

ABC Global Update

Exports Continue to Set New Records

September shipments, both domestic and export, have set new records, led by shipments to Asia and the Middle East. Total shipments of inshell almonds to date are up significantly, from 30.2 million pounds in CY 09/10 to 46.5 million pounds in CY 10/11.

Asia-Pacific shipments continue to dominate, representing 40% of total export shipments year to date as the region prepares for the key holiday season. China shipments for the month of September are twice last year, and up about 91% for the two month period. The Middle East is seeing an increase in numerous markets, particularly the UAE which is up 105%.

India Shipment Challenges

Almond Board staff is working closely with USDA's Animal and Plant Health Inspection Service (USDA/APHIS) and with the Foreign Agricultural Service (FAS) in monitoring several developments which have impacted the imports of almonds.

Differences in Import Permits (IP) and the application of fumigation requirements have resulted in delays and confusion among industry and authorities. APHIS is working closely with their Indian counterparts to ensure minimal disruptions, particularly in this important lead-up to the Diwali holiday period.

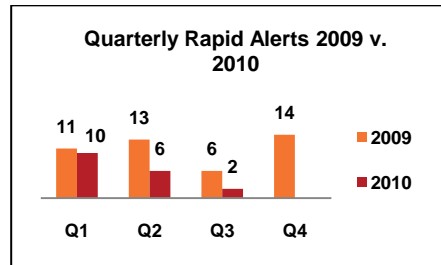
Separately, implementation of Indian food safety legislation under the supervision of the Food Safety and Standards Authority of India (FSSAI) has also raised questions. Under the legislation, several major regulations have been consolidated (including the PFA – Prevention of Food Adulteration Act). In addition, FSSAI health authorities are being assigned to major ports with the responsibility to ensure imported food stuffs comply with Indian

regulations. The impact on import controls needs to be better defined, particularly as it relates to the level of sampling and analytical protocols that are to be applied.

Almond Board staff will continue to report any developments. Any questions should be directed to Caroline Stringer (cstringer@almondboard.com), Kristi Saitama (ksaitama@almondboard.com), or Julie Adams (jadams@almondboard.com).

Update: Aflatoxin Rejections in EU Decrease 40% through Third Quarter

Aflatoxin rejections in the EU for California Almonds have decreased 40% through the third quarter of calendar year 2010 compared to the same period in 2009.



The EU aligned their maximum limits for aflatoxin in ready-to-eat almonds in March 2010. Rejections of almonds on arrival in Europe are anticipated to be at a much lower rate for the remainder of the year.

EU-Korea Free Trade Agreement (FTA) Signed

The EU-Korea FTA was signed October 6, 2010 in Brussels, Belgium.

South Korea's current 8% tariff on inshell and shelled almonds (HS 0802.11 and HS 0802.12) will be immediately eliminated upon implementation of the agreement. Almonds from the U.S., which constitute over 95% of Korean imports, continue to be subject to the 8%

rate. It is expected that the EU agreement will enter into force on July 1, 2011.

The U.S. may now feel increased pressure to ratify its FTA with South Korea to ensure U.S. exporters can compete with Europe. The South Korean tariff concessions in both FTAs are similar; EU officials have stated that if the U.S. secures a more favorable concession from South Korea, it would apply to the EU as well.

Almond Production to Decrease in Chile and Italy in 2010/2011

The USDA/Foreign Agriculture Service (FAS) recently published reports on the tree nut industries in Chile and Italy, predicting major drops in production this year.

In Chile, almond production and exports are expected to decrease in marketing year (MY) 2010 (January-December) due to adverse weather conditions. Current estimates indicate Chile's almond production will total approximately 14.3 million pounds in 2010, which represents an 18.75% drop from the previous year's production of 17.6 million pounds.

In Italy, almond production is expected to decrease to 13.2 million pounds in MY 2009/10 (September-August), a 50% decrease from the previous year. Due to decreasing profitability, many Italian farmers have abandoned the almond crop or shifted to other crops that allow them to earn higher margins. As a result, planted area is expected to further decrease in the next few years.

China Notifies Aflatoxin Limits

On August 12, China's Ministry of health notified the WTO of modifications to its maximum levels of mycotoxins in foods. For Nuts and Seeds, the level for peanuts is 20 ppb B1; the only other limit which is specified is "other cooked nuts and seeds" with a limit of 5 ppb B1.

Almond Board staff will be meeting with USDA/FAS staff in Beijing to clarify how the levels are being applied.

Russia and U.S. Trade Dispute Resolutions Push Russian WTO Accession Forward

The U.S. and Russia have announced they have reached resolutions on key trade disputes that have impeded Russia's WTO accession efforts.

According to a statement from the U.S. Trade Representative, Ambassador Ron Kirk, the two countries have made agreements in principle on government procurement, intellectual property rights, and trade-related transparency decisions.

Russia still has a long way to go before accession as other WTO members are expected to make additional demands for concessions.

Reverse Trade Mission from Pakistan

In late September, almond importers from Pakistan visited the Modesto area in conjunction with a reverse trade mission organized by the USDA/Foreign Agricultural Service (FAS) in Islamabad, Pakistan. The schedule included an overview of almond industry programs by Almond Board staff, an industry breakfast meeting, orchard tours and processing facility visits.



In the picture above, Paul Ewing of Hilltop Ranch, Inc. discusses the attributes of inshell almonds during a facility tour.

New Zealand to Increase Taxes on Imported Goods

New Zealand will increase its Goods and Services Tax (GST) from 12.5% to 15%

beginning October 1, 2010. This increased GST rate will apply to goods imported into New Zealand.

Additionally, New Zealand will also increase its "import transaction fee" from a total of NZD\$37.25 (approximately US\$27.07) to NZD\$38.07 (US\$27.67) for all goods imported after October 1. This fee includes a "biosecurity risk screening levy" which will be collected by Customs on behalf of Ministry of Agriculture and Fisheries' Biosecurity New Zealand. It is payable at the time the product is cleared from customs.

For more information on New Zealand's tax changes please see <http://www.customs.govt.nz/importers/GST+changes+for+importers/GST+changes+for+importers.htm>.

Invitation to Provide Samples for American Food Showcase at U.S. Embassy in Lima, Peru

The USDA/Foreign Agricultural Service (FAS) in Lima, Peru has invited California Almond industry members to provide samples for the annual U.S. Food Showcase to be held at the U.S. Embassy in Lima on November 18.

For more information, please contact FAS Marketing Specialist Alvaro Loza at alvaro.loza@fas.usda.gov.

Grant Opportunities for Specialty Crops

The USDA/Agricultural Marketing Service (AMS) will offer a free webinar on the Specialty Crop Block Grant Program Thursday, December 16, 2010 at 2pm EST.

As a service to the produce industry, AMS presents free interactive webinars hosted by Red Book Credit Services as part of the Red Book University educational offering. Participants can ask questions of USDA experts presenting information live. All members of the produce supply chain are welcome to participate, including growers, processors, packers and distributors of all sized operations.

This webinar will allow industry to find out what the Specialty Crop Block Grant Program is and how industry members can apply for grant funds to enhance the competitiveness of specialty crops—fruits, vegetables, tree nuts, dried fruits,

horticulture, and nursery crops, including floriculture. Projects funded in the past by the program have focused on marketing and promotion, education, production, research, food safety, and pest and plant health.

Trista Etzig, Manager of the Specialty Crop Block Grant Program, will be the guest speaker. For more information, contact her at 202.690.4942 or Trista.etzig@ams.usda.gov. Also visit www.ams.usda.gov/SCBGP.

Update: Norway Adopts EU Sample Size

The USDA/FAS has notified the ABC that Norway officially adopted the aflatoxin sampling plan followed by the EU on October 6, but has not confirmed the effective date. Last month, ABC reported that Norway had adopted the EU maximum tolerances for aflatoxin in almonds but had not yet adopted the sample size. For more information, contact Asa Wideback with USDA/FAS at: asa.wideback@fas.usda.gov.

Attention SIAL Attendees!

Several Russian importers are going to SIAL Paris and want to get in touch with U.S. handlers there. If you will be attending or exhibiting and are interested in meeting with these importers, please contact Becky Sereno at 209.343.3250 or bsereno@almondboard.com. Please be sure to provide your SIAL booth number, if you will have a stand.

Upcoming Travel

- **October 9 – 24, 2010**
Kristi Saitama in Asia for agency and trade meetings.
- **October 12 – 21, 2010**
Richard Waycott and Julie Adams in China and India for USDA/FAS and trade meetings.

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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