

# ABC Global Update

## Records All Around!

October is typically a huge shipment month each year, and true to form, October 2009 shipments did not disappoint. New monthly shipment records were achieved in October for domestic, export, and total shipments, demonstrating robust demand for California Almonds across major world regions.

Total shipments for the first quarter (August-October 2009) grew 8.8% to 426.1 million pounds, of which 72%, or 308.6 million pounds was shipped overseas. The remaining 28%, or 117.5 million pounds, fulfilled domestic demand.

Overall, export and domestic shipments were 10.9% and 3.8% higher respectively than the same three month period a year ago.

	Million Lbs. Aug–October 2009	% Change from Last Year
<b>W. Europe</b>	<b>140,176,991</b>	11%
Spain	50,376,868	23%
Germany	34,506,205	10%
Italy	11,265,271	9%
Netherlands	10,189,505	13%
France	7,958,198	11%
UK	6,522,275	-23%
Belgium	5,369,005	22%
<b>Asia Pacific</b>	<b>99,365,747</b>	12%
China	46,518,708	53%
India	28,265,599	-27%
Japan	10,681,534	1%
<b>Central/E. Europe</b>	<b>12,069,164</b>	5%
Russia	6,816,458	23%
<b>Total Exports</b>	<b>308,607,910</b>	11%

## EU Bans Critical Use of Methyl Bromide

In September the EU banned the use of Methyl Bromide (MeBr) for critical use effective March 18, 2010.

In the recent past, various EU Member States have been particularly sensitive to the issue. Exporters should note that changes in EU legislation will mean changes to EU regulations as well.

It is unclear at this time if this could eventually impact the import tolerance for MeBr. For now, the import tolerance will remain at 50 ppb.

## Special: Indian Market in Transition

Participants in recent US-India Business Council (USIBC) briefings gained a better understanding of the impact of government elections and resulting priorities for rural support, job creation, quality/food safety, cold chain development, and processing industry investment.

Several foreign governments are vying for partnerships with India, particularly the French and Dutch. In addition, Indian states are encouraging more public-private sector partnerships with the creation of economic zones and investment incentives – particularly in the South.

Increasing food prices is a major policy concern, and is fueling government policy to pump more money into rural economies. The government is looking to focus investments on:

- National rural employment program
- Infrastructure development of ports, roads
- Energy development

The U.S. government is putting a lot of emphasis on their relationship with India

– our 18<sup>th</sup> largest trading partner. Bilateral trade policy discussions kicked off after almost 2 years, and Prime Minister Singh's visit to the U.S. in November will be the Obama administration's *first* official state visit. The Indian government is also committed to engaging with the U.S. – another result of their election mandate. In fact, the U.S. and India are looking to sign agreements on alternative energy (biofuels, wind and solar).

Another aspect that was clear from the meetings is that success in India must include a corporate social responsibility component. As imports increase, both government and non-governmental organizations (NGOs) are questioning whether capital is flowing in to, or out of, the country. The ultimate success will be finding cooperative ways that will help India move from subsistence to sustainable agriculture.

## Update: Anuga Trade Show

In October, ABC participated in the world's largest food show, Anuga.

Anuga takes place every two years in Cologne, Germany; the show attracts over 160,000 visitors, 56% of which are international representing 174 countries. ABC activities included a booth in the U.S. Pavilion featuring the new ABC global image and a press release focusing on the versatility, health, and value proposition of almonds. The media outreach resulted in three onsite trade media interviews and fifteen articles. Staff responded to over 250 enquiries for additional information and to requests for a handler directory.

## Almond Production in Spain Expected to Increase 60%

USDA/Foreign Agricultural Service Madrid reports that Spanish almond production is expected to increase 60% from last year. However, the almond production in both Italy and Greece is

expected to decrease 50%. The resulting total almond production in all three markets is forecasted at 210 million pounds.

**Announcement: European Port Procedures and VASP Workshop at Almond Industry Conference**

ABC staff will present a European Port Procedures and VASP workshop December 10 from 10:20 a.m. to 11:50 a.m. at this year's annual conference.

Topics will include recent changes in EU legislation and VASP procedures, port procedures including the U.S. goods return process, and steps to take when a problem arises.

To register for the conference, please visit:

[https://www.smartreg.com/webreg/AIC09/?\\_utma=1.1174160096.1256744262.1256744262.1257786451.2&\\_utmb=1.5.1.0.1257786451&\\_utmc=1&\\_utmz=1.1256744262.1.1.utmcsr=\(direct\)|utmccn=\(direct\)|utmcmd=\(none\)&\\_utmv=-&\\_utmj=209237266](https://www.smartreg.com/webreg/AIC09/?_utma=1.1174160096.1256744262.1256744262.1257786451.2&_utmb=1.5.1.0.1257786451&_utmc=1&_utmz=1.1256744262.1.1.utmcsr=(direct)|utmccn=(direct)|utmcmd=(none)&_utmv=-&_utmj=209237266)

**Brazil Publishes Tariff List**

In 2005 the WTO found that Brazil, the world's second largest cotton exporter, was damaged by a variety of U.S. programs that depressed world cotton prices. Earlier this year the WTO authorized retaliation by Brazil.

As part of potential countermeasures in the WTO Cotton dispute, Brazil has published a list of goods for which increased tariffs may be applied. Almonds do not appear on the list, however hazel nuts (inshell) and walnuts (shelled, inshell) are included.

Brazil will submit a final retaliation list to the WTO November 30. They have indicated the final list will be culled down to about \$800-900 million, although the WTO may not authorize retaliation over about \$300 million. Before a final list is prepared importers in Brazil will have an opportunity to seek removal of affected commodities from the list.

**APHIS Announces Agricultural and Quarantine Fees to Remain the Same**

October 30, USDA Animal and Plant Health Inspection Service (APHIS) announced that it will not be increasing

user fees for certain Agricultural and Quarantine Inspections (AQI) as previously announced.

APHIS reports that user fees generally increase every five years and that they haven't been increased since 2005.

For more information, visit:

[http://www.aphis.usda.gov/newsroom/content/2009/10/withdraw\\_userfees.shtml](http://www.aphis.usda.gov/newsroom/content/2009/10/withdraw_userfees.shtml)

**Update: AgTC Shipper Workshop Date Change**

The Agriculture Transportation Coalition (AgTC) along with the Almond Board of California will be hosting an Ag shipper workshop January 19, 2010, at the DoubleTree Hotel in Modesto. The workshop will be presented in roundtable fashion and will not be open to press or carriers. Subjects to be discussed include:

- Ocean carrier services and costs
- New transportation fees
- Automated export system (AES)
- Economic stimulus package and infrastructure spending
- Trucking
- Looming crisis at the ports
- "No Doc, No Load"

AgTC members pay \$25 while non-members pay \$75 for entry. To register, please visit AgTC's website:

[http://www.agtrans.org/images/AgTC\\_2010\\_Workshop\\_Reg\\_Formv3.pdf](http://www.agtrans.org/images/AgTC_2010_Workshop_Reg_Formv3.pdf)

**Health Claims Regulations in the EU May Stifle R&D in New Healthy Chocolate Products**

Chocolate manufacturers are finding it increasingly difficult to make health claims on their products in Europe. A recent series in Foodnavigator.com highlighted the vast differences between making health claims in the U.S. and the EU.

While sales are not expected to be impacted by EU restrictions on health claims, industry leaders fear that expenditures on research and development will move to other areas, and innovation will be adversely affected.

Manufacturers and industry groups are growing discouraged over the difficulties they encounter establishing health claims for chocolate in Europe; there is also fear

that stringent EU regulations will impact their abilities to make claims in other countries such as Japan or Australia.

**Kraft's Second Bid for Cadbury Rejected**

Kraft made its second formal offer to buy British candy company Cadbury for \$16.3 million just shy of a 5 p.m. deadline on November 9. Cadbury again rejected the offer citing it undervalues the future earnings of the company.

Kraft now has three months to submit a proposal to Cadbury shareholders in an effort to complete the deal. Kraft claims that the second offer, which was expected to be higher than the first, is fair and represents the true value of Cadbury.

**Compensatory Fund Established for Claimants in Tainted Peanut Product Case**

A \$12 million fund was established by a bankruptcy judge to pay claims to 175 individuals who are seeking compensation for *Salmonella* poisoning resulting from tainted peanut products distributed by the Peanut Corporation of America (PCA).

PCA filed for bankruptcy in February 2009 after *Salmonella* contamination traced back to products manufactured in its Blakely, Georgia plant caused the company to close its doors.

Compensation will be distributed to claimants based on the severity of their illnesses.

**Upcoming Travel**

- **November 9 – November 13, 2009**  
Shirley Horn and Stacey Humble in London for agency and trade meetings.
- **November 17 - 20, 2009**  
Julie Adams in Baltimore for the USAEDC conference and Hamburg, Germany for trade meetings.
- **November 17 - 20, 2009**  
Kristi Saitama in Baltimore for the USAEDC conference.
- **November 14 - 24, 2009**  
Becky Jeffers in Beijing and Shanghai, China for the Food and Hotel China show.

The Global Update is a publication by the Almond Board of California. For more information, please contact the Almond Board at 209.549.8262 or staff@almondboard.com. The information reported in this document is correct to the best of our knowledge.

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