



“Working Together to Make Trade Work”

NAEGA MAP Trip Report – *Working Visit to CIARA-CEC – Buenos Aires, Argentina*

Name of Traveler:

Katy Lee, International Grain Trade Coalition (IGTC) Secretariat

Dates of Travel:

Sunday, March 12 – Sunday, March 26

Purpose of Travel:

Consistent with advancing NAEGA UES objectives Katy Lee, Secretariat of the International Grain Trade Coalition (IGTC) traveled to Buenos Aires, Argentina from March 12-26 2017. The primary purpose of this mission was to conduct a working visit with IGTC participants CIARA-CEC and its members and IGTC corporate stakeholders as part of the IGTC’s Global Outreach Program. During IGTC working visits are conducted under the new 2016 IGTC Business plans, and visits give the IGTC secretariat the opportunity to meet with IGTC corporate stakeholders and members to discuss policy files, working groups and upcoming priorities. During this working visit, Ms. Lee conducted an IGTC briefing session for Argentine Corporate Stakeholders, and a ‘day in the field’ with major CIARA-CEC member company ‘Molinos Agro’, which represents one of the world’s largest soy transformation facilities and has its own port. While in Buenos Aires, Katy Lee also coordinated the representation of the IGTC at the government-led workshop on LLP Safety Assessment on 14-15 March, with 12 countries present.

Summary of Findings/Conclusions/Accomplishment:

The two weeks in Argentina served to deepen the IGTC’s relationship with one of its longest standing and largest South American participants: CIARA-CEC. During the visit, there was recognition of NAEGA’s leadership of the Coalition as well as discussion on financing and the need for balance in geographical participation and increased leadership on key files. Most importantly, thanks to CIARA-CEC, the IGTC had the opportunity to make a presentation in Spanish to Argentine corporate partners/stakeholders, in order to raise the profile of the IGTC’s work at global level.

This was the Secretariat’s first visit to Argentina where the main purpose was to seek greater cooperation with CIARA-CEC and Argentine Corporate Stakeholders. Important information was gathered regarding Argentina’s role in feeding the global population and securing safe, reliable, global trade flows of cereals, oilseeds and other agri-bulks.

Relationship with IGTC Argentine member association CIARA-CEC

As Secretariat of the IGTC, Katy Lee was given an office space at CIARA-CEC for two weeks. She was granted extensive meeting time with CIARA-CEC’s policy leadership team and also had the chance to hold a bilateral meeting with the President Alberto Rodriguez. This was an opportunity to update CIARA-CEC – a fully paying member association of the IGTC – in-person on improvements to governance and financial stability of the Coalition. Crucial for NAEGA and its objectives, there is currently a transition underway to make sure that the IGTC is a self-sustaining entity independently funded by its member associations. CIARA-CEC is supportive of



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this effort.

More about the feedback of CIARA-CEC and its members on IGTC specific ‘files’ (e-docs, plant breeding, phytosanitary risk management...) is below. However, in general terms it is important to note that CIARA-CEC has shown considerable support for the IGTC at local level in Argentina, especially when it comes to explaining the value of the Coalition to its members. It was felt that the IGTC could do more to secure targeted outcomes on key policy files, and that the organizations should be more strategic in planning a limited number of well-timed in-person meetings each year.

- a) Lessons learnt about the importance of CIARA-CEC in the global grain trade: CIARA-CEC represents 95 percent of Argentina's oilseed milling and 95 percent of total grains, oils and protein meals exported by the country. The strength and volume of GRNOS exports in the country means that, in sum, CIARA-CEC represents around one third of all Argentine exports. CIARA-CEC is a prestigious organization and is a frequently consulted authority on market movements, prices and government policy impacts on the GRNOS sector.

On oilseeds specifically – CIARA’s members help place Argentina as the Mercosur leader in oilseeds processing, followed by Brazil. Argentina fulfilled around 69 percent of its processing capacity in 2016. Argentina’s oilseeds industry currently has 48 active factories with a ‘theoretical’ capacity for soybean and sunflower milling of 202,831 tons/day. Of these, 78 percent are located in the area of *Gran Rosario*.

- b) Lessons learnt on membership, structure and governance of CIARA-CEC: It is important to remember that CIARA-CEC is two organizations with the same administrative structure. CIARA is the national oilseed ‘chamber’, and CEC is the national cereals export ‘chamber’. There is one President: Alberto Rodriguez, who helped establish the formal collaboration between the two organizations (CIARA was founded in 1980, CEC in 1944).

CIARA-CEC’s collective 48 members are invoiced according to a tiered funding structure. Members include ADM, Bunge, Cargill, CHS, Cofco, Glencore and LDC. CIARA-CEC operates via ‘committees’ which deal individually with a number of matters. The committees of most relevance for NAEGA are those on *international policy*, *technical issues*, and *contracts*. They meet on an ad-hoc basis and are primarily used for solution-building when faced with near and medium term challenges.

CIARA-CEC’s approach to staff structure is a good example to be followed: it is sound, efficient and functional. Employees at the head of the organization have been trained as economists with much experience in international decision making as well as in the Argentine GRNOS sector. There is also full-time support from a lawyer which provides unique support for CIARA-CEC members who are facing contractual and employment questions. A communications specialist helps to disseminate CIARA-CEC messaging among its large national network, and other staff organize meetings, accounts and administrative matters.



“Working Together to Make Trade Work”

- c) Lessons learnt on current CIARA-CEC priorities: The changes brought by the new Macri administration in December 2015 continue to have a dramatic and transformative impact on the Argentine GRNOS sector and CIARA-CEC is providing guidance and market intelligence for its members accordingly. The main changes as of December 2015 have been the elimination of all export taxes (except for soybeans), the removal of export restrictions (primarily for corn and wheat) and a 45 percent devaluation of the local currency. This year, a 23% increase in maize crop harvest, and 60 percent in wheat is expected.

The Macri government has already led a US \$ 1.7 billion **investment into ports and roads** in order to support the export sectors, as part of the implementation of the *Plan Belgrano* that will provide extra support for the country’s infrastructure and productive capacity to the tune of \$16 billion over the next decade. The new administration has also **streamlined government agencies relating to the agri-business sector, for example SENASA**. SENASA has a significant impact on the businesses of CIARA-CEC members when it comes to the development of ePhytos, currently underway in the country. For CIARA-CEC, a significant challenge at the level of the Argentine government is that certificates are all dealt with across different authorities, the best option being for them to be dealt with by one authority only. Relationships between Argentine GRNOS exporters and the customs authorities must also be taken into account.

On the **LLP file**, CIARA-CEC has consistently pointed to the unique situation in the country, whereby soy imported from countries such as Paraguay, then processed into flour and reexported, may have been cultivated via GMO events not approved in export markets such as the EU and China.

Not so unique, and a common denominator with many IGTC members, is frustration with the **lack of transparency between governments on phytosanitary measures**. CIARA-CEC has asked for IGTC support in supporting their call for transparency provisions to explicitly require disclosure under which information is to be available to governments as well as commercial parties prior to implementation.

Promotion of IGTC among Argentine Corporate Stakeholders

Katy Lee conducted a briefing session in Spanish for CIARA-CEC members on Friday, March 17, with a view to executing and communicating the November 2016 IGTC Business Plan. Major national and international companies attended including Bunge, Cargill, the Argentine Cooperative Association (ACA).

CIARA-CEC was at hand to emphasize the importance of IGTC files in the Argentine national context. Some key points of discussion resulting from the presentation were as follows:

- How is Argentina’s role seen in international decision making on agriculture policy? Has the change in the Argentine government increased the country’s profile or impacted on relationships with other countries?
- What has contributed to Argentina’s role as a ‘broker’ between different countries in recent international meetings on agricultural production (e.g. COP-MOP8)?



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- Ahead of discussions in Parliament later in 2017, should Argentina ratify the Cartagena Biosafety Protocol?
- What is the impact of Argentina’s case-by-case approach to regulation on plant breeding innovation?
- How to respond to the urgent need to accommodate plant breeding innovation in the global supply chain of GRNOS?

Molinos Agro Field Visit

The day-long visit to Molinos Agro on March 20th enabled the IGTC to learn about one of the biggest soy milling plants in the world. A major investment of 1 billion pesos last year has allowed expansion in the storage spaces of soybean meal and flour and enhance the operation of cereals, making the plant one of the most efficient in the world and bringing its annual processing capacity to 6 million tons of soybeans, and export of 2 million tons of grains.

Molinos is situated in the Gran Rosario region where concentration of oil processing plants is unparalleled internationally. As an example, this region alone hosts the equivalent milling capacity of the whole of Brazil. Molinos Agro is one of three major facilities in the area that underpins this record. Molinos Agro also has its own port where product is collected by Panamax and other vessels. This is one of the 19 port terminals on the 70km of coast that stretches from the town of Timbúes to Arroyo Seco. Twelve of them have oilseed mills annexed to their port terminals, Molinos Agros featuring among them.

The IGTC was able to promote the work of the Coalition ‘on the ground’ at the beginning of the visit, before a guided visit of the facility took place involving:

- Silos for different types of soy products (oil, flour, cake, meal)
- Processing facilities
- On-site port
- On-site office of SENASA (phytosanitary agency)
- Manufacturing plant of Molinos’ own non-pathogenic bacterium that controls salmonella in the animal feed chain. A patent was obtained for the bacterium via Clarke, Modet & C^o in 2012.

Molinos Agro was founded in 1902 and its stocks were traded on the Argentine *Bolsa* for the first time in 1935. In 2016, Molinos Agro’s total sales amounted to US\$2,620.40 million - 33% of revenue was from the internal market, and 67% from exports. Of this, USD\$7,143 million was generated from Molinos’ branded goods, which include 15 of Argentina’s leading brands of pasta, yerba mate (tea), vegetable oils (soy, sunflower, olive) and processed products with chicken and rice. Molinos’ marketing, at least directed at domestic consumers, is partially based on local sourcing of raw materials – for example, regarding durum wheat alone, Molinos publicizes the fact that it has sourced from around 45,000 Argentine producers.

Participation in the LLP safety assessment workshop, March 14-15

The IGTC had the opportunity to make two presentations at this workshop, co-chaired by the governments of Argentina and Canada, and attended by 10 other governments: Brazil, Colombia, Indonesia, Malaysia, Paraguay, Peru, Uruguay, USA, Russia and Vietnam. The IGTC’s



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presentations were well received – the variety of responses from the floor showed that some government representatives saw this as a general introduction to the impact of LLP in the grain trade; whilst others wanted more detailed discussions on IGTC policy positions.

Overall, there was agreement that LLP is not a safety issue but one of regulatory compliance, as well as recognition that growing volumes of grain trade mean that LLP is ever more likely. GLI member countries called for support for the proposed practical approaches paper that was circulated in 2016 and will be presented at the annual GLI meeting in Rome in June.

The current use of Codex annex was considered to be low among countries priorities. However, there was consensus on the need for more flexibility in order to improve its uptake. Outside of the Codex discussion, there was a strong call from countries on the need for information, support, and examples of other ‘policy tools’. For example:

- Guidance on legal obligations was an emerging theme. There was a proposal for the GLI to formulate a ‘model regulation’ that governments can use.
- Consensus on the need for greater information sharing between countries on risk assessment.
- Much interest in the use of thresholds, emphasis on the need for consistent policies worldwide. Approaches may vary across countries and regions.
- Themes of mutual recognition or ‘regulatory discretion’ were seen as being new additions to the debate and positively received.

Relationship building with regional partners

While in Buenos Aires, IGTC held bilateral meetings with people of importance for IGTC in Argentina, including local partners also engaged in international debates, such as MaizAr – a not-for-profit association bringing together corn producer and trader groups from Argentina, Brazil and USA. A meeting with the Executive Secretary of MaizAr on 23 March confirmed the strong and strategic position of the grain trade in the Argentine national debate on the agricultural value chain. Given the membership of MaizAr, information was also gathered on the landscape of farm organizations in the country- including the Sociedad Rural and the Movimiento CREA.

At national level, Argentine member association MaizAr is working on the promotion of no-till agriculture (*siembra directa*), bioenergy, production technology and phytosanitary control including mycotoxins.

Recommendations:

1. Learn from international trade associations similar to IGTC – this includes those that have succeeded and those that have failed. The case of the international oilseeds association was cited as a useful reference point.
2. Embrace the significant opportunity represented by CIARA-CEC’s enthusiasm to increase work on transparency of phytosanitary rules and regulations.
3. Make sure that CIARA-CEC attends the next IGTC LLP Team call (March 29) and views are gathered specifically on the issue of thresholds.
4. Build upon CIARA-CEC’s support for the IGTC, as they consistently promote their membership of the Coalition to board members and other corporate stakeholders.



“Working Together to Make Trade Work”

December 2017 should see an annual report sent to CIARA-CEC leadership that points to relevant achievements for the Argentine context.

5. Secure CIARA-CEC/member presence at the IGTC’s London Strategy Session on June 5th.
6. Continue to welcome opportunities to engage with the Argentine government in international policy venues (e.g. International Grains Council, IPPC, Global LLP Initiative) with the support and encouragement of CIARA-CEC.
7. Learn from CIARA-CEC’s highly specialized staff structure (economists, lawyer, communications specialist...).
8. On specific IGTC files -
 - Phytosanitary risk management: Galvanize IGTC efforts around increased transparency for the benefit of the global grain trade
 - CBP: Follow closely the progress of the INAI’s work on potential ratification of the Cartagena Biosafety Protocol
 - E-docs: Report back regularly to CIARA-CEC on Argentina’s increasing role in the IPPC’s e-Phyto Hub
 - Plant breeding innovation: Add CIARA-CEC to this IGTC Team and seek deeper understanding of regulatory debate in Argentina

Attachments:

- Agenda of LLP workshop March 14-15
- Report from LLP workshop March 14-15
- IGTC powerpoint at LLP workshop: impact of LLP on the grain trad
- US Grains Council powerpoint at LLP workshop: regulatory cooperation
- Powerpoint presentation given by IGTC to CIARA-CEC and members March 17