almonds (HS 0802.11) will be eliminated for all member countries in three equal annual stages, entering duty-free on January 1 of year three of the agreement for Vietnam. Although Vietnam's current MFN tariff for imported inshell almonds is 15 percent, the Vietnamese tariff reductions in the TPP text are based upon a 20 percent base rate from 2010. ABC and partners are seeking clarification from USTR.
- For shelled almonds (0802.12), Vietnam's 10 percent tariff will be eliminated for all member countries in three equal annual stages, entering duty-free on January 1 of year three of the agreement for Vietnam. The U.S. currently faces the MFN tariff rate of 10 percent.

For the U.S.' part, tariffs on tree nut imports, currently as high as 26.5 cents/kilogram (approximately 22.4 percent ad valorem equivalent), will be eliminated in five years or less.

Another important area are Sanitary & Phytosanitary (SPS) Measures. Here, TPP SPS measures will be

guided by science-based risk analysis. Key highlights include:

- SPS requirements will be based on relevant international standards or based on documented, objective, scientific, evidence.
- Requires countries to publish proposed regulations, provide an opportunity for public comment and convey requirements in terms that producers understand.
- Import checks will be based on actual risk. Parties involved are required to inform importer and/or exporters within seven days if a shipment is being prohibited or restricted entry for reasons related to food safety or animal/plant health.

The President has signaled to Congress his intention to sign TPP into law. This is expected to take place prior to the 2016 election. More information about TPP can be found at: <https://medium.com/the-trans-pacific-partnership>.

## European Commission Publishes New Trade and Investment Strategy

On October 14, 2015, the European Commission published a report updating the European Union's (EU) trade and investment strategy.

The report highlights the need for effective trade agreements that are transparent and maintain the EU's values. The report also identifies Australia as a key market and notes that the European Commission will seek authorization from EU member states to pursue a free trade agreement with the country. Trade

between the EU and Australia reached approximately \$80 billion in 2014.

The report will be discussed by member states, the European Parliament and with stakeholders to assess implementation procedures. For more information, please refer to the European Commission's [trade policy website](#).

**California Department of Pesticide Regulation Releases Pesticide Residue Report**

On October 14, 2015, the California Department of Pesticide Regulation (DPR) published the [2014 Pesticide Residues in Fresh Produce report](#).

After conducting tests on approximately 3,500 samples of fresh produce in 2014, including more than 150 different fruits and vegetables, the DPR concluded that the majority of fresh produce sold in California in 2014 met the federal pesticide tolerance standards set by the U.S. Environmental Protection Agency (EPA). Both domestically grown and imported produce was sampled. According to the report, over 52 percent of samples had legal pesticide residues at or below EPA tolerance levels and over 40 percent of samples had no detectable residues whatsoever. Just over 1 percent of the samples had residue levels in excess of the established tolerance level and 5.5 percent had residues of unapproved pesticides.

Each year since 2010, at least 93 percent of samples have had legal pesticide residues at or below the tolerance levels approved by the EPA.

**U.S. Port Legislation Proposed**

The port slowdown earlier this year caused major exporting issues across all agriculture commodities.

This was particularly hard on almonds as nearly all exports exit through west coast ports. Since the slowdown legislators have proposed new legislation to give authority to government entities in the event of another slow down or strike. Legislation was proposed in the recent Highway Transportation Bill but was not included in the final version. Other proposed bills include:

- The Port Transparency Act: Requires a performance matrix for the top 25 ports by tonnage, by 20-foot equivalent unit, and by dry bulk.
- The Protecting Orderly and Responsible Transit of Shipments Act: Grants governors the ability to form a board of inquiry and start the Taft Hartley process whenever a port labor dispute is causing economic harm.
- The Preventing Labor Union Slowdowns Act of 2015: Would make intentional slowdowns by maritime unions an unfair labor practice. Offending labor organizations would be subjected to federal court injunctions against slowdowns as well as damage claims to injured parties

ABC is closely following all proposed legislation and researching how the port slowdown effected almond shipments.

**Fosetyl-AI Update**

On November 10, 2015 the EU's Standing Committee voted in favor of extending the temporary MRL (tMRL) for Fosetyl-AI through March 1, 2019. The tMRL applies to almonds, cashews, hazelnuts, macadamias, pistachios and walnuts at the current level of 75mg/kg. The current MRL was scheduled to expire on December 31, 2015. The new tMRL

will be retroactive starting January 1, 2016. ABC is continuing to work with California tree nut partners to submit the request for a permanent Fosetyl-AI MRL. This MRL is anticipated to take effect on or before March 1, 2019.

**Pre-Export Checks (PEC) Findings**

PEC began on August 1, 2015 with minimal disruption in shipments to Europe. ABC is working with shippers and EU authorities to address issues as they arise. One important point that has been noted is the need to include the consignee's phone number for import authorities to contact. Without this information there is a chance that shipments will take longer than normal to clear customs.

**Almond Conference**

Reminder! Be sure to register for the Almond Conference which is being held December 8-10, 2015 in Sacramento. The Conference is expected to be the largest ever, attracting over 3,000 attendees and about 250 exhibitors.

Visit [www.Almondconference.com](http://www.Almondconference.com) to register.

**Upcoming Travel**

- **November 16-20, 2015**  
Julie Adams, Beth Van Meter, Becky Sereno in Baltimore, MD for USAEDC meetings
- **November 17-30, 2015**  
Swati Kalgaonkar in India for Dietetic Association meetings.
- **November 18-20, 2015**  
Gabriele Ludwig in Germany for Frucom and Waren Verein meetings.

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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 [staff@almondboard.com](mailto:staff@almondboard.com). The information reported in this document is correct to the best of our knowledge.

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