



# ABC GLOBAL UPDATE

July 2022

## Transportation/Logistics Update

ABC staff attended the AgTC annual conference in Tacoma that focused on ongoing transportation disruptions and touched on many aspects of the logistics crisis. Numerous discussions focused on how and when things may begin to improve; the consensus among those presenting was that things will continue to improve throughout the calendar year with something like a return to normalcy being realized in 2023. Carrier rates, however, are expected to continue to be significantly higher than their historical average.

While things continue to improve, there was also much discussion regarding the Ocean Shipping Reform Act (OSRA) which was recently signed into law. While formulation of exact regulations for carriers will be ongoing through the year, many of the law's provisions *immediately went into effect*, including those requiring carriers to provide justification for detention and demurrage fees, as well as the provision barring carriers from unreasonably declining cargo bookings. For more information, contact [bdensel@almondboard.com](mailto:bdensel@almondboard.com)

## New Bill Proposes Port Priorities for Exports

The American Port Access Privileges Act (H.R. 8243, introduced June 29 by Rep. Garamendi, D-Calif.) would build on OSRA by encouraging ocean carriers to ship U.S. exports to foreign markets. ABC will be evaluating the legislation and working with our partners at AgTC to ensure they have

any information needed to assist almond exporters.

According to information from Garamendi's office, this bill would:

- reward ocean carriers that serve multiple ports in the U.S. or with significant cargo bookings of U.S. exports (i.e., those accounting for at least 51 percent of the vessel's carrying capacity by weight or container volume) by moving those vessels to the front of the queue for unloading and loading;
- require export-carrying vessels seeking preferential berthing to report cargo bookings at least seven days in advance to port operators;
- authorize the Department of Transportation to collect data on berthing and cargo practices at U.S. ports to evaluate carriers' practices for port calls and cargo bookings and the impact of preferential berthing; and
- codify current preferences for military, Jones Act, and other U.S.-flagged vessels in place at many major U.S. ports.

## Update on China's Decree 248

- ABC staff continues to work with FDA in finding ways to finalize facility registrations initially fast-tracked by GACC back in December. It's still not clear how FDA and GACC will sort out the review and approval of registrations submitted more recently including the addition of products that were not requested in the initial registrations. ATO Guangzhou held a webinar on July 6 featuring

GACC experts on self-registration for those products that don't require support from the competent authority. Although these facilities do not require assistance from FDA, much of the documentation required is the same such as production process flowcharts, signed enterprise statements, and the proposed "licensed production certificate (business license?)" requirement. ABC is working with FDA and USDA/China to address many of these outstanding issues. If you have questions about the registration process, please contact [kschneller@almondboard.com](mailto:kschneller@almondboard.com).

## New Label Regulations for Bulk Containers (India)

USDA/FAS reported that the Indian Ministry of Health and Family Welfare (MOHFW)/Food Safety and Standards Authority of India (FSSAI) recently issued direction to operationalize the draft Food Safety and Standards (Labeling and Display) Amendment Regulations (2022).

This new direction provides more information related to "non-retail containers used as a transportation unit" but still raises questions related to what can appear in accompanying documents.

ABC is in contact with FSSAI to get further clarification. If you have questions about this requirement, contact [jadams@almondboard.com](mailto:jadams@almondboard.com)

## EU Regulatory & Trade Visits

ABC staff met with several key FAS and EU officials as well as trade contacts in Europe last month. This

was an opportunity to exchange information about current demand for California almonds and the trade environment within the EU, including concerns regarding some of the EU's regulatory proposals.

Key discussions involved the EU's efforts to introduce sustainability standards that may impact domestic and imported products. ABC has already responded to recent stakeholder consultations in the EU and highlighted the need for a collaborative approach. Another key point is consideration of regional differences in production practices and local regulations.

The talks with trade associations involved informing them of the various issues ABC is currently involved in and exploring possible areas of collaboration. For more information, contact [akulkarni@almondboard.com](mailto:akulkarni@almondboard.com)

**EU Adopts Draft Sustainable Use of Pesticides Regulation**

The European Commission (EC) recently adopted a proposal for an EU Regulation on the Sustainable Use of Plant Protection Products (Annex available here), replacing the *EU Directive on the Sustainable Use of Pesticides*.

The proposal implements the EC's Farm-to-Fork Strategy by introducing:

1. Legally binding EU-level targets to reduce by 50% the use and risk of chemical pesticides and the use of the more hazardous pesticides by 2030, as compared to the average of the years 2015, 2016 and 2017.
2. An enforcement framework to ensure adherence to Integrated Pest Management by all farmers.

Farmers in the EU are expected to receive exceptional support under the EU's Common Agricultural Policy (CAP) during the transition to the new regulatory framework. The draft regulation will now be discussed and

voted on in the European Parliament and Council.

Yet to be understood is how these provisions will be applied to imported products in the future. ABC is reviewing the proposal, and will be working with other associations and USDA/FAS to provide comments.

**ABC Leadership and Board Team Tour of Port of Oakland**

ABC staff coordinated a tour of the Port of Oakland for the 2022 Leadership class and members of the ABC Board of Directors. Nearly 50 industry members met with port officials to discuss the current logistics situation and tour the port.

The group learned more about the USDA-sponsored "pop-up" yard currently using vacant space at the Howard Terminal. This 55-acre space is currently not being used as a port terminal, but as a maritime staging area. This is also the space being considered by the City of Oakland for the new-waterfront Oakland A's stadium complex including new housing, offices, and restaurants. Considerable controversy surrounds the plans; transportation experts are concerned that if this development is approved, it could be detrimental to current and future port logistics operations.

Overall, it seems high-dollar imports into the U.S. are beginning to slow resulting in some improvements for exports. The Port published an article highlighting our visit in their monthly newsletter that can be found here.

**ABC DC Delegation Trip Highlights**

A delegation of ABC staff and Board/Committee members were recently in Washington, D.C. to meet with government officials. These meetings were all highly productive and provided many agencies with educational information related to the current state of the industry, logistics concerns as well as the most vital trade and production issues at hand.

The meetings were conducted with multiple segments of USDA (Foreign Agricultural Service, Animal and Plant Health Inspection Service, and the Agricultural Marketing Service) USTR, various California representatives to Congress and their staff, and staff members for the various agriculture committees.

**WTO MC-12 Outcomes**

The World Trade Organization's (WTO) 12th Ministerial Conference (MC12) convened in June after several years of COVID-19 related delays. On June 17, a series of key trade initiatives (the "Geneva Package") were announced.

Included are agreements regarding WTO responses to emergencies, e-commerce, and fisheries subsidies. For agriculture, WTO members signed a SPS Declaration lead by the USA, agreed that World Food Programme (WFP) food purchases shall be exempt from export bans and published a joint Declaration on Food Security.

Additionally, Ministers agreed on a process to reform the WTO, with the goal to have a fully and well—functioning dispute settlement system by 2024. Overall, MC-12 was deemed a success since it has been so difficult for members to reach consensus on any topics in recent years. Another area of success was for Members to ignore India's demands to weaken WTO agricultural domestic support disciplines that would have created long-term trade distortions.

**Upcoming Travel and Events**

- July 13-14 USAEDC Attache Conference in Virginia**

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