



November 10, 2023

Update on European Import Testing

ABC staff have been meeting with European industry, Commission officials and USDA/FAS offices to address increased rejections for 'hygiene/mold' in Italy. Our analysis showed that authorities seem to be confusing physical damage, such as chip/scratch with insect infestation. Italian inspectors are also testing for yeast and mold, which is a quality parameter that has normally not been included in analysis. ABC is continuing to work with USDA to address mold guidance in Italy, particularly since this is NOT a food safety issue, and there are no regulatory limits in Europe or the U.S.

If you are having any issues with shipments to Italy, please contact Abhi at akulkarni@almondboard.com or Julie at jadams@almondboard.com.

China's CFNA President Cao visits California

The head of China's Chamber of Food and Agricultural Associations linked to the Ministry of Commerce was in the United States in late October to participate in the Borlaug World Food Prize Forum in Des Moines, Iowa. Afterwards, Mr. Cao came to Sacramento to celebrate the 10-year anniversary of signing an MOU with ABC. A new collaborative work plan for 2023/24 was signed, encouraging mutual event participation and addressing market access issues. Cao's organization played an important role in supporting the program in China to waive the 30% Section 301 retaliatory tariffs on California almonds in 2020, which brought tariffs down from 55% to the current level of 25%. Mr Cao also learned more about almond hulls, approval of which is pending in China; and toured almond, pistachio, and walnut orchards before meeting with researchers from UC Davis to learn more about ABC funded research. For more info, contact kschneller@almondboard.com

Turkey Increases Tariffs on Almonds and Walnuts

Turkey published in their official Gazette a notification that MFN duties on almonds and walnuts will be increased to 15% effective November 1, 2023. The duty had come down to 2% at the beginning of 2022 (4% for walnuts). On top of the 15% is the 10% retaliatory tariff that remains in place in response to

the U.S.' Section 232 steel and aluminum duties. In addition to the 25% tariffs, Turkey also increased the "additional financial responsibility tax" which is applied per ton. Turkey's WTO bound rate for almonds is 43%; ABC is analyzing the overall impact of these increases to determine if they remain within their WTO obligations. An additional concern is that almonds and walnuts from the United Arab Emirates will be subject to tariffs of 1% and 2%, respectively, which could disrupt trade flows. ABC is in contact with USDA/FAS in Turkey and USTR to assess the situation. For additional information, contact Keith at kschneller@almondboard.com.

USDA's Office in Ankara recommends Caution visiting Turkey

Based on the recent conflict in Israel and Palestine, the USDA/FAS in Ankara has recommended extreme caution in visiting Turkey or in launching promotional events through the end of this year due to increasing turmoil in the Middle East. There is concern that a large U.S.-branded event could attract undue attention at a time when tensions are running high. Given the situation, the Embassy has postponed, canceled, or adjusted events to fit the new security dynamic. If you have plans to visit Turkey in the near future, please pay attention to your surroundings. For more information, please contact kschneller@almondboard.com

ABC joins US Ag Cooperator Mission to China

From Nov 1-10, Keith Schneller representing ABC joined a delegation of 11 U.S. agricultural cooperators led by the U.S. Soybean Export Council to participate in events in Beijing and Shanghai. The delegation focus was to encourage collaboration between U.S. suppliers and Chinese customers. While in Beijing, the group received a briefing from U.S. Embassy staff including a reception at the Ambassador's residence. This is the first large U.S. delegation to visit the Embassy since Covid travel restrictions were lifted last year. The Ambassador stressed the fact that agriculture is the ballast of the U.S. relationship with China. Schneller also participated in a U.S.-China Ag Forum and informed the mostly Chinese audience about ABC's long history working to develop the almond market in China and touched on some of the current challenges we face there. In Shanghai, ABC exhibited at the China Import Expo (CIIE). This show was launched by President Xi in 2017 and was designed to spur increased imports into China. This

will be the first time for ABC participation in this show, which is attended by delegations of buyers and government officials from and around China.

USDA Fruit and Tree Nuts Outlook: Sept 2023

USDA's Economic Research Service recently published its annual Fruit and Tree Nuts Outlook that summarizes the U.S. domestic production, supply and demand situation for the current year going into 2023/24. The report indicates that, *"In 2022, almond prices (\$1.40 per pound) were approximately 65 percent lower than the \$4 per pound received by almond growers in 2014, and 25 percent lower than the \$1.86 per pound received in 2021. Because there have been high levels of inflation since 2014 (causing a dollar to be worth less in 2023 than it was a decade ago), these changes in nominal prices understate decreases in almond prices. Adjusting for inflation (using the Bureau of Economic Analysis' Gross Domestic Product Chain-Type Price Index) suggests that the average real almond price received by growers in 2022 was lower than the average price received in 1999, which had been the lowest on record."*

U.S.–EU Ongoing Discussions

President Biden met recently with EU leaders in DC under the highly anticipated U.S.–EU Summit. Geopolitical conflicts, including Hamas' terrorist attacks in Israel and Russia's War against Ukraine, were major points of discussion, along with cooperation on climate change, trade, and resilient global supply chains. Regarding the Global Arrangement on Sustainable Steel and Aluminum (GSA) and a critical minerals deal, the leaders confirmed they are making progress. Other trade-related issues addressed include WTO reform and China relations. The two sides agreed to extend the deadline on the GSA to Jan 2024. Absent a deal or further extension, Trump-era tariffs (Sec 232) and EU retaliatory tariffs on USD billions of transatlantic trade could be reimposed. Regarding China, the joint statement indicates, *"With a view to enabling sustainable economic relations with China we will push for a level playing field for our firms and workers. We are not decoupling or turning inwards. At the same time, we recognize that economic resilience requires de-risking and diversifying. In this context, we will invest in our own economic vibrancy and reduce critical dependencies and vulnerabilities, including in our supply chains."*

Ag Concern over Increased Duties on Moroccan Phosphate

Over 60 agriculture and farm groups sent a [letter](#) to Commerce Secretary Gina Raimondo requesting the agency "consider the impact of phosphate duties" on Moroccan imports as Commerce reconsiders import duties as remanded recently by the U.S. Court of International Trade (CIT). Last month the CIT found fault with certain aspects of the duty determination by the Commerce Department in supporting the imposition of 19.97% import tariffs on phosphate fertilizer imports from Morocco. The groups detailed the costs of higher fertilizer inputs writing, *"Duties levied on phosphate imports combined with these other factors have led to substantial price volatility over the past three years as evident by phosphate price increases of over 230% from 2020 to 2022."* During 2022, farmers spent \$36.9 billion on fertilizer and lime, compared to \$24.4 billion in 2020.

Upcoming Events:

- Nov 13-17 Abhi in Europe for industry meetings, Waren Verein annual dinner
- Nov 13-15 USAEDC Meetings in Baltimore
- Nov 14-16 Gabriele at MBAO conference in San Diego
- Dec 3-5 The Almond Conference
- Feb 15 ABC - India Trade Conference
- Feb 19-23 ABC exhibiting at Gulfood in Dubai

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