

ABC Global Update

Double-Digit Shipment Growth in November 2009

With one-third of the 09/10 crop year now complete, California Almond shipment figures continue to reflect strong global demand across world regions. Total worldwide shipments for Aug-Dec 2009 exceeded 571.5 million pounds, rising 12% over the same four month period in 2008. Export shipments rose 14% to reach 418.1 million pounds, while domestic shipments also rose 6% to 153.4 million pounds.

Exports to China in November exceeded 30 million pounds, boosting China ahead of Spain as the leading export destination year-to-date. The total volume of 76.5 million pounds shipped to China between Aug-Nov 2009 already reflects 77% of the total volume shipped in 08/09.

	Million Lbs. Aug-Nov 2009	% Change from Last Year
W. Europe	175,106,682	8%
Spain	60,628,520	14%
Germany	43,400,281	9%
Italy	14,056,703	1%
Netherlands	10,189,505	13%
France	9,855,048	12%
UK	9,021,380	-23%
Belgium	7,304,055	36%
Asia Pacific	148,708,438	21%
China	76,525,527	65%
India	36,024,073	-24%
Japan	15,753,650	2%
Central/E. Europe	14,018,089	4%
Russia	7,910,008	25%
Total Exports	418,132,542	14%

EU Rejections Ahead of Last Year

As of week 48, rejections for aflatoxin totaled 42, which is ahead of 33 for all of 2008. ABC is following up with handlers who have experienced the most rejections to ensure they are complying with VASP protocol requirements.

Discussions are also underway with USDA/FAS and the Commission to ensure Member States have not increased their surveillance as a prelude to the new aflatoxin levels.

It is critical that industry members closely monitor their shipments and aflatoxin testing procedures. If the EU and Member States determine that rejections are again increasing, they could recommend a return to mandatory controls on import.

Indonesia Recognizes U.S. Food Safety System

In November, the Indonesian Ministry of Agriculture announced that it will recognize the U.S. food safety system for a period of two years. This comes as great news to U.S. exporters who were facing extremely restrictive requirements under Decree 27 which was originally scheduled to go into effect in August 2009 but was postponed until November 2009.

During the two-year period in which Indonesia will recognize the U.S. system, exports from the U.S. will be exempt from additional health certificate requirements covering Maximum Residue Limits (MRLs) and other contaminants as well as stricter testing.

Indonesia has unofficially confirmed that U.S. MRLs that are less restrictive than Codex will be accepted but this has not been confirmed in writing.

EU Adopts Sweeping Reform on Existing Pesticide Registration Law

In a long-awaited move, the European Commission (EC) recently adopted a sweeping reform of the EU's existing pesticide registration law. The new law, Regulation 1109/2007, will replace the current Directive 91/414/EEC effective June 14, 2011.

The new law saw several high-profile and contentious debates throughout its passage into final form, largely due to "cut-off" and substitution criteria. These criteria determine whether certain classes of pesticides will be prohibited from further registration and use in the EU on the basis of their intrinsic characteristics, as opposed to a traditional risk-based analysis taking into account uses and exposure. Many groups have criticized this legislation as promoting a hazard-based approach to regulating pesticides. The full regulation is available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:309:0001:0050:EN:PDF>.

In addition to the new regulation on registration, the EC also adopted a second law, Directive 2009/128/EC, which establishes a framework for the sustainable use of pesticides by growers within the EU. The directive is available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:309:0071:0086:EN:PDF>.

India to Approve More Ports for Plant Product Imports

India's Department of Agriculture and Cooperation recently proposed a regulation that would expand the list of Indian ports that are permitted to receive plant product imports.

If adopted, the two ports that would be added are Karaikal in Puducherry in the

South and Pipavav in Gujarat on the North-western coast.

The regulation is expected to be effective February 22, 2010.

New GMO Regulation in Turkey

In October, the Turkish Ministry of Agriculture published a regulation effectively prohibiting the importation of most GMO products. The U.S. Trade Representative, the USDA, and the State Department are all in contact with the Turkish government regarding concerns for U.S. exports to Turkey.

While almonds are not the focus, almond exporters in California may be affected if the almonds are part of a processed product that contains a GMO ingredient such as a snack bar with GM corn or soy. The directive does not list any tree nut specifically.

Chilean Walnut Producer's Committee Expands to Include Almonds and Other Tree Nuts

In October the Chilean Walnut Producers Committee (Chilenut) announced that membership will now be open to almond, hazelnut, pistachio, and chestnut producers as well.

Chilenut fosters production and development of the walnut industry through promoting research and technological innovation as well as setting quality standards and coordinating marketing efforts.

According to official Chilean data, their almond exports have risen steadily over the last several years and are up 44 % year-to-date compared to last year (January – September) at 13.5 million pounds.

Chile's main export markets are Brazil, Italy, Mexico, Spain, and Argentina but exports to Turkey and the United Arab Emirates are up 155 percent and 237 percent respectively.

U.S. Free Trade Pact with South Korea Still on the Table

In November U.S. Trade Representative, Ron Kirk, insisted that the U.S. has not abandoned efforts to finalize the

agreement South Korea but is seeking better access to its auto market.

The trade pact has been stalled in Congress for two years due mainly to the concerns of the U.S. auto industry. Analysts believe that if the pact is not approved by June 2010, it may take up to another year for it to appear on Congress' agenda.

If the agreement is implemented, tariffs on California Almonds would be eliminated (currently at 8%).

Economic Climate Slows Holiday Food Spending in Europe, Experts Predict

Following a study by Deloitte of 18,000 consumers across 18 countries in Europe, market analysts expect that spending on holiday or seasonal food will remain stagnant this year. Retailers and manufacturers were hoping that there would be a marked improvement over last year's figures.

According to the study, consumers will spend an average of €190 on holiday food, down 3.5 percent from 2008. Despite some European countries' economic growth over the last several months, consumers surveyed indicated that price and value were their primary concern when making purchasing decisions.

Impulse buys will be overwhelmingly replaced by well-researched purchases as consumers are ready to hunt for deals this season.

The UK's Tesco Adds Carbon Footprint Labels to Milk Products

In September, Tesco supermarkets began labeling milk products with carbon footprint information based on the grams of carbon or "equivalent" greenhouse gases omitted by production, transportation, storage, use, and disposal of the product. Tesco already labels light bulbs, orange juice, laundry detergent, and potatoes.

The labeling initiative is part of Tesco's effort to educate customers on climate change, the carbon footprints on products, and what consumers can do to reduce carbon emissions when using Tesco products.

Tesco plans on adding carbon footprint labels to bread, reusable bags, and paper products within the next year.

Hershey and Ferrero Consider Joint Bid After Cadbury's Second Rejection of Kraft Offer

Italian candy-maker Ferrero International and Hershey may take advantage of Cadbury's second rejection of a bid from Kraft. The two companies are reported to be in discussions of a joint bid for the UK confectioner.

Still left to be decided is whether or not the two companies should bid for Cadbury entirely or make an offer for a large stake essentially blocking Kraft from a takeover.

Both Hershey and Ferrero are particularly interested in Cadbury's chocolate operations so it is possible that they will separate chocolate from Cadbury's chewing gum division if the acquisition is successful. Among the reasons Cadbury is especially attractive to major global confectioners is its stronghold in India.

Upcoming Travel

- **December 14– 16, 2009**

Julie Adams in Europe for the European Snacks Association meeting.

Special Note

ABC offices will close Thursday, December 24, 2009 and reopen Monday, January 4, 2010.



From all of us to all of you, a joyous holiday season!