

ABC Global Update

Tit-for-Tat Retaliatory Tariffs Between the U.S. and China Continue

On August 23, the Chinese Ministry of Finance **announced** new tariffs on \$75 billion in U.S. goods in retaliation for the recently announced U.S. tariffs on Chinese goods.

China will implement its tariffs in two rounds: on September 1 and on December 15, matching the implementation schedule of the most recent round of U.S. tariffs. Following are the tariffs applicable to almonds:

		Current	Effective Sept 1
08021100	Almonds in shell	50%	60%
08021200	Shelled almonds		
		Current	Effective Dec 15
20081920	Preserved almonds in cans, regardless of preserve and/or processed method	15%	20%
20081999	Processed or preserved almond without vinegar, not in cans.	30%	40%

With the new tariffs, nearly every product traded between China and the U.S. will be subject to tariffs.

Simultaneously, the renminbi fell to 7.15 renminbi to the dollar, its lowest level since early 2008. The Chinese central bank previously allowed to renminbi to devalue when earlier tariffs were announced, to stimulate exports and make American imports less affordable for Chinese consumers.

On a positive note, talks at the “vice-minister level” are expected to take place this month, followed by talks in Washington, DC with Vice Premier Liu He in early October.

U.S. and Japan Announce Agreement on Principles

Last month at the G7 meeting in France, the U.S. and Japan announced an “agreement in principle” to a trade deal that would

involve agricultural products, industrial tariffs and digital trade.

While specifics have not been released, if there is an elimination of the existing 2.4% tariff on almond kernels and inshell, as well as the higher tariffs on value-added almonds, it would certainly help grow demand in the market.

It is hoped that a more extensive trade agreement could be completed at a later date, addressing many of the broader trade issues that have been raised with the Japanese.

For the most recent crop year FY 18/19, the U.S. exported about 81 million pounds of almonds to Japan, which was a 3% increase over last year. Japan is the 5th largest export destination for California almonds – just over 5% of almond exports go to Japan.

In calendar year 2018, Japanese exports were valued at \$255 million dollars.

A “Partial” Trade Agreement with India?

According to trade media, the USTR has been instructed to draft a “partial trade deal” with India which the U.S. administration hopes to announce at the UN General Assembly summit later this month (September 17-30). House lawmakers are calling for an “early harvest” trade deal with India that would have the U.S. reinstate certain GSP trade benefits (which have focused largely on dairy, medical devices, and IT tariffs) in exchange for more market access.

At this point, it is unclear what, or if, any agricultural commodities would be included in the limited agreement. Prime Minister Modi is expected to

make other appearances in the U.S. during his visit; therefore, if a trade accord is reached, it would likely be announced prior to the end of September.

Rapid Alerts for Aflatoxins in the EU

As of September 9, there have been **10** Rapid Alerts for Aflatoxin in U.S. almonds in the EU (six in Spain and four in Italy). This is a significant improvement from the previous year’s **27** rejections as of the same month.

The fewer rejections are particularly noteworthy given the fact that Spain and Italy have been inspecting over 8% of U.S. almond imports.

Upcoming Travel

- **September 9-12, 2019**
Guangwei Huang at ILSI conference in China.
- **September 15-19, 2019**
Richard Waycott at CNSA conference in Shanghai, China.
- **September 16-21, 2019**
Julie Adams in Tokyo, Japan for the USDA/FAS North Asia regional conference, and discussions regarding Japanese aflatoxin testing.
- **September 21-28, 2019**
Geoffrey Bogart in Italy and Spain to meet with government health authorities and port officials.
- **September 28 to October 7, 2019**
Karen Lapsley in New Zealand to present at the Structure/Digestion conference.

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