



*“Working Together to Make Trade Work”*

## **NAEGA MAP Trip Report – Working Visit and Liked Minded Group Meeting São Paulo and Natal, Brazil - September 18-28, 2018**

### **Names of Travelers:**

Katy Lee, Secretariat, International Grain Trade Coalition - IGTC

### **Dates of Travel:**

September 18-28, 2018

### **Purpose of Travel:**

Consistent with advancing NAEGA UES objectives, Katy Lee, Secretariat of the International Grain Trade Coalition (IGTC), travelled to São Paulo and Natal, Brazil on September 18-28, 2018.

Ms. Lee travelled to achieve the following main objectives:

1. Working visit with IGTC Brazilian member association the Associação Nacional dos Exportadores de Cereais (ANEC) – this was the first visit of its kind with ANEC, staff members and members.
2. Representation of the IGTC as an industry observer at the Like Minded Group meeting on Agricultural Applications of Precision Biotechnology and preparation for the annual Global Low Level Presence Initiative (GLI)

### **Summary of accomplishments**

#### **1. Relationship building with the Associação Nacional dos Exportadores de Cereais (ANEC)**

The one-week working visit in São Paulo served to deepen the IGTC’s relationship with one of its longest standing and largest South American participants: ANEC. During the visit, there was recognition of NAEGA’s leadership of IGTC, as well as discussion on key policy files, and the need for balance in geographical participation and leadership. This was the Secretariat’s first visit to Brazil where the main purpose was to seek greater cooperation with ANEC and Brazilian Corporate Stakeholders. Important information was gathered regarding ANEC’s role in developing policies on grain movement and food security, as well as the wider context of Brazil’s contribution to global agricultural production.

#### **a) IGTC presentation to ANEC staff and leadership about its work**

Ms. Lee was able to reach ANEC staff members at executive and technical level to explain the work of IGTC and upcoming priorities. Of particular interest were:

- IGTC phytosanitary survey: the results from this global survey are still regarded as relevant for members and Corporate Stakeholders. The survey brought together experiences from many different countries and regions including Argentina, Australia, Brazil, Canada, China, Iran, Israel, Iraq, Jordan, Korea, Mexico, Mozambique, Egypt, Europe, Malaysia, Nigeria, Peru, Saudi Arabia, Sudan, Uganda, USA. Issues examined ranged from pest risk analysis, to official guidance on phytosanitary control from governments, arbitrary official measures, testing and sampling, timing of import checks, and more.



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- **Plant breeding innovation:** an urgent priority for IGTC is to widen the reach of its work on this key file, gaining feedback and information from grain trade participants in all countries and regions. ANEC was therefore asked for its opinions on the IGTC policy document, as well as the outreach that has been conducted with the International Seed Federation (ISF).
- **Electronic trading documentation:** there is a strong interest from ANEC members in this file, especially the development of ePhytos and adoption by governments in South America and trading partner countries. The results of the IPPC’s Latin America and Caribbean conference on ePhytos from 11-13 September was of interest.

**b) IGTC participation in the ANEC contracts committee**

Ms. Lee was invited to participate in the ANEC contracts committee, in particular to provide information and insights about the ePhyto initiative, its relevance to the grain trade, and the status of governments signing up to the project. Ms. Lee’s presentation followed these general lines:

- The ePhyto initiative is led by the International Plant Protection Convention (IPPC) and is implemented by government National Plant Protection Organizations (NPPOs).
- Trade flows such as grains, cotton, seeds and cut flowers have an advisory role only, via the Industry Advisory Group (IAG), which IGTC currently chairs.
- The government of Brazil (Ministry of Agriculture and Departamento de Sanidade Vegetal) will register in the system however progress is unlikely to be made before Brazil implements its digital system on customs i.e. the Portal Único.
- Advocacy is needed to encourage as many governments as possible to move to the production and reception stage of ePhytos, with only 5 countries being there at present (USA, Argentina, Chile, Netherlands, New Zealand).
- Industry case studies are crucial to examine the potential benefits and interoperability of ePhyto for the grain trade and other commodity flows.

Aside from internal ANEC business relating to its contracts, other issues on the agenda of the contracts committee included fumigation standards, and whether there is any international guidance to help harmonize practices in this regard. Updates on port taxes and trade on the Paranagua corridor were also provided.

**c) ANEC presentation to IGTC regarding its role in trade policy making at regional, national and global level**

Ms. Lee received a valuable briefing from ANEC staff and leadership about its work and current projects. ANEC’s mission includes actions to defend and represent the interests of its members before legal authorities; to be a knowledge authority on the development of the grains sector in Brazil; and to promote the development of the sectors.

ANEC was founded in June 1965 and one of the compelling factors for its establishment was an increase of cereals production in Brazil and a demand for an organized voice for cereals exporters. Changing policy and taxation regimes, such as the 1996 “Kandir Law” which lifted export taxes on Brazilian grains, have contributed to the need for a non-competitive venue for the sharing of knowledge and experiences. In 2018, one of the ongoing challenges relates



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infrastructure and transport in Brazil, including the implementation of a freight cost table that ANEC estimates will impact the grains sector by more than 3.4 billion Brazilian Reais.

ANEC’s committee structure enables the association to achieve results on behalf of its members and coordinate the sharing of information. The committees are:

- Comité de Contratos Externos : The contracts committee is unique in the Brazilian grains sector and implements updates to ANEC contracts. Participants in the committee are normally trade operational staff members.
- Comité Técnico: The technical committee is made up of companies involved in exporting and supervising. The knowledge brought by supervising companies is fundamental in the establishment of classification rules for exported grain. Participants in the committee are normally agronomists or scientists working in the area of grain classification.
- Comité de Logística: As well as representatives from the grains sector, the logistics committee brings together people from sugar, cotton, meat, citrus fruits and fertilizer. Participants are professionals working in logistics and ports.
- Comité Jurídico: The legal committee is made up of lawyers and member companies.
- Comité Fiscal: The fiscal committee constitutes experts in taxation and fiscal matters.
- Comité de Ética: The ethics committee brings together representatives working in the areas of production, cooperatives, industry, trading, fertilizers, and others.

## **2. Like Minded Group meeting on “Agricultural Applications of Precision Biotechnology”**

In Natal from September 23-26, Ms. Lee represented IGTC as an industry observer at the Like Minded Group meeting on “Agricultural Applications of Precision Biotechnology”, as well as conducting meetings in the sidelines with partners to advise on the commercial requirements and economics of the world's food, feed and processing industries. The private sector delegation was invited only to participate in limited agenda items. Representatives included IGTC, Canada Grains Council (CGC), ANEC, and members of CropLife International. Key themes and presentations are as follows:

### **a) Presentation from EMBRAPA**

The Brazilian regulatory framework on plant breeding was updated with a Normative Resolution (n 16) in January 2018. The EMBRAPA representative shared how biotech has increased production along with other techniques, as well as providing statistics about the costs of bringing crops to market, highlighting that new methods can be developed and commercialized in a more streamlined way.

Genome edited plant applications include: drought tolerance, soybean rust resistance, soybeans with different oils, rice and common beans applications, sugar cane, coconut lethal yellow disease, flavor alteration for wine grapes. Regarding the latest plant breeding methods applied to agriculture, the variety of products forthcoming were emphasized that can respond to consumer demand (high oleic, added nutrition) and agronomic challenges. In terms of regulatory



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frameworks, the EMBRAPA official highlighted that the most recent plant breeding techniques may also be classed as conventional.

**b) Discussions on national regulatory frameworks and research development**

It was noted that China is producing most of the genome edited animals. Traits under development in animals include: meat or milk production, welfare traits (e.g., hornless dairy cattle), milk allergens, heat tolerance (slick gene), increase livestock production (chickens), improved shelf life of animal products (lysozyme), and others.

Countries where work is underway on regulatory frameworks for plant production methods include Argentina, Australia, Brazil, Colombia, Ecuador, Guatemala, Indonesia, Pakistan, Paraguay, Peru, USA and Uruguay. The European Court of Justice (ECJ) ruling in July 2018 will have an impact in Europe but also will affect non-EU countries that want to develop products for internal market, not for international trade.

Issues around intellectual property rights are outstanding in many parts of the world and differ according to trait under development.

For its part, IGTC highlighted that its policy statement talks about the need for regulatory coherence and to minimize trade disruptions. Krista Thomas of Canada Grains Council (CGC) gave one of the few industry presentations, highlighting the value of trade in serving food consumers around the world. Ms. Thomas also highlighted that the range of the latest gene editing techniques are now more accessible for small start up breeding companies, as well as public research bodies and academic institutes. Finally, Ms. Thomas highlighted the negative impacts of insufficient regulatory coherence around the world, that could threaten a global trading system that provides safe and affordable food.

**c) Discussion on the draft international statement on Agricultural Applications of Precision Biotechnology**

Governments did not finalize the international statement at the meeting but asked private sector stakeholders for their own ideas about how the statement could support dialogue on plant breeding issues around the world.

**3. Global Low Level Presence Initiative (GLI) meeting 2018**

Ms. Lee was unable to attend the GLI meeting on 27 and 28 September but was present for a number of preparatory meetings. Highlights from the GLI meeting are as follows:

- Governments present: Australia, Brazil, Canada, Colombia, Ecuador, Guatemala, Indonesia, Pakistan, Paraguay, Peru, Uruguay, United States
- A simulation exercise (governments only) took place to assist countries in the management of LLP scenarios. Three groups of countries produced three different solutions, but all allowed the grain shipment to enter the domestic market:
  - 5 percent threshold
  - shipment-specific permit approval, conditional on “full” approval



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- no enforcement on this particular shipment.
- The [revised GAABT LLP Policy](#) was presented. This generated discussion among GLI countries on alternatives to testing at destination as a compliance measure and was complementary to the simulation exercise.
- Mercosur countries have developed an LLP policy involving information-sharing and a threshold approach upon first approval of a product by one of the four partners. The agreement is not final yet, the intention is to approve the agreement at a Mercosur Ministers meeting in March, then internalize and implement.
- There was discussion on the draft protein summary designed by CropLife International as an LLP safety assessment tool. Countries are to provide feedback on its utility after the meeting. CropLife International also gave an update on their efforts to align the similarity of information provided to regulators around the world to facilitate sharing and cooperation.

#### **RECOMMENDATIONS:**

- i) Seek advice from ANEC about which of its members and staff should be added to IGTC Policy Teams and Working Groups.
- ii) Establish a Brazilian regional focal point on ePhytos that can be mobilized to coordinate case studies and communication between Corporate Stakeholders and the Brazilian NPPO.
- iii) Circulate the results of the IGTC phytosanitary survey to ANEC for their feedback and analysis.
- iv) Determine whether there is any international work being conducted on fumigation at IPPC, consult with ANEC as to whether this could support its contracts committee.
- v) Work with IGTC Plant Breeding Innovation Policy Team to evaluate the final version of the final text of the international statement, and issue its own statement of support, if useful and appropriate.
- vi) Convene a call with the IGTC Plant Breeding Innovation Policy Team before the end of October 2018 to share information about the Natal meeting on Agricultural Applications of Precision Biotechnology.
- vii) Convene a call with the IGTC LLP Policy Team before the end of October 2018 to assess the implications and next steps resulting from the GLI 2018 meeting.

#### **ATTACHMENTS:**

- *IGTC presentation for ANEC*
- *ANEC presentation for IGTC*
- *International statement on Agricultural Applications of Precision Biotechnology*