



February 12, 2025

American First Trade Policy

President Trump issued a [presidential memorandum](#) titled "America First Trade Policy" on Jan. 20, 2025, outlining the immediate trade priorities for his administration. The memo directs various federal agencies and the Office of the United States Trade Representative (USTR) to evaluate key aspects of U.S. trade policy and issue reports to the president no later than April 30, 2025.

According to the memo, the new Senior Counselor for Trade and Manufacturing, Peter Navarro, will be included in the trade policy review process.

The memorandum covers three main areas:

1. Addressing unfair and unbalanced trade;
2. economic and trade relations; and
3. additional economic security matters.

During his confirmation hearing, Jamieson Greer, President Trump's nominee to be U.S. Trade Representative, told Senators that he will prioritize the negotiation of "reciprocal" trade deals with countries that maintain trade surpluses with the U.S., saying those governments should ease their tariffs and other barriers or face new barriers to doing business in the United States.

New Tariff Situation

On February 1, President Trump signed [Executive Orders](#) on America's three largest trading Partners. He ordered 25% duties on goods from [Canada](#) and [Mexico](#), 10% duties on Canadian energy products, and 10% duties on all [Chinese goods](#) under the authority of the International Emergency Economic Powers Act. The orders contain a retaliation clause so that if a country retaliates with tariffs on U.S. goods, the tariff rates will increase. The tariffs were to take effect on Tuesday, February 4.

Canada immediately [announced](#) retaliatory tariffs of 25% on approximately [\\$30 billion worth of](#)

[U.S. products](#) which were to take effect February 4, and on \$125 billion more within three weeks.

Almonds and almond products were not included in Canada's list. Mexico had not announced their list. After last minute negotiations, additional tariffs with Canada and Mexico were postponed for 30 days (March 4).

U.S. tariffs did take effect on China. The retaliatory measures they announced will start February 10 on a number of U.S. energy products, including agricultural machinery, as well as a new antitrust investigation on Google and placed additional export controls on essential minerals. **Agricultural commodities were not targeted** at this time. Importantly, the waiver process on the 30% retaliatory tariff on raw almonds remains in place meaning that Chinese importers pay 25% on imported almonds from California instead of 55%.

What a New Trade War Would Mean

Nearly half of all U.S. imports—more than \$1.3 trillion—come from Canada, China, and Mexico. However, Bloomberg Economics' analysis shows that the new tariffs could reduce overall U.S. imports by 15 percent. The DC-based [Tax Foundation](#) estimates that the tariffs will generate around \$100 billion per year in extra federal tax revenue. The Council on Foreign Relation recently published an [article](#) that summarizes the potential economic effects of such tariffs on all four countries in 9 charts.

The article states that these tariffs could also impose significant costs on the broader economy: raising costs for businesses, disrupting supply chains, eliminating hundreds of thousands of jobs, and ultimately driving up consumer prices.

Updates on Aflatoxin

In the calendar year 2024, there were 8 rejections for aflatoxin in the EU. Two initial rejections were withdrawn after satisfactory retests (REMINDER: your importer has the right to request a retest). No rejections have been noted so far in 2025. We anticipate that since there have been no rejections since Summer 2024, Member States will soon return to <1% inspection as stipulated in the EU regulation recognizing the PEC program.

In Japan, there were 34 rejections in 2024. Based on total imports, the rejection rate is still below 2%. USDA and MHLW are working on finalizing a protocol for pre-testing almonds; ABC is reaching out to handlers to get an idea of how many shippers are likely to use the voluntary program.

What's Next for the EU?

Following elections in summer of 2024, and key appointments to various portfolios, the EU is slowly getting back to work. Poland, Denmark, and Cyprus will hold the next 3 EU Council presidencies (6 months each) until June 2026.

While there has been a marked departure from the 'Farm-to-Fork' policies of the previous EU parliament and more emphasis on EU agriculture sector competitiveness and resilience, it is expected that some of the policies adopted previously will continue, notably with packaging and packaging waste reduction. ABC staff will continue to closely monitor developments that will impact the California almond industry, be it changes to MRLs (though we do not anticipate changes to pesticide regulations in the short term), contaminant levels, labeling requirements, or potential impacts of Corporate Sustainability requirements. It will be important to monitor how the trans-Atlantic trade relations between the Trump administration and the EU evolve, and any potential implications for the almond industry.

USTR 2024 Report on China's WTO Compliance

USTR released the "2024 Report to Congress on China's WTO Compliance," its 23rd annual report to assess China's adherence to the commitments of its WTO membership. The report concludes that China continues to be non-compliant with many of its ag trade commitments, including that Beijing continues to increase the value of the domestic subsidies and other support measures to its agricultural sector; has not properly implemented ag tariff-rate quotas; has not fulfilled Phase One Agreement commitments regarding ag biotech; continues to limit foreign participation in standards setting; has certain product-specific sanitary and phytosanitary issues; and, has systemic shortcomings in its antidumping and countervailing duty practices related to transparency.

EU-Mexico Trade Deal Reached

The European Commission announced on January 17 that the EU and Mexico have concluded an updated [free trade agreement](#). The deal must now be ratified by both sides. Talks for the deal began in May 2016. The new deal will remove high tariffs on European agri-food exports, including cheese, poultry, pork, pasta, apples, jams, chocolate and wine. It includes a dispute settlement mechanism for enforcement as well as investment protection and binding commitments on labor rights, environmental protection, and responsible business practices in its trade and sustainability chapter.

After Brazil, Mexico is the EU's second largest trading partner in Latin America. EU recently signed a similar agreement with members of the Mercosur block (Argentina, Brazil, Paraguay, and Uruguay).

Longshoreman Strike Averted

On January 8, the International Longshoremen's Association (ILA) and U.S. Maritime Alliance (USMX) averted another port strike. The two sides reached an agreement on a new six-year Master Contract (just seven days before the strike would have begun). In a joint [press statement](#), ILA and USMX said the agreement "*protects current ILA jobs and establishes a framework for implementing technologies that will create more jobs while modernizing East and Gulf coast ports – making them safer and more efficient to keep our supply chains strong.*" Both sides must still review and approve the final document.

Upcoming Events

Feb 11	India Trade Conference
Feb 12-14	MEWA in Mumbai
Feb 17-21	Gulfood: ABC Booth S3-F59
Feb 19	ABC 101 Gulfood Workshop
Apr 25-27	Tuksiad Conference in Antalya

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