

ABC Global Update

Rapid Alerts and Low-Grade Product in Europe

Since the beginning of 2017, almonds have experienced eight rejections for aflatoxin in Europe. The majority of the rejections were for low grade product – consignments with high insect damage and foreign material. While Pre-Export Checks (PEC) certificates did not accompany most of the consignments, there are concerns that the frequency of rejections – and inspections – could extend to consignments with PEC certificates.

The ABC Board of Directors, at their December 4 meeting, supported establishing a small task force to discuss voluntary measures to tighten parameters for low grade product. In addition, ABC staff are meeting with EU Commission authorities this week in Brussels, to maintain their confidence in the PEC system, and to discuss non-PEC consignments.

For more information, contact Julie Adams (jadams@almondboard.com) or Beth Van Meter (evanmeter@almondboard.com).

Korean Government to Submit Plan on Korea-U.S. Free Trade Agreement

The South Korean government will submit a plan on the renegotiation of the Korea-U.S. Free Trade Agreement (KORUS) to its National Assembly on December 18. The submission of this plan will wrap up the necessary domestic procedures needed before talks can begin with the United States.

According to the Korea Herald, the Korean Ministry of Trade, Industry and Energy has already completed

two public hearings to collect opinions on KORUS, and has discussed related issues with 20 ministries and organizations.

For the U.S., before talks can begin, the Trump administration must notify congress of its intent to launch negotiations as required under the 2015 Trade Promotion Authority Law.

India Revises Inspection and Sampling Fees

The Food Safety and Standards Authority of India (FSSAI) has published an order to revise inspection and sampling fees for imported food products.

For a visual inspection fee, an online payment of Rs 2,000 is to be made by the importer along with the payment of a lab testing fee. The penalty fee for importers missing a visual inspection after two warnings is set at Rs 2,000. The first review appeal is set at Rs 2,000 and the second review appeal is set at Rs 5,000. Rs 2,000 is equal to \$31.08 at current exchange rates.

The revised fees are in effect as of November 14, 2017. More information is available at the following U.S. Department of Agriculture Foreign Agricultural Service GAIN [report](#).

India Published Draft Standards for Recognizing and Notifying Food Laboratories

On December 7, the Food Safety and Standards Authority of India (FSSAI) [notified](#) the World Trade Organization (WTO) of the “[Draft Food Safety and Standards \(Recognition and Notification of Laboratories\) Regulations, 2017](#)” which details the

procedure for recognizing and notifying food laboratories.

FSSAI may recognize and notify food laboratories as well as research institutes as notified laboratories or referral laboratories to carry out necessary functions under the Food Safety and Standards Act. Notified laboratories carry out analysis of domestic and imported food samples sent by a Food Safety Officer, food business operator, or purchaser. Referral laboratories carry out tasks such as the analysis of food samples sent by FSSAI for the purpose and submission of a certificate of analysis to the relevant authorities, and investigate certain articles of food for the purpose of setting standards.

The final date for comments is 60 days from the WTO notification.

Tunisian Banks Halt Financing for the Importation of Non-Essential Consumer Products

In response to Tunisia’s efforts to shore up scarce foreign currency reserves amid a negative trade balance and a weakening exchange rate, on October 27, 2017, Tunisia’s Central Bank ordered local banks to stop financing the importation of consumer products considered non-essential.

According to a recent U.S. Department of Agriculture Foreign Agricultural Service GAIN [report](#), the change will adversely impact \$5 million to \$30 million of U.S. food and agricultural sales, including almonds.

The new regulation does not apply to importers who do not apply for loans, state procurement, or to imports initiated before October 27, 2017.

Miscellaneous Tariffs Bill Introduced in the U.S. Senate

The leaders of the Senate Finance and House Ways & Means committees recently introduced the [Miscellaneous Tariff Bill Act of 2017](#). The proposed legislation would cut 1,675 tariff lines.

The International Trade Commission submitted a report to Congress in August, recommending that more than 1,800 products be included in the miscellaneous tariff bill (MTB) legislation. The ITC, in its report, must also determine that there are no domestic producers that object to a recommended product receiving a tariff cut. By law, the Congress can only temporarily suspend the tariffs of products recommended by the ITC. The last MTB expired on December 31, 2012.

According to media sources, this legislation could be packaged with legislation regarding the Generalized System of Preferences (GSP) as the 2015 GSP reauthorization will expire on December 31, 2017. The Office of the U.S. Trade Representative (USTR) [announced](#) new enforcement priorities for GSP at the end of October, and on November 14, USTR published a [notice](#) in the U.S. *Federal Register* regarding the availability of import statistics relating to Competitive Need Limitations under GSP.

Glyphosate Approval in EU to Continue

A vote by EU Member States extended the usage of glyphosate in the EU for 5 years. Had the vote not occurred, glyphosate's approval would have ended in December. This has been a contentious process, pitting science (and multiple risk assessments) against consumer perceptions. There are still questions as to whether individual Member States may prohibit use of glyphosate within their country, but for now EU-wide approval is extended.

GOP Tax Bill

The House and Senate passed tax reform bills that are now headed to conference. Provisions of particular interest to the California Almond industry include:

- **State and local tax deductions** – both the House and the Senate bills repeal state and local tax deductions for income and sales tax, but cap the property tax deduction at \$10,000.
- **IC-DISC** – with nearly 70% of California Almonds exported, this export incentive is very important to growers and handlers. The Senate bill originally contained language to repeal this provision, but with quick action from the Almond Alliance, the repeal was removed so that this deduction remains available. At this point, neither bill includes language repealing IC-DISC, however industry members and the Alliance will be following discussions in the conference committee to ensure IC-DISC is maintained. For more information, contact Andrea York at ayork@almondalliance.org.
- **Section 199** or DPAD (domestic production activities deduction) which provides tax breaks to businesses that manufacture products domestically, such as agricultural cooperatives, who pass the benefits along to individual farmers who belong to cooperatives or pass-through farms.

ABC will continue to monitor budget discussions in cooperation with the Almond Alliance as the bill moves through the conference committee process.

ABC Annual Conference Another Success

The 45th Almond Board conference was held December 5-7, with record number attendance and exhibitors. Clearly, the conference has become the leading opportunity for growers to hear from researchers,

to discuss best practices, and for vendors to engage with their customers. Key topics beyond almond research included updated on the regulatory environment in DC, as well as anticipated changes at a State level, given the fact that leadership will be changing from the Governor's office to the legislature.

An important session on the last day was a discussion of Proposition 65, and implications for the almond industry. Early in the new year, ABC staff will be developing a Prop 65 overview for industry members, outlining how safe harbors, no significant risk levels, and warning labels are approached.

Upcoming Travel

- **December 11-13**
Julie Adams in Brussels for European Snack Association BOD meeting.
- **December 15-21**
Swati Kalgaonkar in India for the IDACON Conference.

Of Special Note

ABC offices will be closed Friday, December 22, 2017 and reopen Tuesday January 2, 2017.

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



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