



October 22, 2013

Docket Number USTR-2013-0027

Comments Regarding the 2014 National Trade Estimate Report: European Union (EU)

The Almond Board of California (ABC) is pleased to provide the requested information on tariff and non-tariff barriers in the EU. Established in 1950, ABC administers a grower-enacted Federal Marketing Order under United States Department of Agriculture (USDA) supervision, and operates through a committee structure similar to a non-profit industry association. ABC represents 6,400 almond growers and 100 almond processors, most of whom operate small to medium size family farms and businesses, producing almonds throughout California's Central Valley. ABC's mission is to create a rewarding environment for the production, processing and marketing of California Almonds; funding is used to support research, promotion and quality/technical services. California produces 80% of the world's almonds and 100% of the U.S. supply. Annually, 70% of California production is exported to 90 countries worldwide.

The 28 Member States of the EU represent approximately one third of California's almond exports. The combined value of almond exports to the EU are listed below¹:

Calendar Year	Shelled Almonds (HS 080212) Tariff: 3.5% (In Quota: 2%)	Inshell Almonds (HS 080211) Tariff: 5.6% (In Quota: 2%)	Prepared or Preserved Almonds (HS 200819) Tariff: 9-11.2%	Total Value
2012	\$1,007,101,917	\$22,238,397	\$18,901,408	\$1,048,241,722
2011	\$933,133,669	\$19,344,552	\$8,661,660	\$961,139,881
2010	\$789,014,840	\$31,292,768	\$6,097,927	\$826,405,535
2009	\$645,731,074	\$47,428,469	\$7,711,263	\$700,870,806
2008	\$827,381,935	\$39,737,797	\$26,743,878	\$893,863,610
2007	\$873,039,103	\$25,762,991	\$41,483,240	\$940,285,334

Tariffs

The EU maintains a tariff rate quota (TRQ) for inshell and shelled almonds of 90,000 tons. The TRQ has not been expanded since 1987 when there were only 12 member states. The additional member states' populations account for almost 26% of the EU's current population². The quota has been filled by May or June every year for the last 5 years. The U.S. Department of Agriculture has estimated that the EU represents about 8% of global almond production³.

¹ USITC Dataweb

² http://europa.eu/about-eu/countries/index_en.htm

³ USDA/FAS Tree Nuts: World Market and Trade Report, October 2012

The table below depicts monthly U.S. almond exports to the EU⁴. The shading indicates the point at which the quota has been met for that calendar year based on U.S. shipments alone. U.S. Almonds account for approximately 95% of the EU's almond imports.

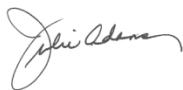
U.S. Monthly Shelled (HS 080212) and Inshell (HS 080211) Almond Exports to the EU (Tons)						
	2007	2008	2009	2010	2011	2012
Jan	12,761	14,678	11,932	13,368	14,917	15,782
Feb	13,739	14,446	15,832	19,737	15,069	19,990
Mar	8,812	14,690	14,245	17,167	16,765	19,694
Apr	11,871	15,454	13,067	13,355	18,124	17,343
May	11,923	15,662	14,595	11,628	20,880	18,275
Jun	12,750	14,772	19,237	11,632	20,300	17,248
Jul	17,846	18,883	20,675	14,733	17,407	15,216
Aug	12,654	18,371	22,051	15,936	15,858	17,245
Sep	14,784	15,974	19,781	15,393	11,999	13,338
Oct	34,675	23,917	21,165	22,568	25,277	22,402
Nov	23,659	20,956	18,395	20,168	20,908	14,191
Dec	19,914	19,421	19,183	20,934	19,759	18,842
Total	195,387	207,226	210,158	196,619	217,262	209,567

Procedures for Refused Consignments

ABC has noted that the approach to addressing consignments refused entry is not consistent across all member states. Experiences also vary among ports in a single member state. The documentary and procedural requirements - notification and in some cases, acknowledgement by third country competent authorities - for releasing consignments refused entry can be difficult to adhere to for many exporters. It is unclear if the EU's requirements for engagement with third country competent authorities is a practice widely applied to other commodities refused entry.

ABC thanks USTR for the opportunity to provide information on tariff and non-tariff barriers in the EU. Please do not hesitate to contact me regarding this submission.

Sincerely,



Julie Adams

Vice President, Technical and Regulatory Affairs

⁴ USITC Dataweb

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Comments Regarding the 2014 National Trade Estimate Report: China

The Almond Board of California (ABC) is pleased to provide the requested information on tariff and non-tariff barriers in the EU. Established in 1950, ABC administers a grower-enacted Federal Marketing Order under United States Department of Agriculture (USDA) supervision, and operates through a committee structure similar to a non-profit industry association. ABC represents 6,400 almond growers and 100 almond processors, most of whom operate small to medium size family farms and businesses, producing almonds throughout California's Central Valley. ABC's mission is to create a rewarding environment for the production, processing and marketing of California Almonds; funding is used to support research, promotion and quality/technical services. California produces 80% of the world's almonds and 100% of the U.S. supply. Annually, 70% of California production is exported to 90 countries worldwide.

China has been California Almond's number one export market for the past 3 consecutive years. Below are combined California Almond shipments to China and Hong Kong (typically, almond consignments move to mainland China through Hong Kong)¹.

	Value (USD) Inshell and Shelled Almonds	Inshell Almonds HS080211 Volume (T)	Shelled Almonds HS080212 Volume (T)
2008	\$ 159,629,506	18,423	21,274
2009	\$ 279,857,692	42,346	40,912
2010	\$ 315,463,487	42,745	42,604
2011	\$ 444,119,964	60,551	52,782
2012	\$ 589,061,096	85,663	62,243
2013 (Jan-Jul)	\$ 140,806,407	15,172	11,183

¹ USITC Dataweb

There are several major issues facing the California Almond industry in China: tariff levels and almond nomenclature. Both issues are being addressed in conjunction with U.S. and Chinese industry stakeholders, as well as engagement with U.S. government authorities.

The duty structure in China establishes a 10% tariff on almond kernels and 24% tariff on inshell almonds. With the significant increase in demand for almonds in China, there is greater emphasis and broad support among industry in China and U.S. stakeholders regarding the need to encourage expansion of direct shipments and normalization of trade patterns.

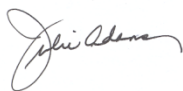
China's Ministry of Finance (MOF) announced a *temporary reduction of the tariff on in-shell almonds from 24% to 10% effective from January 1, 2013*. The tariff for shelled almonds remains unchanged at 10%, on par with the temporarily reduced tariff for in-shell².

Of direct impact on almond marketing and promotion efforts has been the development of an "appropriate" Chinese name for almonds and how this is reflected in an industry standard. Historically, "almonds" were called and translated as *Xing Ren* in China by Chinese experts or by the trade. Some Chinese industry argued that since *Xing Ren* is in fact apricot kernels, using the same name for almonds is misleading to consumers; their position was that the botanical name *Bian Tao* should be used for almonds. While this was a voluntary industry standard, the requirements of mandatory labeling regulations under the China Food Safety Act have elevated the importance of the standard.

Ultimately, the industry standard for almonds now in effect allows the use of either of two names: *Bian Tao* (扁桃)³ or *Ba Dan Mu* (巴旦木). However, since no "official" name existed prior to the April 1, 2013 effective date of the industry standard, some market inconsistency/disruption continues.

ABC thanks USTR for the opportunity to provide information on tariff and non-tariff barriers in China. Please do not hesitate to contact me regarding this submission.

Sincerely,



Julie Adams
Vice President, Technical and Regulatory Affairs

² Almonds are included in Schedule 4 (item #11). Also included was an extension of the reduced import tariffs for both in-shell and shelled pistachios (from 10% to 5%). The full list can be found at <http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201212/P020121217528145194956.pdf>.

³ For almond inshell (扁桃桃) and for almond kernel (扁桃仁)