

ABC Global Update

U.S., Canada, and Mexico Reach a NAFTA Agreement

The U.S., Canada, and Mexico have reached a trilateral deal on an updated North American Free Trade Agreement (NAFTA). The agreement has been renamed the U.S.-Mexico-Canada Agreement (USMCA).

The USMCA keeps much of the original NAFTA agreement intact, including duty-free access for U.S. agricultural exports, with a few updates in terms of food and agriculture. Among the provisions:

- Mexico and the U.S. agreed that grading standards and services will be non-discriminatory for all agricultural goods and agreed to establish a dialogue to discuss grading and quality trade related matters.
- The U.S., Mexico, and Canada have agreed to increase transparency on the development and implementation of SPS measures, improve processes for certification, conduct system-based audits, improve transparency for import checks, and to work together to enhance compatibility of measures.

There is an increase in the portion of a car that must be produced in North America, greater U.S. access to Canada's dairy market, and a compromise on the dispute settlement measures (mechanism for solving disputes between companies and NAFTA governments) was tightened while other dispute settlement mechanisms remained intact. The U.S. proposed 5-year sunset clause was changed to a 16-year term for the agreement, with a

review and an option for extension after six years.

The renegotiated agreement requires congressional approval. The text of the agreement can be found [here](#).

U.S. and Japan Agree to Begin Talks for a Bilateral Trade Agreement

On September 26, the U.S. and Japan agreed to begin negotiations for a bilateral trade agreement. In its initial form, the agreement would focus almost entirely on market access liberalization, and avoid the kind of more comprehensive free trade agreement that the U.S. has typically engaged in previously.

The joint statement made specific reference to agriculture saying that concessions made by Japan in other agreements (e.g. TPP and Japan-EU FTA) would constitute the "upper bound" on what they would be willing to provide the U.S. in a bilateral negotiation.

India Pest Detections

USDA/APHIS has been advised by India Ministry of Agriculture (MOA) authorities that there have been a number of "live" pest detections in imports of almonds. APHIS has been following up with handlers of the consignments.

A memo will be going out shortly to industry, with guidance from APHIS regarding accurate calculation of fumigant dosage, calibration and documentation requirements to ensure compliance with Indian requirements. reminding them of the fumigation protocols that are in place for India.

For more information, please contact Paul Vanderhorst with APHIS: Paul.J.Vanderhorst@aphis.usda.gov.

Iprodione Update

Earlier this year, the EU phased out use of iprodione (Rovral) due to the fact that it meets one or more of the "cut off" criteria utilized in the EU to determine whether or not a pesticide is a hazard. EU growers had until June 5, 2018 to use up existing stock.

The EU is now in the process of reducing the maximum residue limit (MRL) to the default limit of 0.01ppm. It is anticipated that following the EU review process and a 6-month transition period, the default MRL will be enforced starting July/August 2019.

In the U.S., iprodione is used during bloom to help control diseases. If growers continue to use iprodione, later season applications should be avoided to minimize potential residues.

Afla Rejections in Spain still an Issue

ABC has been actively engaged with the European Commission and Spanish authorities regarding the continuing rapid alert (RASFF) notifications. These have been almost exclusively in Spain, which has a policy of increasing controls on those handlers/shippers associated with a rejection. This is not in line with the recognition of the PEC program, and European procedures. USDA/FAS officials are also in contact with Spanish ministry officials regarding the situation.

To date, there have been 30 rapid alerts – 23 in Spain. In the past 6

months, the U.S. has been notified 65 times in relation to aflatoxin (peanuts, pistachios, almonds.)

USDA Market Facilitation Program to address Trade Damages

Almonds have been added to the Market Facilitation Program (MFP) announced earlier this year for Title 1 Commodities (soybeans, corn, wheat, etc.). The program provides direct payments to qualified farmers in response to trade damages from retaliatory tariffs.

Almond growers can sign up for the MFP payments now through January 15, 2019. **There are specific requirements and growers must have a farm record with FSA** (already in place if you participate in EQUIP). Payments will be issued on 50% of the grower's total marketable/edible production, multiplied by the MFR rate for almonds of \$0.03 per pound; the remainder will be paid after USDA review.

Not all growers will be eligible for the payment program due to USDA limitations. A factsheet explaining the program, qualifications, and application requirements is being finalized and will be distributed shortly.

ABC and the Almond Alliance of California are sponsoring three early-November workshops for growers interested in applying for the program. In the meantime, **please contact your local FSA office to determine whether you are eligible, and to begin the application process.**

Successful United Fresh Washington Conference

ABC staff participated in the United Fresh Produce Association's 2018 Washington Conference. The conference included educational sessions on issues such as safety, quality, labor and immigration as well

as visits to Congressional Members and staffs to share information about the fresh produce and nut industries.

Speakers at the many sessions included USDA Under Secretary for Trade and Foreign Agricultural Affairs Ted McKinney; USTR Chief Agricultural Negotiator Gregg Doud; Congressmen Jimmy Panetta (D-CA) and Rodney Davis (R-IL) and Senator Heide Heitkamp (D-ND).

ABC also participated in the Fresh Festival on Capitol Hill attended by hundreds of Congressional Members and staffs. California almond snack packs were a hot item with attendees who said they love this healthy snack!

Events such as these are an important piece of the ABC's government affairs outreach program, to build relationships with key stakeholders and increase awareness of the significance of the California almond industry.

2018 Farm Bill

The 2014 farm bill expired on October 1, 2018 when farm bill negotiators failed to reach an agreement to move a new farm bill forward. Many of the programs included in the farm bill are assumed to continue beyond their authorization because they have a "baseline" beyond the end of the farm bill. However, there are approximately 40 programs without baseline funding that leaves their continuation in jeopardy – this includes the Foreign Market Development (FMD) Program and the Technical Assistance for Specialty Crops (TASC) program which are leveraged by the almond industry.

While proposed changes to the nutrition (SNAP) program by the House was thought to be the biggest roadblock, negotiations are currently stalled due to the commodity title section and how the farm subsidy "pie" will be divided up among regions of the country.

The four leaders of the House and Senate Agriculture Committees have been meeting with the goal of having a Conference Report ready for a vote when Congress returns after the November election. The current impasse could impact those plans leading to an extension of the current farm bill until the 116th Congress.

The Almond Conference

Reminder! Many of the issues impacting the production and shipment of almonds will be covered at the Almond Conference, December 4-6, 2018 in Sacramento.

This year's conference will provide an important opportunity to update on the status of the PEC program in Europe, global trade relations, ABC marketing initiatives, research results, Farm Bill, mid-term elections, and State/Federal regulations impacting the growing of almonds. Updates on ABC strategic goals and industry initiatives will also be presented.

The 2018 Almond Conference is expected to be the largest ever, with over 4,000 attendees and 250 exhibitors. Hotels are filling up fast; be sure to **register now at:** www.Almondconference.com.

Upcoming Travel

• October 20 - 28, 2018

Julie Adams, Harbinder Maan and Guangwei Huang in India for government meetings and the IUFoST 19th World Congress.

• October 30 – November 1, 2018

Richard Waycott in Australia for the Almond Board of Australia Annual Conference.

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