



# ABC GLOBAL UPDATE

May 2021

## China Cuts Economic Contact with Australia

Tensions between China and Australia continue to increase. On May 6, the Chinese government advised that it had decided to “*indefinitely suspend all activities under the framework of the China-Australia Strategic Economic Dialogue.*” While this measure is basically symbolic, it is in response to Australia’s recent announcements to cancel agreements made previously under the Belt and Road Initiative. This move will continue to hamper Australian exports to China, creating more opportunities for products from other suppliers including California almonds. However, it also sets a precedent for future actions the Chinese government could take toward the U.S. if political tensions between the two countries continue to escalate.

## USDA/Foreign Agriculture Service Publishes Report on New Chinese Overseas Facilities Registration

On April 12, GACC (the General Administration of Customs of China) adopted **Measures** of the Administration of Import and Export Food Safety and **Regulations** on the Registration and Administration of Imported Food Overseas Production Enterprises (in Chinese).

A recent **USDA GAIN report** provides a translation of Decree 248; a USDA GAIN report with translation for Decree 249 is expected shortly. The Regulations on the Registration and Administration of Overseas Producers of Imported Food (Degree

248) will enter into force on January 1, 2022.

Decree 248 will replace **Decree 145**, implemented in 2012.

ABC has been in close contact with USDA/FAS regarding the potential impact of these requirements.

Notable differences include:

- Requiring registration for all overseas food manufacturing, processing, and storage facilities. Previously, only meat, seafood, dairy, and bird nest products were required to register.
- Producers of certain food products including **nuts and seeds** must be recommended by their country’s competent authority for registration with the GACC. All processors of other foods not specifically listed are required to register directly with the GACC.
- The food safety management system of the exporting country is required to pass GACC’s equivalence assessment or review (see Chapter II).
- Evaluations must be conducted via document review, video inspection, and/or on-site inspection.
- The period of validity per facility registration has been expanded from four to five years.
- The inner and outer package labeling of food products must include the Chinese registration number or registration number

approved by the exporting country’s competent authority.

According to communications with the USDA/FAS staff in Beijing, the competent authority is the relevant regulatory agency, such as FSIS, APHIS, or the FDA. However, GACC is still working on implementation details and may grant an extension in order for overseas companies to comply.

The U.S. government is consulting with GACC regarding implementation details. ABC will provide updates as soon as they become available. For more information, contact [kschneller@almondboard.com](mailto:kschneller@almondboard.com).

## USDA Publishes Q1 2021 EU Green Deal Update

On April 28, USDA/FAS published its **quarterly update** on the EU Green Deal, including actions taken in regard to the Farm to Fork Strategy, Biodiversity Strategy, Climate Target Plan, EU Methane Strategy, and Circular Economy Action Plan. Among the developments:

- In January, the Commission opened its public consultation on revisions to pesticide use policies and held an information session on MRL and Import Tolerance policy for third country embassies.
- In February, EFSA begin developing a scientific opinion on harmonized front-of-pack nutrition labeling.
- In March, the Commission published draft criteria to develop

a list of antimicrobials reserved for human use (i.e., not allowed for farm use).

In March, the Commission published its action plan to promote production and consumption of organic products.

**HCN Proposed Limits in the EU – Impact on Almonds?**

Limits for hydrogen cyanide (HCN) are being considered in Europe, which has raised questions for products such as almonds. Amygdalin is a cyanogenic glycoside occurring naturally in many plants, including almonds. The breakdown of amygdalin during crushing or chewing can release cyanide. Research has shown that sweet varieties of almonds have trace or low levels of amygdalin, as compared with bitter almonds or apricot kernels.

While the EU’s proposed HCN level of 20 mg/kg is not anticipated to be a problem, there is considerable variability in amygdalin levels among varieties and origins of almonds, as well as in analytical methods. Several European associations have proposed that a higher level be considered by the European Commission, which would not present a health concern but would take the variability into consideration.

ABC is engaged with the associations, looking at testing methods and amygdalin levels. For more information, contact Julie Adams, [jadams@almondboard.com](mailto:jadams@almondboard.com).

**Vietnam Notifies Draft Food Labeling Amendments**

Vietnam recently [notified the WTO of draft food labeling amendments](#) (in Vietnamese).

The amendments modify [Decree 43/2017/ND-CP](#) which governs food labeling. A 2017 [USDA GAIN report](#) provides an unofficial English translation of the current language.

Based on comparison of an informal translation, changes that may be relevant to imported foods include:

- Addition to Article 3, allowing that some compulsory contents can be shown electronically.
- Revision of language regarding secondary labeling in a new Article 10, Clause 2.
- Revision of Article 10, specifying what labeling and language is required prior to customs clearance.
- Addition of two new clauses to Article 15, requiring goods of “unidentifiable origin” to have a label with the name of the county or territory of the final stage of completion of goods (e.g. *mixed at, processed at, completed in, or packed and labeled in*)
- Addition to Appendix I, specific labeling requirements for Group 2: Foodstuffs, adds a requirement for *nutritional value (if any)* in accordance with guidance from the Ministry of Health.

Goods labeled in accordance with Decree 43/2017/ND-CP, and already manufactured, imported, or circulated before the effective date of this decree can continue in circulation until their expiration date.

While the WTO notification does not provide a proposed date of adoption or entry into force, the draft decree indicates it will take effect in May 2021.

Comments due by June 25, 2021, to: [cucqlchh@tcvn.gov.vn](mailto:cucqlchh@tcvn.gov.vn) or [qlghinhan@tcvn.gov.vn](mailto:qlghinhan@tcvn.gov.vn)

**Webinars Organized on Port Logistics Issues**

In recent weeks, webinars have been organized with representatives from the Ports of Oakland, LA and Long Beach. The webinars provided an opportunity to get updates on

conditions at the ports, as well as information on how congestion is being handled.

If you were not able to participate and have any questions, contact Geoff Bogart, [gbogart@almondboard.com](mailto:gbogart@almondboard.com)

**WTO Notifications**

ABC provided comments on the following notifications:

- The EU notified the WTO it intends to expand its list of foodstuffs subject to **Maximum Levels of Cadmium** on June 1, 2021, including nuts and seeds. The EU’s proposed maximum level for tree nuts will be 0.2 ppm. Consumption of tree nuts in general and almonds specifically have not been shown to be a consumer health risk nor significant source of exposure to cadmium. ABC is not aware of efforts by Codex or other international organizations to establish limits for cadmium in tree nuts. Data from our own surveys and monitoring data have not shown cadmium to be a concern in almonds. However, shippers should be aware of the potential of getting questions from their customers about cadmium levels, or EU testing for cadmium in the future.
- Tanzania notified the WTO of two new **Almond standards**. The first was to establish “Raw Almond Kernels – Specifications” and the second refers to “Mixed Roasted Nuts – Specifications”. It is unclear if these standards are for internal use within Tanzania or will be used to screen imported product. The raw almond standard refers to UNECE Standard DPP-06 Almond Kernels published by the UN in 2003. It seems the Tanzanian standards are mixing quality and food safety standards. Final date for comment on these notifications is May 30 and the

proposed standards are set to be implemented by the end of July. Please contact Keith Schneller at the ABC for more information on these proposed standards.

## SPOTLIGHT ON CHINA

With so much happening in China, we wanted to provide a more in-depth look at some of the key issues that we are following.

### USDA/FAS Update on China COVID-19 Import Regulations

On April 22, USDA/FAS officials in China hosted a briefing on COVID-19 food import regulations for the U.S. Agricultural Export Development Council (USAEDC).

According to the FAS briefing, **GACC Public Notice 103**, which was published in September 2020, continues to be the foundation of China's COVID-19 imported food policy. It requires the suspension for one week of export facilities following a positive COVID-19 test on food products or packaging for the first or second positive tests from that facility, and for four weeks for subsequent positive tests.

Some cities have implemented additional COVID-19 measures, including additional testing and disinfection of product. Concerns have been focused on frozen foods (mostly meat and seafood) and, to a lesser extent, refrigerated foods. Dry, bulk products have been less of an issue to date.

Since January, Chinese media has pulled back on casting doubts on imported food products, and consumers are regaining confidence in imported products.

In January, a package of Chilean cherries tested positive for COVID-19, leading to a steep decrease in demand that cost the Chilean cherry industry upwards of US\$500 million. Informed by this incident, the U.S.

Embassy encourages industries to have a plan of action in case of a positive test to counter inaccurate or misleading reporting and scientific claims. The Chilean cherry industry had a strong industry and government response in countering media reports and reassuring their cherries are safe for consumption.

### Other Quick Notes.....

#### **China's GDP surges 18.3% in Q1.**

The total volume of trade increased by 29.2% and total retail sales increased 33.9% respectively. From January-March 2021, China Customs reported imports of over \$69 million of almonds from around the globe with a record \$53.27 million from the United States comprising nearly 77% market share.

#### **Regarding US-China relations,**

John Kerry, was the first member of the Biden Administration to visit China. The Climate Envoy met with his Chinese counterpart in Shanghai, laying the groundwork for President Xi to participate in President Biden's "Leaders' Summit on Climate." During the virtual summit, Xi confirmed China's "Carbon Neutrality" Policy which includes two major benchmarks of peak emissions by 2030 and zero net emissions by 2060.

Despite the positive developments related to climate discussions, the Senate Foreign Relations Committee backed the "Strategic Competition Act of 2021," which openly targets China, sending the bill for consideration by the 100-member Senate. One amendment in the bill would force a boycott of the 2022 Beijing Olympics by U.S. officials, but not athletes. Separately, a group of Senate and House of Representatives lawmakers introduced the "Endless Frontier Act," calling for \$100 billion over five years for basic and advanced technology research and \$10 billion to create new "technology hubs" across the country.

Finally, two bills, both titled the Uyghur Forced Labor Prevention Act (UFLPA) (HR 1155 and S 65), have been reintroduced in Congress and may effectively ban all goods produced in whole, or in part, in the Xinjiang Uyghur Autonomous Region (XUAR) unless importers can prove that the goods were not made with forced labor. If the United States passes those two bills, China may issue equivalent countermeasures in response.

**Review of China Phase 1.** The U.S. Trade Representative (USTR) and other agencies are evaluating the status of China's commitments under the agreement, particularly purchases.

**China and RCEP Status.** The uncertainties in trade relations with the United States are pushing China's effort in strengthening regional cooperation, especially with Belt and Road countries. Moreover, as Japan's parliament recently approved joining the Regional Comprehensive Economic Partnership (RCEP), after China, Singapore, and Thailand, it appears RCEP may be implemented from early next year. At the same time, China has recently expressed interest in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

### Upcoming Travel and Events

- **May 25-27, 2021**  
Julie Adams and Richard Waycott at the Almond Alliance of California annual convention in Las Vegas, NV.

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