



ABC GLOBAL UPDATE

March 2022

Update on Ag Export Delays

Transit time from China to the West Coast is just below record highs, and the number of ships at LA and Long Beach Ports is holding steady, as are container prices (though remaining high). East Coast ports are now experiencing increasing backups. After a year of review, the Biden administration announced its results in a series of press releases, most notably the [Capstone Report](#).

In late January/early February, ABC conducted a survey to assist in establishing some economic impacts of the delay on the industry. This is an ongoing effort and ABC will continue to monitor and measure the impact through additional survey tools. Key takeaways from the initial survey results are as follows:

- Shipping costs in 2021 rose over 50% from the previous year.
- Transportation uncertainties, delays, and prices are taking their toll on exporters.
- Detention and demurrage fees have increased significantly, with respondents reporting anywhere between 15%-200% increases in the amounts paid.
- Administrative costs for handlers have risen 44% per container, and each consignment is taking an additional nine extra staff hours to complete.

ABC appreciates the information provided by industry members. *Input is essential* to demonstrate the impact that the ongoing shipping situation is having on the almond industry. For

more info on the survey, please contact bdensel@almondboard.com

USDA Involvement with Port of Oakland

The Port of Oakland “pop-up” site for empty containers opened for operation on March 7th. A webinar on the operations of the yard can be found [here](#). USDA will also help cover additional movement logistics costs at \$125 per container, though full details have yet to become available. This project aims to enhance marketing of U.S. agricultural products through:

- Quicker pickup of empty containers as the main terminal is bypassed;
- Access to available equipment; and
- Fewer unpredictable congestion surcharges for trucks.

Have logistics updates you want to share? Please contact: bdensel@almondboard.com

Update on China’s Decree 248 foreign food facilities registration

GACC uploaded at the end of February the latest group of additional almond handlers to its online approval list; these were sent by FDA to GACC on/around February 7. To see the updated list, go to the <https://cifquery.singlewindow.cn/> portal, click on Category 12 for Nuts and Seeds, insert USA into the Country field, and then click on the magnifying glass search icon.

In total, there are over 67,000 facilities listed including 165 U.S. processors of nuts and seeds. On February 24, GACC started sending some

handlers their log-in information via emails (in Chinese) to access their singlewindow.cn accounts. Each handler will need this password to make edits or include some additional information to finalize the GACC registration process.

Username will be the GACC CUSA 14-digit approval number, and GACC will assign each firm with a random password.

For more information, please contact kschneller@almondboard.com.

Ag Impact of Russian Invasion of Ukraine

In the largest military action in Europe since World War II, Russia invaded Ukraine on February 24 after weeks of military build-up. The Russian invasion and blockade will likely result in significant disruptions of Ukrainian exports, particularly wheat, corn, and sunflower oil. Ukrainian exports account for 12% of global wheat exports and 16% of global corn exports.

In terms of Russia’s share of the global fertilizer export market, the Fertilizer Institute reports that Russia accounts for 23% of ammonia, 14% of urea, and 21% of potash, as well as 10% of processed phosphate exports. The conflict in the Ukraine will also put additional stress and uncertainty on energy markets. Russia supplies approximately one-third of Europe’s natural gas, the main feedstock to produce nitrogen fertilizers.

The U.S. and allies have implemented coordinated sanctions on Russia and Belarus (see the White House [fact](#)

[sheet](#) and Commerce Department [fact sheet](#)).

India, UAE sign trade agreement

On February 19, a Comprehensive Economic Partnership Agreement (CEPA) was signed between India and the United Arab Emirates (UAE). According to media reports, the agreement is expected to enter into force at the beginning of May.

Certain goods fall under the “[sensitive list](#)” of products that will be excluded from the agreement (about 10% of India’s tariff lines). These include dairy products, fruits, vegetables, cereals, tea, coffee, sugar, instant food items, tobacco, toys, plastics, aluminum scraps and copper – almonds are not expected to be included in the agreement. ABC will follow on details when available.

Update on US-China Phase One

Final trade data for the Phase One deal from 2020-2022 show that China was significantly below its commitments. According to a [Peterson Institute for International Economics report](#), China’s purchases were 57% of the targets outlined in the deal, or \$16 billion short of its \$73.9 billion commitment. The deal included specific targets for manufactured goods, services, energy, and agricultural goods. Agricultural exports reached 83% of the target. While soybeans fell 30% short, pork, corn, wheat, and sorghum exceeded expectations.

USTR is holding conversations with China, and intends to hold them to their commitments but has not shared specific actions. Beijing says its purchases were hampered by the economic downturn caused by Covid.

House letter on China

In a February 15 [letter](#) to President Biden, 60 House Republicans urged the Administration “to make the U.S.-China agricultural trade relationship more balanced and reciprocal.” The

representatives said they are “concerned that China has not lived up to its Phase One commitments,” and that the Biden administration “has not sufficiently reported to Congress on China’s compliance, brought forward enforcement actions on China shortcomings, nor sought to negotiate new commitments from China, including on agriculture.” The lawmakers argued that the U.S. should pursue a new trade agreement with China to expand U.S. agriculture markets.”

Included in the letter were questions related to the Phase One deal, how it will proceed with a new trade deal with China, and when a final nomination will arrive for USDA’s Under Secretary for Trade and Foreign Agricultural Affairs.

Indo-Pacific Framework

The White House recently provided a vague outline of its Indo-Pacific [strategy \(fact sheet\)](#). The strategy is not the Indo-Pacific Economic Framework (IPEF) itself, but rather IPEF is a component of this larger-scale strategy. More details should be coming in next weeks.

The strategy itself has five objectives:

1. Advance a free and open Indo-Pacific.
2. Build connections within and beyond the region (ASEAN, India, the Quad, etc.).
3. Drive for Indo-Pacific prosperity.
4. Bolster security in the region.
5. Build regional resilience to transnational threats.

Trade goals are included in the third objective, which notes that the U.S. will create the IPEF, develop new, modern approaches on trade that support higher labor and environmental standards, collaborate with allies to strengthen supply chains, invest in decarbonizing and clean energy, and ensure physical/telecommunications infrastructure.

The ag sector is waiting for more details related to increased market access in Asia or serious discussions about joining CPTPP.

Belarus follows Russian Sanctions

USDA has confirmed that beginning January 1, 2022, Belarus instituted an ag ban, prohibiting APHIS’ ability to certify the following commodities: most vegetables, all fruits and **nuts**. Please contact Abhi or Julie if you have questions.

2021 U.S. Trade Results

The U.S. trade deficit hit a record high of \$859.1 billion, an increase of 27% from last year. Exports increased 18.5% while imports increased 20.5%. U.S. import prices rose 2% last month, according to the Labor Department, the highest increase since April 2011. Higher import prices, the effect of Section 232 and 301 tariffs and supply chain disruptions are part of the inflationary pressure haunting the U.S.

U.S. agricultural exports reached record highs in 2021, with certain agriculture products showing particularly strong performance. The “Tree Nut” category of \$8.8 billion exports was up by 5% -- U.S. almond exports of \$4.49 billion slightly exceeded the previous year.

Upcoming Travel and Events

| | |
|-----------|--|
| April 4-8 | Julie in Europe for meetings with industry and US/EU authorities |
| May 7 | Julie, Richard in India for ABC trade conference |
| May 11-13 | Julie, Richard in Dubai for INC Congress |
| May 25-26 | GTRA team in SF for Specialty Crop Workshop |
| June 2022 | WTO 12th Ministerial (TBC) |

Staff Contacts:

| | |
|-----------|--|
| Julie: | jadams@almondboard.com |
| Gabriele: | gludwig@almondboard.com |
| Jesse: | roseman@almondboard.com |
| Keith: | kschneller@almondboard.com |
| Abhijeet: | akulkarni@almondboard.com |
| Brock: | bdensel@almondboard.com |

Document #2022GTRA0011