



*"Working Together to Make Trade Work"*

## **NAEGA MAP Trip Report – NAPPO Annual Meeting – October 21-26, 2018**

**Name of Travelers:** Gary C. Martin, NAEGA President and CEO  
Ricardo Calderon Lopez, Executive Director, APPAMEX, NAEGA  
volunteer

**Dates of Travel:** October 21-26, 2018

### **Purpose of Travel:**

Consistent with advancing NAEGA UES objectives Gary Martin, President and CEO of NAEGA and President of the International Grain Trade Coalition (IGTC) and Ricardo Calderon Lopez, Executive Director of APPAMEX and NAEGA volunteer, travelled to Tucson, Arizona from October 22-24, 2018. In Tucson, Mr. Martin and Mr. Claderon attended the annual 2018 meeting of the North American Plant Protection Organization (NAPPO).

During the meeting Mr. Martin and Mr. Calderon represented both U.S. and Canadian grain and oilseed export sector and the the Agricultural Products Providers Association of Mexico for the bulk grains and oilseeds trade and service suppliers. Key objectives that this meeting were representation of the North American grain and oilseed logistics industry and information sharing among Mexican, Canadian and U.S. industry representatives and phytosanitary officials.

Attending these sessions of interest to the grain trade was: from Mexico Mario Puente, Director General of the Mexican Seed Association (AMSAC) and lead of the Mexican Industry Group for the NAPPO; from the Mexican plant and animal health entity SENASICA, Javier Trujillo, Director General of Plant Health; and from APHIS USDA, George Galasso, Director of Grains, and Christian Dellis, Export Services Director and member of the IPPC ePhyto Steering Group.

### **Summary of Findings**

#### *NAEGA Summary of Findings*

Of priority for NAEGA at the NAPPO annual meetings was discussion regarding the the IPPC Ephyto solution, new developments in the Trade Facilitation Agreement under the World Trade Organization (WTO), and the new practice related to how precision safeguarding can be utilized to improve the trading environment in North America.

The meeting also discussed the implementation of international standards for phytosanitary regulations. The implementation of new guidance related to the use of Good Phytosanitary Practice Certification Programs for exporters and International Standards for Phytosanitary Measures (ISPM) number 5 and 11 should help provide additional safeguards and legal assurance regarding unnecessarily trade distortive and precautionary measures being promulgated by phytosanitary officials from around the world and in the North American region. Both, for example, may be incorporated into NAEGA efforts to provide for much needed changes to U.S. phytosanitary certification for soybeans to China. The information gathered at the meeting will also help inform our work to implement the USMCA.



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*APPAMEX Summary of Findings*

- 1) **Bulk Grain Trade Priorities Recap.** On Tuesday, October 23<sup>rd</sup>, the NAPPO sessions were more on the technical features, providing some information and an update on the WTO trade facilitation agreement and risk based sampling. In the evening, the regular meetings among the Mexican Industry and afterwards with SENASICA, for the first time were held in one session, not separated in two steps as usual, so the issues were raised directly to the Director General of Plant Health. From APPAMEX the priority for the grain trade and also for SENASICA, was the progress made and following steps for the e-Phyto implementation upon the IPPC system, looking for a case study to be implemented bilaterally between APHIS-USDA and SENASICA. APPAMEX raised that the grain trade, in North America and globally, is interested in being the frontline of the operational case studies involving the private operators. APPAMEX backed a proposal stating that the characteristics of the trade are ideal for gathering results to further refine the system, given the frequency, diversity and size of the operations, technical capacities, trade documentation features and information technologies currently being used. Dr. Trujillo stated that there are already bilateral experimental e-Phyto exchanges with Colombia and Peru, two members of the Pacific Alliance, and that for upcoming tests between the U.S. and Mexico SENASICA commits strongly to put the grain trade, represented by APPAMEX, as the first or one of the first case studies to be set. Days after, during a dinner with him and SENASICA and NAPPO officials, Dr. Trujillo reaffirmed his intention for the grain to be the first e-Phyto bilateral case study, but asked for patience from our side to “work the last details”.

On Wednesday, October 24, Christian Dellis updated NAPPO on the status of the e-Phyto project, confirming the Mexican progress, and making a simulation of an exchange with the Argentinean phyto entity SENASA. From his presentation, Mexico confirmed its integration to the e-Phyto IPPC hub in August, and shared its experiences with South America at the end of September. Christian believes the bilateral U.S.-Mexico experimental exchange between the agencies is working good, will continue until late this year 2018, and could be ready to operate in the pilot stage on the first quarter of 2019. He also said he expects to have no less of a dozen countries in that stage for the first four of five months of that year. Unfortunately, talking later with some of the U.S. industry leads for the e-Phyto, there is concern about APHIS clearance of the Mexican e-Phyto for its exporting products, which seems to be the main obstacle. This perspective seems to be correct, given the change of the Mexican Government on December 1<sup>st</sup>, and that it may be a matter of reciprocity. Our recommendation is to build a stronger common front among U.S. grains agricultural, industry and trade organizations, in order to make APHIS officials aware of the economic and trade benefits and political enhancement the e-Phyto process will bring. APPAMEX will keep pressing SENASICA on this issue.

Other issues raised by APPAMEX for the grain trade during the NAPPO meeting were:

- a) *Soil presence:* George Galasso confirmed that the officials have determined that rail shipments are a lesser risk than vessels. The risk-based sampling study applied to soil



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was stopped and is yet to be restarted. They have an argument that the amounts or sum of detained shipments, as a proportion of the whole trade, do not justify the use of further resources to finalize something on that file. There were comments from other industry representatives that APHIS is also applying eventually the soil parameter to Mexican exports, of produce or tropical products.

- b) George Galasso also asked for our perspective of the Foreign Material (FM) as a noxious weed control measure (that seems to be requested by China).

For both issues, APPAMEX raised concern that the possible change of the new authorities’ priorities in Mexico could envisage plant health or biosafety parameters that could be used to make less competitive the imports into Mexico. An example of an applied risk based management technique could be Canadian canary seed weed introduction and propagation as a reference case of real risk and damage, observing its whole supply chain handling and use. Therefore, there are no sound and solid reason to correlate FM with a wide range of hypothetical invasive weeds in grains and oilseeds shipments, as well as the soil, having the appropriate source official information, “process controls” applied by the private operators along the exporting country supply chain, and accounting the importing handle and use of the materials, within a risk approach. Furthermore, it could collapse the bulk trade fundamentals and efficiencies, so the cost for importers may jeopardize the food supply chains and finally the extended food security in several countries or regions. Concerns were also raised that other countries supplying soybeans to China won’t comply with those parameters, and that the US would probably be less competitive or will damage the margins for U.S. exporters, thus the whole exporting supply chain as well. Mr. Galasso acknowledged that reasoning.

- 2) **The WTO and FTAs for the NAPPO.** When the floor was open in the final statements before closing the Annual Meeting there was no mention of the recently finalized U.S.-Mexico-Canada Agreement (USMCA) and considering that the WTO Trade Facilitation Agreement was explained on the first day, APPAMEX raised to the NAPPO Co-Chairs that in APPAMEX’s opinion, NAPPO must start a review of the USMCA’s Sanitary and Phytosanitary Standards and Trade Facilitation Chapters, among others, to study the interconnection that necessarily will be built with the specialized Committees and Working Groups that will be steering and exchanging information. APPAMEX encouraged officials to adopt an “integrated approach” to regional plant health performance.
- 3) **The Precision Safeguarding Symposium.** In the final discussion, the topic of industry risk based management was highlighted by APPAMEX, as a means to complement and eventually override certain regulatory measures that are less efficient and more costly for industry and the private sector. This Symposium finally reinforced all arguments held by the grain trade for the mutual enhancement of regulation and the economy.

**Recommendations**

- APPAMEX and NAEGA should encourage plant protection officials to take an integrative approach to regional plant health performance. The USMCA makes necessary for the grain trade organizations to insert themselves in the NAPPO process



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and build upon the developing actions and enforcement from it, and other multilateral umbrella regulatory sources as the Trade Facilitation Agreement.

- Within both, the e-Phyto and the risk-based management of a phytosanitary regulatory enforcement, along with the information, oversight, and dispute settling, could be the axis of the whole group of critical, current and potential phytosanitary and administrative issues that exist and will arise in the next future.
- The bilateral U.S.-Mexico e-Phyto progress requires an Industry reinforced presence on APHIS-PPQ agenda, maybe through political means, while this time the Mexican authorities could be incapable of accepting a unilateral operation.

**Attachments**

- *Agenda – 2018 Annual NAPPO Meeting*