

# ABC Global Issues Update

## EU Fosetyl-AL MRL Finalized and Published

On June 5, 2018, Almond Board staff received confirmation that the MRL for Fosetyl-AL of 500ppm for the tree nut grouping has now been published in the EU Official Journal. The temporary MRL of 75ppm will remain in place until June 26, 2018 when the new MRL of 500ppm will take effect. The published regulation can be found [here](#).

## Further Retaliatory Action Against U.S. Section 232 Steel and Aluminum Tariffs

On May 31, the Department of Commerce announced it would end the temporary exemptions which the EU, Mexico, and Canada had from the Section 232 tariffs on steel and aluminum. As of June 1, all three are subject to a 25 percent tariff on steel exports to the U.S., and a 10 percent tariff on aluminum exports. The nations swiftly responded with retaliatory tariffs; at this time, neither almond kernels nor inshells appear on any of the three retaliatory lists.

Mexico, according to a Ministry of Economy [press release](#), intends to impose retaliatory tariffs on U.S. agricultural products such as pork legs and shoulders, sausages, certain food preparations, apples, grapes, blueberries, and various cheeses. The Government of Mexico has not released a full list of goods, nor what the duty rate will be.

Canada is planning to impose tariffs on imports of steel, aluminum, and U.S. agricultural goods such as yogurt, confectionery products, pizza, orange juice, and certain condiments.

Canada [released](#) two lists of U.S. products from which targeted goods will be selected. There is a 25 percent tariff on goods in Table 1 and a 10 percent tariff on goods in Table 2. ***Nut pastes are included on Table 2.***

A consultation period will last until June 15, 2018, with retaliatory measures taking effect on July 1.

The EU is proceeding with a **WTO dispute settlement** case and with the imposition of additional duties on certain imports from the United States, according to a European Commission [press release](#). The EU **notified** the WTO on May 18 that it intended to suspend concessions and apply the additional duties to U.S. products in Annex I of the notification on June 20, 2018 and to those in Annex II in 2021 if the situation is not remedied.

## Almond Industry Delegation in DC

During the week of June 4-7, ABC staff and industry members travelled to DC as part of an annual almond industry delegation. The trip provides an opportunity to meet with key agencies and staffers regarding almond industry issues and market conditions. Information on shipment prospects, strategic priorities and marketing initiatives were well received. However, the status of retaliatory tariffs and the Farm Bill were central to most of the meetings.

It was clear from discussions that while the tariffs on almonds are of concern to many of the authorities, the government's focus is primarily on China and tensions related to Intellectual Property violations. In order to keep attention on almonds, authorities need more data on how

the existing retaliatory tariffs are impacting almonds. ABC will focus on gathering information from industry members over the coming weeks.

## India Increases Duties on Almonds

On May 23, India increased the duties on several commodities, including almond kernels. The specific duty was announced to take effect on May 25 on almond kernels from all origins, taking the rate from 65 rupees/kg to 100 rupees/kg.

This increase is separate from the retaliatory tariffs which India has notified to the WTO, in response to the U.S.' steel and aluminum tariffs. If applied, it will result in an additional 10% duty on inshell almonds and 20% on kernels (the effective date is yet to be confirmed).

## Turkey to Impose Retaliatory Tariffs on U.S. Products

In retaliation to U.S. tariffs on steel and aluminum, Turkey has listed 22 products that it plans to target in retaliation — including a 5% tariff on harmonized tariff code 0802 (tree nuts including almonds). There may also be a suspension of the inward processing regime for U.S. imports subject to these duties; this processing regime allows tax free imports for products which are imported as inputs for products which are then going to be exported.

## Tensions Further Build between China and the U.S.

The Trump administration on May 29 **announced** that it plans to impose

investment restrictions and export controls on Chinese acquisitions of industrially significant technology, pursue a WTO case regarding intellectual property, and impose a 25 percent tariff on \$50 billion worth of goods imported from China after June 15.

The 25 percent tariff will be imposed under Section 301 of the Trade Act of 1974. In April, the Office U.S. Trade Representative (USTR) published a **proposed list** of products imported from China that could be subject to the additional tariff based on the Section 301 investigation and **report** regarding China's unfair trading practices on the forced transfer of U.S. technology and intellectual property.

The announcement caught China by surprise, since days earlier U.S. officials had announced they were putting the tariffs "on hold." This had come after U.S. and Chinese officials met in Washington DC, and issued a **joint statement** announcing that they had reached "consensus" on measures to reduce the trade deficit in goods.

China has indicated that plans for additional purchases of agricultural products and energy will not move forward if the U.S. moves ahead with implementation of the Section 301 tariffs.

**EU Conditions of Approval for Certain Neonicotinoids Amended**

On May 30, the European Union published amendments modifying the conditions of approval for the neonicotinoids **clothianidin**, **imidacloprid**, and **thiamethoxam**.

Effective June 19, 2018, these regulations ban all uses of the three neonicotinoids except for their application in permanent greenhouses. Effective December 19, 2018, sale or use of seeds treated with these neonicotinoids is not permitted except for those intended to be used only in permanent

greenhouses. The resulting crop must also stay within a permanent greenhouse during its entire life cycle. As finalized at the April 26-27, 2018 Standing Committee on Plants, Animals, Food and Feed meeting, member states must pay particular attention to the following:

- Risk to groundwater
- Risk to aquatic organisms
- Risk to bees and bumblebees released for pollination in permanent greenhouses
- Exposure of bees via the consumption of contaminated water from the permanent greenhouses

Member states must amend or withdraw existing authorizations of relevant plant protection products by September 19, 2018. An additional grace period may be granted by member states, expiring by December 19, 2018 at the latest.

**China Notifies WTO of Food Contact Material Regulations**

China has notified the World Trade Organization of two National Food Safety Standards regarding food contact materials.

The **first notification** concerns food contact materials from composite materials and applies to combinations such as paper/plastic, plastic/plastic, paper/plastic/aluminum foil, plastic/aluminum foil, plastic/metal coatings, among others. It does not apply to materials and products made from blends of various materials. The regulation lays out general requirements as well as physical and chemical indicators that must be met.

The **second notification** concerns food contact materials that use starch-based plastic materials. The regulation lays out general requirements as well as physical and chemical indicators that must be met.

The final date for comments is July 29, 2018.

**Federal Motor Carrier Safety Administration (FMCSA) Releases Final Guidance on ELD**

The Federal Motor Carrier Safety Administration (FMCSA) has released their final guidance containing definitions and clarifications under the 150 air-mile hours-of-service exemption for agriculture. In an **announcement**, FMCSA said they are "providing as much flexibility as possible for the industry". Now, under the hours-of-service regulations, drivers operating unladen trucks either driving to pick up an agricultural shipment or returning from a drop-off are exempt from hours-of-service within 150 air-miles of the source of the commodity, and drivers engaged in trips beyond the 150 air-miles from the source do not fall under the hours-of-service regulations until after they exit the 150 air-mile radius. The agricultural waiver from ELD usage is set to **expire June 18, 2018**.

**Upcoming Travel**

- **June 25 – July 1, 2018.**  
Swati Kalgaonkar in Croatia to attend the Diabetes Nutrition Study Group.
- **June 25-27, 2018**  
Julie Adams in China for regulatory and agency meetings.
- **June 25-27, 2018**  
Beth Van Meter in South Korea for meetings with regulatory agencies.
- **June 28-29, 2018**  
Julie Adams and Beth Van Meter in Japan for meetings with regulatory agencies.

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