

# ABC Global Update

## Update on China's Tree Nut Market

Almond production in China is projected to reach 40,000 metric tons (MT) in marketing year (MY) 2016/17 (August-July), a 25 percent increase compared to the previous year, according to a recent U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) [GAIN report](#) on China's tree nut production, consumption, and trade. Approximately 70,000 hectares are planted in Shache County, Xinjiang, representing 95 percent of China's total almond acreage.

Tree nut imports are expected to recover in MY 2016/17 as market prices decline compared to the previous year and products become more affordable. Rising incomes and growing consumer awareness of the nutritional benefits of nuts are also expected to help boost demand in China. The United States remains the leading supplier of almonds to China.

## U.S., India Hold Bilateral Trade Policy Forum

On October 20, U.S. Trade Representative (USTR) Ambassador Michael Froman met with Indian Minister of Industry and Commerce Nirjala Sitharaman in Delhi, India for the tenth ministerial meeting of the U.S.-India Trade Policy Forum (TPF), according to a [joint statement](#) published by USTR.

The two representatives noted that although two-way trade in goods and services reached \$109 billion in 2015, there remains great potential to expand bilateral trade.

Agricultural issues were among the key discussion topics, with both sides agreeing to continue efforts to facilitate greater trade in food and agricultural products.

The eleventh U.S.-India TPF meeting is scheduled to take place in the U.S. in 2017.

In conjunction with the Trade Policy Forum, ABC staff updated USTR and US Embassy staff regarding the ongoing concerns related to the No Objection Certificate (NOC) situation. While the situation has calmed down, there continue to be concerns that a longer term solution has not been found. So far, there has been no response to possible remedies that were suggested by the Embassy to Indian government authorities. In the meantime, ABC and industry members are continuing to explore possible options that would avoid a similar situation in future shipping seasons.

## GST Bands Established

India GST Council announced the GST rate structure will be 5%, 12%, 18% and 28%.

- 0% to apply to 50% of items in the Consumer Price Index basket, including grains used by the common man.
- 5% duty will be levied on items of mass consumption used by common people.
- Standard rates of 12% and 18% will be applicable on other items.

Background information on nutrition research is being used by Indian trade to demonstrate the healthy benefits provided by almonds, which the

objective of supporting a lower GST rate for nuts.

## PPO Update

The registrant, Balchem, has been working hard to submit a revised toxicological as well as a residue data package for PPO by December 1 to the Joint Experts Committee on Food Additives (JECFA). JECFA is responsible for conducting the risk assessments for the Codex Committee on Pesticide Residues (CCPR).

In preparation for the JECFA submission, additional toxicological studies were developed in the context of EPA's registration review process and should help address questions JECFA had during their initial review of PPO in 2013. ABC as well as the Walnut Commission have been supporting the new residue studies based on the current maximum rates and label language regarding off-gassing periods.

JECFA will complete their reviews during their annual meeting in September 2017. If any MRLs are recommended they will then be reviewed by the CCPR in spring of 2018. The importance of this process is that once a Codex MRL for PPO is established, it clears the way for adoption in a number of other countries. Many countries either adopt Codex MRLs for their own markets, or defer to Codex MRLs where they do not have a specific residue tolerance.

## Pesticides Update

EPA has been busy and keeping us busy by releasing a number of draft risk assessments for pesticides

relevant to almonds as part of the Registration Review Process. Under the Food Quality Protection Act (FQPA), EPA must review each pesticide at least once every 15 years. What we are seeing is a number of pesticides, especially insecticides, having trouble with toxicity to aquatic species based on modelled levels of pesticides in water.

One issue we are keeping a close eye on is how EPA decides to handle chlorpyrifos (Lorsban). Last fall in response to a lawsuit, EPA proposed to cancel all MRLs associated with the use of chlorpyrifos, instead of cancelling the registrations. This was done for ease of process without consideration of the trade impacts EPA's method of removing chlorpyrifos from the US market would have. EPA must decide its fate by March 2016 even though there are complex scientific issues and risk assessment methods that are still unsolved.

#### Turkish Import Price Referencing

ABC recently became aware of potentially high Turkish price referencing which is used to determine the import tariff on almonds. ABC is working with the USDA Foreign Agriculture Service to demonstrate the variability of pricing which is reported through public sources such as Food News. The hope is that the Turkish government will move away from setting a reference price, which then will apply throughout the year.

#### ILWU/PMA Begin Early Contract Discussions

Trying to avoid another West Coast Port catastrophe, the ILWU and PMA began contract discussions on November 1-2, 2016. Both sides state that the discussions ended on a positive note and will continue discussions on an unspecified date in the future. The current contract is scheduled to expire on July 1, 2019. Both sides have a goal to reach a

possible contract extension well before the expiration date. On October 31, 2016, 22 members of Congress sent a letter on to both the ILWU and PMA urging both sides to settle the matter in a timely fashion. [Click here](#) to read the.

#### Morocco and Wood Packaging Materials

On September 22, 2016, Morocco notified the World Trade Organization that the country will begin enforcing International Standards for Phytosanitary Measures No.15 (ISPM 15): Guidelines for Regulating Wood Packaging Material in International Trade. Though this is new for Morocco, the United States has used these compliance measures for quite some time. For more information about ISPM 15, please see USDA APHIS Frequently Asked Questions page by [clicking here](#).

#### South Korea MRL Positive List

Starting January 1, 2016, South Korea will move its MRL standards to a positive MRL list. The Almond Board has worked diligently to be sure registrants have submitted data packages for review by the South Korean authorities. To date, of the 78 compounds identified by ABC, 63 have been approved for the positive list with an additional compound expected to be approved in the coming week. 6 additional data packages are anticipated to be submitted to authorities by the end of the year. With 70/78 compounds approved or under review this puts the almond industry in a very comfortable position when the positive list comes into force on January 1st. If you have questions, please contact Beth Van Meter at [evanmeter@almondboard.com](mailto:evanmeter@almondboard.com).

#### 2017 Conference Not that Far Off...

**Reminder!** Many of the issues that we are following will be covered

during the Almond Conference, December 6-8, in Sacramento. **Be sure to register now**, the Almond Conference is expected to be the largest ever, attracting over 3,500 attendees and 250 exhibitors. Among the sessions of interest:

- Update on global technical and trade issues
- California legislation and regulatory environment
- Session on when do commercial issues become trade barriers
- Shipping panel

And much more! Be sure to register at: [www.Almondconference.com](http://www.Almondconference.com)

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#### Upcoming Travel

- **November 8-10, 2016**  
Gabriele Ludwig in Melbourne, Australia for the Almond Board of Australia Conference.
- **November 14-18, 2016**  
Julie Adams, Becky Sereno, and Beth Van Meter in Baltimore, MD for USAEDC conference and industry meetings.
- **November 20-26, 2016**  
Gabriele Ludwig in Bonn, Germany for German Assn. of Sweets Manufacturers and Hamburg for stakeholder meetings.
- **November 28–December 2, 2016**  
Julie Adams in Europe for European Snacks Association working group and Board meetings.

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