

ABC Global Update

No Sign of an end to the Government Shutdown

The U.S. Department of Agriculture (USDA) and the Food and Drug Administration (FDA) are among the federal agencies left in fiscal limbo due to the budget impasse triggered by President Donald Trump's call for funding for a wall along the U.S.-Mexico border.

USDA functions that lapse during the shutdown include inspection services, market facilitation program payments, trade mitigation program purchases, and some agricultural trade development and monitoring activities. The FDA will continue its core activities to handle and respond to emergencies, such as recalls and foodborne illness outbreaks.

During the shutdown, a number of government employees are "exempted" from furloughs, but are working with no pay to carry out essential functions such as those linked to maintaining government property, security, etc., including TSA screeners, trade negotiations and enforcement efforts carried out by the Office of the U.S. Trade Representative (USTR), etc.

The Department of Commerce and the International Trade Administration are partially shut, with the Department of Commerce halting its process for handling exclusion requests from the Section 232 tariffs. The International Trade Commission is shuttered during the funding lapse.

Unfortunately for the almond industry, no applications for Market Facilitation Program (MFP) funds can be submitted, as all county Farm Services Agency (FSA) offices are closed. In addition, no announcements have been made

regarding 2019 export promotion funds.

To date, meetings between President Trump and members of Congress have not indicated either side is moving from their firmly held views.

Stay tuned.....

USDA Final Round of MFP Payments Announced

On December 17, the U.S. Department of Agriculture (USDA) launched the second and final round of trade mitigation payments to assist farmers harmed by trade retaliation.

The commodities and payment rates are the same as the first round of the Market Facilitation Program (MFP) – for almonds, that rate is \$0.03/lb.

The signed applications for funds were due by January 15, however due to the government shutdown, all Farm Service Agencies (FSA) closed on December 28, and applications cannot be processed until staff return to work.

USDA Secretary Perdue has announced that the **MFP application deadline will be extended by the number of days that FSA offices were shuttered.** Producers still need to have submitted all production data completing their submission by the May 1, 2019 deadline.

USTR Negotiating Objectives for U.S. – Japan Trade Agreement Released

On December 21, the Office of the U.S. Trade Representative (USTR) released the United States-Japan Trade Agreement (USJTA) **negotiating objectives.**

USTR is required to publicly publish its negotiating objectives 30 days

before formal negotiations can begin. Thus, January 20 is the earliest possible date for launch of U.S. trade negotiations with Japan.

The negotiating objectives are largely similar to those USTR published for the NAFTA renegotiation.

Ag Anxious to see Outcome of U.S. – China Trade Talks

A U.S. delegation, headed by Deputy U.S. Trade Representative Jeffrey Garrish, is in China on January 8-9 for high level talks to reduce the trade tensions between the two nations.

At issue are U.S. objections to Chinese practices on forced technology transfers and intellectual property (IP) issues, which have led to the U.S. and China levying additional tariffs on one another. On January 1, China's Supreme People's Court began operating an IP division, a move widely seen as a gesture by the Chinese government of its willingness to cooperate with the U.S. on its demands. However, there is much skepticism over the court's ability to carry out its functions in a fair and transparent manner.

The U.S. and China are nearing the halfway point of a 90-day negotiating window, after which the U.S. plans to go forward with tariff increases on \$200 billion worth of Chinese goods.

Brexit Date Nears.....

With a March 29 date looming, the UK Parliament will be faced with a vote next week on the plan for UK exit from the EU. The proposed deal would have the UK remain in a customs union with the EU through a nearly two-year transition period until December 2020, with the option to

extend the transition once if both sides agree. The sticking point is reaching an agreement on a frictionless Irish border – a protocol known as the “backstop.”

While in a customs union with the EU, the UK would be able to negotiate, but not enter into, new trade deals. Although UK and U.S. officials have called a free trade agreement a top priority, talks are not likely to make much headway until the UK finalizes its relationship with the EU.

Amendments to National List of Allowed and Prohibited Substances

On December 27, the USDA Agricultural Marketing Service (AMS) published a **final rule** amending the National List of Allowed and Prohibited Substances of the USDA’s organic regulations to implement recommendations by the National Organic Standards Board.

The final rule changes the use restrictions for seventeen substances, including cellulose and non-synthetic flavors, allowed for organic production or handling and adds sixteen new substances to the National List.

Annual PDP Summary Published

The U.S. Department of Agriculture (USDA) on December 17 published the **2017 Pesticide Data Program Annual Summary**.

Each year, USDA and Environmental Protection Agency (EPA) work together to identify foods to be tested on a rotating basis. Testing is conducted throughout the year and reported to the Food and Drug Administration and EPA. USDA uses the pesticide data to help U.S. farmers improve agricultural practice and to enhance the department’s Integrated Pest Management Program.

The 2017 Summary shows that more than 99 percent of the samples tested

had pesticide residues **well below benchmark levels established by the EPA**.

2017 Agriculture Census Data Soon to be Released

The USDA National Agricultural Statistics Service (NASS) plans to release the new Census of Agriculture data on February 21, immediately followed with a session at USDA’s Ag Outlook Forum.

NASS received responses from more than three million farms and ranches across the U.S. The results will include first-time information on military service, food marketing practices, and on-farm decision-making.

ABC will issue a California almond-specific factsheet once statistics are released.

India Import Rejections Tied to Old Standards

Several shippers are reporting rejections at various Indian ports, for parameters such as “mold” or “discoloration”. This is likely due to mis-classification by laboratories, which are charged with carrying out sample analyses.

ABC plans to meet with Indian authorities in February, prior to the annual India trade conference which is being held on the 13th in Delhi.

Don’t Forget: Two AgTC Shipper Workshops in February

The AgTC will be organizing its annual California regional workshops in February, co-sponsored by the Almond Board. Following are the confirmed dates:

- Sacramento -- Tues. February 19
- Fresno -- Wed. February 20

The workshops provide an opportunity for candid discussions

about current shipping concerns. The meetings are open to all agriculture and forest products exporters and their service providers.

The workshops will be held from 9:30 - 2:00 pm, including a Working Lunch. The cost is \$45 for members, \$145 for non-members.

[Click Here](#) to reserve your spot!

GTRA Welcomes New Team Member

The GTRA department will be fully staffed again when Geoff Bogart joins the ABC staff on January 22, 2019!

Geoff has considerable international experience, having worked in several overseas markets (most recently in Brazil) for the U.S. Commerce Department’s Foreign Commercial Service – a role very similar to that carried out by the USDA/FAS export offices. Geoff has skills that include development of trade relationships and market strategies, leading industry delegations, and representing U.S. industry with government ministries. He will be a great addition to our team!

Geoff is a California native, and looks forward to returning to the Valley.

Upcoming Travel

- **January 12-19, 2019**
Emily Fleischmann in India for meetings on research.
- **January 17-21, 2019**
Julie Adams and Richard Waycott at Peanut Tree Nut Association Conference in Palm Springs.
- **January 19-21, 2019**
Emily Fleischmann in Japan for agency and strategic planning meetings.
- **January 25-February 2, 2019**
Richard Waycott in Germany for stakeholder meetings and media events.

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