



# ABC GLOBAL UPDATE

May 2020

## India COVID-19 Update

On April 15, Prime Minister Narendra Modi extended India's nationwide lockdown from May 3 for an additional two weeks. On the same day, the Government of India (GOI) released **exemptions** and a **subsequent addendum** for agricultural activities and rural areas, effective April 20. Among the new activities permitted is greater freedom for trucking operations. A full list of activities allowed can be found in **USDA reporting**.

In response to government notifications, several shipping lines (including Maersk, ONE, CMA and Hapag) have advised customers that they will not charge demurrage between March 22-May 3 (although other fees are still being charged).

The Ministry of Health has designated districts across India as hotspots/red zones, orange zones, and green zones based on the cumulative cases reported and the doubling rate. A district is considered a "green zone" if there are no confirmed cases so far or no reported case in the past 21 days. The listing is dynamic and being updated regularly.

## U.S and China Discussion of Phase One Implementation

Officials from the U.S. and China participated in a conference call on May 7 regarding economic and trade issues, according to information released by the Office of the U.S. Trade Representative.

Continued implementation of the Phase One agreement between the two countries was discussed, with both sides expressing confidence that obligations under the deal will be met despite the COVID-19 pandemic.

China has committed to significantly increase purchases of U.S. agricultural goods under the terms of the agreement. However, imports from the U.S. are down slightly from 2019 through the first four months of 2020. Trade press have reported concerns about the availability of sufficient shipping capacity if very large volumes are to be shipped in the second half of 2020.

A number of ag industries are continuing to express concern that tariff levels have not been reduced by the U.S. and China, making it difficult to take advantage of the Phase One agreement. While China's exclusion process provides a means for importers to apply for a reduced almond tariff (25% rather than 55%), response has been limited. This also does not reduce tariffs to the pre-April 2018 level of 10%.

## U.S. and China to Sign Protocol for Pelletized/Cubed Hulls

Market access for pelletized and cubed almond hulls was included as an important element of the Phase One Trade Agreement between the U.S. and China. The official protocol is ready to be signed, and market access is expected to open up by the end of May. ABC is already discussing with USDA/APHIS and USTR the opportunity to expand market access to raw almond hulls.

The California almond industry generates 4.5 billion pounds of almond hulls per year. China is a major importer of animal feed ingredients (estimated to be the fifth largest global market for U.S. animal feed), and expectations are high that pelletized/cubed almond hulls, and eventually raw hulls, will be well-received there.

The signing of the protocol is the culmination of a multi-year effort to gain access for pelletized/cubed hulls. Supported by a grant from the USDA, ABC collaborated with the almond industry, the Almond Alliance of California, and USDA/APHIS negotiators throughout the process.

California dairies have been a steady consumer of the raw hulls. With the addition of China, ABC sees the opening of China and the exporting of almond biproducts as a major boost to meeting the 2025 Almond Orchard goal of zero waste in the orchard.

Companies interested in exporting pelletized/cubed hulls will need certification from APHIS. For more information, please contact: [gbogart@almondboard.com](mailto:gbogart@almondboard.com).

*A Special Thank You....* Many people knew Mike Guidici Pietro (Mike G) who worked tirelessly on export trade and technical issues on behalf of U.S. ag. Mike was a key driver for this project, and we are sorry he is not here to see the success of his efforts. Mike died unexpectedly in April; our heartfelt condolences to his family.

## U.S. and UK Trade Agreement Negotiations Begin

U.S. Trade Representative Robert Lighthizer and UK Secretary of State for International Trade Elizabeth Truss recently announced the formal launch of trade agreement negotiations between the U.S. and the UK.

Because of the ongoing global pandemic caused by COVID-19, the first round of negotiations will be conducted virtually. U.S. and UK negotiators will be engaging in discussions through mid-May in nearly 30 different negotiating groups

covering all aspects of a comprehensive trade agreement.

The U.S. negotiating team will be led by Dan Mullaney, Assistant USTR for Europe and the Middle East; and the UK negotiating team will be led by Oliver Griffiths, Director for U.S. Negotiations at the Department for International Trade.

An opening plenary on May 5 kicked off the detailed discussions, followed by multiple virtual meetings from May 6 to May 15. The negotiations build on the work conducted through the U.S.-UK Trade and Investment Working Group, which was established in July 2018 to lay the groundwork for these negotiations.

#### USMCA to Enter into Force July 1

USTR has **announced** that it has completed the necessary processes to implement the U.S.-Mexico-Canada Agreement (USMCA) by July 1, 2020.

Earlier this month, both Mexico and Canada notified the United States that they had completed their domestic ratification processes for the agreement.

Some groups, including the Commercial Customs Operations Advisory Committee have cautioned that implementation will be more difficult amid the COVID-19 outbreak.

#### Fewer Aflatoxin Rejections in 2020

The number of consignments rejected for exceeding maximum tolerance levels for aflatoxin in the EU has been on the decline since the record high of 32 in 2018. In 2020, only **three** Rapid Alerts have been issued to date.

**Europe.** While the news is encouraging, ABC has been working closely with EU Health officials in Brussels and in the Member States to make sure almonds are being inspected in accordance with the <1% regiment. The main focus of discussions is around Spanish authorities interpreting recently updated import control legislation to mean rejected consignments *cannot* be returned to origin.

The importance of engaging with ports is still being pursued, likely through virtual seminars in the fall. For more information, contact Geoff at: [gbogart@almondboard.com](mailto:gbogart@almondboard.com)

**Japan.** While rejections are down (7 thus far in 2020), the situation continues to be concerning. Discussions with USDA/FAS in Tokyo and DC have not resulted in a clear way forward; ABC is pulling together a small industry group to augment efforts. In addition, discussions are underway with USTR to ensure Japan's import control policy is included in Phase Two negotiations which are anticipated to get underway soon. For more information, contact Julie at: [jadams@almondboard.com](mailto:jadams@almondboard.com)

#### FMC Issues New Guidance on Excessive Detention, Demurrage

The Federal Maritime Commission (FMC) has moved to better regulate excessive detention and demurrage charges. In its April 29 bulletin to ag shippers, Ag Transportation Coalition (AgTC) noted that: "carriers/terminals should not charge detention, demurrage, per diem when it is not possible for the shipper or trucker to pick up or return a container within the 'free time'. For examples, when a terminal is shut, no appointments available, terminal or carrier won't take empties, container still on ship or in stacks, container is held for government inspection, etc."

For more information, please see [FMC Announcement](#). This will also be a topic at the AgTC annual meeting, which will be held **virtually** on May 20-21. To register, go to: <https://agtrans.org/events/>

#### Japan Accepting Scanned Customs Documents

Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) has **notified** the WTO that it is accepting electronic versions of customs certification to facilitate trade during the COVID-19 pandemic.

The relevant government authority of the exporting country should contact MAFF to officially apply for use of this temporary measure. Original

certification must still be submitted to Japanese officials as soon as possible. MAFF has published **guidelines** with additional details about this process.

#### Taiwan Accepting Scanned Copies of Import Documents

On March 31, Taiwan **announced** (in Chinese) that it would begin accepting electronic copies of veterinary and phytosanitary certificates to mitigate the impact of the COVID-19 pandemic on imports.

Taiwan's Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) will accept scanned copies of certificates sent by the exporting country's competent authority or by the representative office in the Separate Customs Territories of Taiwan, Penghu, Kinmen, and Matsu, or by Taiwan's representative office in the exporting country.

Certificates with QR codes or certificates available on a competent authority's website can be exempted from electronic delivery requirements.

Importers must later submit the original certificate to temporarily fulfill the quarantine requirements. This arrangement will be in place until June 30, 2020 unless adjusted by BAPHIQ.

#### Upcoming Travel and Events

Like many of you, we are working from home! Since international travel is not possible, we are leveraging industry association partners and stakeholders in other markets to maintain our trade relationships and ensure there is limited impact on engagement efforts.

Don't hesitate to reach out if you need assistance with anything – or if you just want to hear a friendly voice!

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