

ABC Global Update

Where do U.S.-China Talks Stand?

The U.S. and China have continued to hold meetings in Beijing and Washington, DC in an effort to continue to resolve the trade tensions between the two countries.

President Trump, after meeting with China's Vice Premier, indicated that the two nations would know "*over the next four weeks*" whether a trade deal could be reached. Meanwhile, China media has reported that "*the fruit is not yet ripe, and if either side makes a hasty move to pick it, that side may have to pay an extra price, or it may have to force the other side to pay an extra price.*"

Officials are discussing text of an agreement that would cover technology transfers, intellectual property protections, non-tariff measures, services, agriculture, trade balance and enforcement. It's been reported that drafts of the broader trade agreement now under discussion would give Beijing until 2025 to meet commitments such as allowing American companies to wholly own enterprises in China, people familiar with the talks said earlier. Those would be binding pledges that could trigger U.S. retaliation if unfulfilled,

The U.S. and China have agreed to open "enforcement offices" as a way to make sure each side lives up to the terms of the trade deal now under negotiation.

Brexit Withdrawal...or Not?

On March 27, Members of Parliament (MPs) began voting on alternatives to Prime Minister Theresa May's withdrawal deal. Groups of MPs put forward a variety of different ideas for

Brexit including a new customs union, a basic free trade agreement, a second referendum, and remaining within the single market by joining the European Free Trade Association (EFTA) – each of which was voted down.

Prime Minister Theresa May met with the EU during an emergency leaders' summit on April 10, 2019; the UK was scheduled to leave the EU on April 12, 2019 (at this point with no deal).

Theresa May requested a "short extension" to June 30. EU officials, skeptical of what can be accomplished in less than three months, have provided an extension to October 31, with a review at the end of June. Britain could leave sooner if a Brexit withdrawal deal is approved by Parliament.

The offer still has to be agreed to by the Prime Minister, setting the stage for additional consultations (and drama) over the coming weeks.

The EU and Propiconazole

Several questions have come up concerning the use of propiconazole (Tilt) for shipments to the EU, particularly in light of the experience with iprodione (Rovral).

On November 11, 2018, the EU published in the EU Journal its determination to not renew the registration (authorization) for use of Propoconazole in the EU, effective January 31, 2019. This is in part due to the fact that the chemical meets two cut-off criteria (reproductive toxicant, endocrine disruptor), as well as concerns about a metabolite getting into groundwater at unacceptable levels.

Country registrations need to be cancelled by June 19, 2019; the last use date within the EU is March 19, 2020. The EU will also move forward with notifying a change in the MRL so imports also are subject to the default MRL.

It is important to note that the current MRL for tree nuts it is already at 0.01 ppm. Therefore, even with the loss of the registration in the EU and subsequent resetting of the MRLs to the default tolerance of 0.01 ppm, it is not a change in the MRL that has been in place – with which almonds have already been complying.

For more information, please contact Gabriele Ludwig in the ABC office.

Rapid Alerts Still an Issue in the EU

As of today, there have been four rapid alerts in Europe – one in Spain, and three in Italy. Unfortunately, Spain is still pursuing their approach to put any company that has been the subject of a rapid alert on "internal alert" in Spain – and therefore subject to increased import inspection in Spain.

ABC continues to raise concerns with the European Commission over this procedure, but at this point, inspection levels are at the discretion of Member States (with or without a PEC certificate). The EU Standing Committee met in March, at which time it was hoped they would direct Member State to return to the <1% level of inspection. Unfortunately, they decided to take no action because of the recent rejections. The decision will again be considered at the June 2019 meeting.

ABC is also continuing to engage the Commission and Member States on allowing reprocessing in Europe,

which is provided under the EU legislation. For more information, please contact Geoffrey Bogart in the ABC office.

India Regulation on Advertisements and Health Claims Coming into Effect

The finalized Indian "**Food Safety and Standards (Advertisements and Claims) Regulation, 2018**" (English begins page 18) will come into force July 1, 2019. India introduced a draft of the regulation in May 2018 (*BCI Monitor* 04-06-18).

The regulation focuses on claims and advertisements used by food business operators and establishes the principles for health, nutrition, additive, and non-additive claims.

Schedule I of the regulation lays out the conditions for claims with regard to specific nutrients (i.e. energy, cholesterol, trans fat, sugar).

Schedule II lists the types of words/phrases that can be used for claims defined in the regulation. Schedule III lays out the allowed health claims for the reduction of disease risk.

Schedule IV includes the health claims for fortified food articles and Schedule V includes the conditions under which certain words or phrases such as natural, fresh, pure, etc. can be used.

Violations will lead to a penalty of up to Rs 1,000,000.

Japan Publishes Summary of Upcoming Revisions to its Pesticide Registration System

On March 20, Japan **notified** the World Trade Organization (WTO) of a **summary** of revisions to its pesticide registration system which will take effect on April 1, 2020, under the Agricultural Chemicals Control Act (Act No. 53 of 2018). Japan's pesticide evaluation system will be amended in the following ways:

Pesticides will not be registered if the risk assessment finds that the level of daily exposure for pesticide operators throughout a spraying season or incurred in a single day is higher than the relevant toxicological reference value.

As part of the ecological risk assessment, pesticides will be evaluated on aquatic vascular plants and birds in addition to the current test species of fish, algae, and crustaceans.

Pesticides will not be registered if the risk assessment finds that honeybee colonies are likely to be seriously damaged from exposure to the pesticide. The assessment will consider effects on individual bees as well as entire colonies.

APHIS Area Coverage List Updated for Phytosanitary Issues Mgmt.

The U.S. Department of Agriculture Animal and Plant Health Inspection Service (USDA-APHIS) updated its **coverage area list** for Plant Health Trade Directors.

Plant Health Trade Directors work with importers and exporters to develop work plans that ensure imported foreign agricultural commodities and U.S. agricultural exports are free from potentially harmful plant pests and diseases. They are part of APHIS' Phytosanitary Issues Management (PIM) team.

More information about PIM is available at the APHIS **website**

Court of International Trade Rules that Section 232 is Constitutional

On March 25, the Court of International Trade (CIT) **ruled** that that the Trump Administration's imposition of tariffs on steel and aluminum imports based on national security was constitutional.

The three-judge panel said that President Trump acted within the

congressional intent of Section 232 of the Trade Expansion Act of 1962.

The case was brought to the CIT by steel importers who challenged the Section 232 tariffs.

The victory for the Trump Administration comes amidst continued attempts from U.S. congressional leaders to curb the president's authority to use Section 232 to impose tariffs.

EU Requesting Comments on Potential Regulatory Cooperation with the U.S.

The European Union (EU) has opened a public consultation regarding regulatory cooperation between the EU and the United States.

The EU is interested in comments on a possible future agreement on conformity assessment, standards where cooperation between the US and the EU is possible, and initiatives for regulatory cooperation in sectors with the potential of facilitating bilateral trade.

More information regarding the consultation is available from the **European Commission**.

Upcoming Travel

- **April 5-14, 2019**
Gabriele Ludwig in Macau, China for Codex Committee on Pesticide Residues meeting.
- **April 8-16, 2019**
Emily Fleischmann in India to review tactical plans with team.
- **April 15-19, 2019**
Julie Adams in Beijing, China for trade and government meetings.

Staff Contacts:

Julie: jadams@almondboard.com
Gabriele: gludwig@almondboard.com
Geoff: gbogart@almondboard.com
Jesse: jroseman@almondboard.com
Bunnie: bibrahim@almondboard.com