



North American Export Grain Association

Outreach

April 23, 2018

Thank you for your membership in and work with NAEGA

Image of the Week



The 2018 Farm Bill

Recent key developments on the 2018 Farm Bill and potential future actions

January 30, 2018



Sec. Perdue releases "Farm Bill legislative principles": The document broadly outlines what the administration would like to see in the next farm bill, including no increases to farm subsidy programs, giving states flexibility in managing SNAP, and promoting youth and veterans to get into agriculture. They also want a farm bill that "reflects the administration's budget goals," which last year called for major cuts.

February 12, 2018



OMB releases Trump's FY 2019 budget proposal: The proposal calls for less cuts than the FY 2018 proposal, but maintains requests for new inspection fees, cuts to SNAP and limits on farm insurance subsidies. The proposal was met with condemnation by Democratic members of Congress and mostly dismissal by Republicans. A proposal to create a new shelf-stable food distribution program in SNAP was also introduced.

March 19, 2018



House Dems cease Farm Bill negotiations over SNAP: Ranking Member Colin Peterson, at the behest of minority committee members, announced he would no longer negotiate with Chairman Conaway until text of the Farm Bill draft is released. At issue are potential changes to SNAP related to work requirements.

Potential actions

- The current Farm Bill expires in September 2018
- Congress could pass a continuing resolution to push the deadline into 2019
- A House bill is currently being analyzed by CBO and may be released in March
- House and Senate agriculture leaders have expressed dedication to maintaining a unified bill with nutrition and farm programs
- Free market and environmentalist groups may team up to oppose maintaining commodity supports
- OMB Director Mulvaney voted against the 2014 bill and may try to influence the president to call for more stringent cuts to crop insurance and SNAP

Legislative timeline



As the U.S. Farm Bill moves toward the House Floor, follow this outreach newsletter for updated on the progress and substance of the legislation.

Member Opportunities

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- Spring and Summer Contracts and Best Practices Seminars
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- IGTC Strategy Session and IGC Meeting – June 17-20 – London, UK

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Member Opportunities

World Bank Agriculture Trade Survey

The World Bank Group’s Enabling the Business of Agriculture project is inviting NAEGA members to contribute their knowledge and expertise to the Enabling the Business of Agriculture 2019 report. The report will analyze and monitor regulations that impact how markets function in the agriculture and agribusiness sectors in 82 countries around the world. More information on EBA, including its latest report covering 62 countries can be found here: <http://eba.worldbank.org/>. Among others, EBA data can be a useful tool when advocating for regulatory reforms to enable market access in your countries.

The EBA team is looking for trade associations, agribusinesses, agri-cooperatives and other associations in your country to share their knowledge by completing a set of questions on the regulatory challenges they face when exporting agricultural products. These questions can be found in Section 5 of [this survey](#).

Data collected through these surveys will be presented in the EBA’s 2019 report and, if you choose to contribute, you will be acknowledged in the report and on their website, subject to your consent. The EBA team will also send you a World Bank certificate of participation and a complimentary copy of the report. Individual responses are kept strictly confidential and are not shared with anyone inside or outside the World Bank.

Contracts and Best Practices Seminars

With the release of the revised NAEGA 2 contract on March 30 NAEGA is planning for educational seminars to communicate the revisions and educate on the contract and industry best practices. Last year, NAEGA held three North American and one international seminar. As we

move into the Spring and Summer we are seeking your assistance in identifying locations for this year's seminars! Let us know where we should hold 2018 Seminars and what topics you would like us to cover. NAEGA also conducts company specific private seminars. Please let us know if you are interested attending or hosting a NAEGA seminar. Click [here](#) for more information the in-depth, interactive programs NAEGA conducts!

NAFTA and Asia-Pacific Policy Teams

With NAFTA negotiations underway and the evolving U.S.-China trade relationship we expect many more fast paced and dramatic developments that could greatly change the terms of trade for NAEGA members. Your involvement is needed!

NAEGA ad hoc policy teams of member personnel working largely through conference calls are helping to guide our multifaceted effort to address the evolving trade environment. Teams focused on the North American Free Trade Agreement and the Asia-Pacific Market are already established. The **NAFTA Policy Team** will be heavily engaged over the next three months to support NAEGA work with the U.S. Food and Ag. Dialogue for Trade, The Pacific Northwest Economic Region, the Canada U.S. Grain and Seed Trade Task Group and the NAEGA committees and Board of Directors to address NAFTA. A similar effort will soon start with an **Asia-Pacific Policy Team** that will be focused on U.S. trade relations with China, Japan, Korea and the Trans Pacific environment more generally.

Internships

We have an open intern position starting in the fall of 2018 to work at the NAEGA office at 1400 Crystal Drive, Arlington, VA 22202. Information on working for NAEGA as an intern can be found [here](#).

Full Details on Upcoming Events can be found in the Meetings & Events Section of the [NAEGA Member's Only Page](#).

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Action Reports

Recent Actions:

China Trade Developments

NAEGA continues to follow developments related to U.S. trade with China. Overall we continue to directly address U.S. government policy toward China and potential Chinese retaliation. Currently, Section 232 tariffs are in place against Chinese steel and aluminum products. In response, the Chinese government is enforcing retaliatory tariffs related to these duties a number of U.S. products, including pork. Meanwhile, the Section 301 investigation into Chinese intellectual property rules is ongoing. While no tariffs have been set on either side related to Section 301, Chinese authorities have released a retaliatory list of products that includes soybeans.

U.S. Soybean exports to China

Since December 13, 2017 NAEGA and several other industry representatives have raised concerns about the uncertainty and lack of predictability that has arisen from the lack of clarity on how APHIS

and AQSIQ will instruct and control exports and imports given the new measures deployed on January 1, 2018. These concerns include the placing by APHIS of an additional declaration indicating Foreign Material that exceeds 1 percent on the APHIS issued phyto-sanitary certificates for applicable U.S. shipments of soybeans to China.

The uncertainty and lack of predictability has resulted in diverted shipments and sales. For 4 months NAEGA has reported that some CIQ officials have threatened or arbitrarily enforced on U.S. shipments the Decree 177 provision that might require imports to meet or exceed all factors of China #1 grade soybeans.

In order to help reduce the uncertainty and lack of predictability and mitigate these adverse impacts, industry has sought explanations and documentation from both AQSIQ and APHIS. Fortunately, on December 27, 2017 USDA FGIS provided a directive # 9180.85 “INCLUDING A FOREIGN MATERIAL STATEMENT ON FGIS 921-2 FOR SOYBEAN SHIPMENTS TO CHINA”, <https://www.gipsa.usda.gov/laws/directives/9180-85.pdf>. Unfortunately, since this time the sparse, uncodified and inconsistent information coming from both AQSIQ and APHIS has only served to increase apprehension. For example, APHIS has explained that their agreement with AQSIQ on how to proceed is unwritten. In reference to a document APHIS provided and identified as an excerpt from the signed minutes of a bilateral meeting during the first week of December 2017, which indicates that “expedited” treatment will be afforded by AQSIQ for imports of U.S. soybeans that do not have the additional “FM” declaration, AQSIQ has responded that expedited is not a correct word and that “differential” treatment is more accurate. APHIS is proceeding with our support to deploy elements of a “Systems Approach” it has crafted with our assistance intended to reduce weed seeds in U.S. soybeans. APHIS has indicated they are not acting on the elements of the Systems Approach that address China’s practices.

While little has been done to address the trade frustrations, solutions are apparent in the short term. Moreover, longer term process improvements are apparent that can and should be implemented to prevent similar consequences in the future. NAEGA is taking and recommends a number of actions in response. Our focus has been, and continues to be, to provide for regulatory and commercial best practices within the parameters of sound science, legal compliance and international convention to provide for the least trade distortion and best environment for all stakeholders. Among those actions:

1. Cooperating with USDA by contributing to and communicating our concerns and possible solutions as part of the USDA Systems Approach on Weed Seeds. Unfortunately, APHIS has no current plans to address the “Trade Support” elements that would address China’s practices and provide for leveling the playing field for U.S. exports.
2. Supporting the establishment of a new protocol to provide for consistent application of more predictable and transparent Chinese soybean import requirements that are science based and consistent with the International Plant Protection Convention’s International Standard for Phytosanitary Measures Number 32.
3. Completing work to establish U.S. official and commercial practice as sufficient to meet China’s Administrative Measures of Inspection and Quarantine for the Entry and Exit Grain issued by the General.

NAEGA is working aggressively across US government agencies and with the White House to encourage global coordination with soybean origins as well as with China to address barriers soybean trade. We are specifically pressing the U.S. government to work immediately to: Establish new protocols to meet China’s Decree 177 needs to provide for consistent application of more predictable

and transparent Chinese soybean import requirements that are science based and consistent with the International Plant Protection Convention's International Standard for Phytosanitary Measures Number 32. As such this protocol would eliminate the AD. In addition, we are pressing the U.S. government to closely examine and report on the unwritten agreement between APHIS and AQSIQ and actions taken by U.S. officials that led to the current circumstances.

In addition, NAEGA is gathering information from members regarding the treatment of imported U.S. soybeans and reporting findings to US Government officials in an effort to provide support for bi-lateral negotiations.

Sorghum AD/CVD Case

NAEGA continues to lead a Special Interest Group (SIG) of companies and organizations interested in responding to China's filing of an anti-dumping (AD) and countervailing duty case (CVD) against U.S. sorghum. Last week, China took the first steps to deploy a tariff on U.S. origin sorghum imports with requirements for the payment of a non-refundable deposit of 179 percent effective on Monday April 16. The SIG is sharing information on industry and USG responses to the AD and CVD cases brought by China's MOFCOM and is considering options for future engagement with both U.S. and Chinese governments. Membership in the SIG is still open to all NAEGA members and interested parties. Please contact [Ryan](#) for more information.

Meanwhile NAEGA is working to provide U.S. officials with current assessments to support a negotiated solution to preempt tariff escalation. We have emphasized that the sudden implementation of new tariffs is very problematic as again commercial contracts are being cut across with serious short-term cost implications as well as long term ramifications. Specifically, we are pressing for a retroactive 30 to 45 days runway / transition before deployment of the deposit for the market to adjust.

Please let us know if you have any information or advice regarding ongoing trade developments with China.

IGTC Newsletter

The latest IGTC Newsletter is now available! This week's newsletter covers IGTC actions at the IPPC Commission on Phytosanitary Measures, an updated on the IPPC ePhyto Project, and a call for interest in attending the COP-MOP 9 meetings in Egypt on November 10-22.

For more details, read the IGTC Newsletter [here](#) or visit the IGTC website at www.igtglobal.org.

Letter to President Trump on Asia-Pacific Trade

Last week the Asia-Pacific Working Group of the U.S. Food and Agriculture Dialogue for Trade sent a letter to President Trump and key U.S. executive department officials regarding the importance of improving the international trade and investment environment in the Asia-Pacific region for American workers, farmers, ranchers, processors, agri-businesses and food manufacturers. The letter strongly support the Administration pivoting expeditiously toward an ambitious trade agenda with Asia-Pacific countries and commencing negotiations with Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) members to open new markets and preserve existing trade for American food, agricultural and other U.S. products.

A copy of the letter can be found [here](#).

Upcoming Actions:

IGTC and ISF Meetings – April 24-27 – Nyon, Switzerland

On April 24-27 NAEGA volunteer Randy Gordon will travel to Nyon, Switzerland to join an International Grain Trade Coalition (IGTC) team at a meeting with the International Seed Federation (ISF) Secretariat. During this meeting with the ISF, Mr. Gordon will join IGTC Secretariat Katy Lee and other IGTC members to represent IGTC positions on plant breeding innovation, including new technologies like genome editing.

A copy of the notice to post for this travel can be found [here](#).

IGTC Strategy Session and IGC Meeting – June 17-20 – London, UK

On June 17-20 a robust representation from IGTC Members and Corporate Stakeholders is expected in London to participate in a IGTC Strategy Session and attend a meeting of the International Grains Council. A preliminary schedule includes:

June 17: Welcome event for IGTC global delegation in London

June 18: IGTC Strategy Session

June 18-19: IGC Session and annual conference

June 19: GAFTA annual dinner

Pending Actions:

Comments on Deregulation of Herbicide Resistant GE Canola

The U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) is inviting public comment on a petition from BASF Plant Science L.P. (BASF) seeking deregulation of a canola variety genetically engineered (GE) to convert oleic acid to docosahexaenoic acid (DHA) and eicosapentaenoic acid (EPA), as well as for resistance to an imidazolinone herbicide.

Comments may be submitted from March 30, 2018 – May 29, 2018, at www.regulations.gov by entering docket number APHIS-2018-0014 in the search box.

U.S. Section 301 Comments

The U.S. Trade Representative is seeking public comment on its findings under Section 301 of the Trade Act of 1974 that the Government of China's policies on technology transfer, intellectual property and innovation that are unreasonable and discriminatory. In relation to these findings, the Trade Representative proposes an additional duty of 25 percent on a list of products from China. In addition to receiving public comment, USTR will also hold a hearing on May 15, 2018. Parties interested in testifying before the hearing or participating in the public comment period should adhere to the following schedule:

April 23, 2018: Due date for filing requests to appear and a summary of expected testimony at the public hearing and for filing pre-hearing submissions.

May 11, 2018: Due date for submission of written comments.

May 15, 2018: The Section 301 Committee will convene a public hearing in the main hearing room of the U.S. International Trade Commission, 500 E Street SW Washington DC 20436 beginning at 10:00 am.

May 22, 2018: Due date for submission of post-hearing rebuttal comments.

Please contact NAEGA if you are interested in participating in these comments.

Hearing on China Agricultural Policies

The U.S.-China Economic and Security Review Commission will hold a public hearing on *China Agricultural Policies: Trade, Investment, Safety and Innovation* on Thursday, April 26 beginning at 9:00am in the Russell Senate Office Building 328A. The meeting will include discussions from two panels of witnesses who will cover the topics of *China's Food Security Policies and U.S.-China Trade in Agriculture* and *Chinese Biotech Policy and Food Safety*. A copy of the meeting agenda and witnesses can be found [here](#).

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News

House Agriculture Approves Farm Bill

On Wednesday, April 18 the House Agriculture Committee approved legislation that would reauthorize the current Farm Bill for another five years. The legislation approved by the Committee would keep farm supports little changed from the 2014 legislation. The 26-20 party line vote highlighted Democrat disapproval to Republican provisions that would overhaul and introduce further work requirements in the Supplemental Nutrition Assistance Program (SNAP). House leadership has indicated that they hope to bring the legislation to the floor sometime in May for a final vote.

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Calendar & Member Notices

Click [here](#) for a Copy of the IGTC Calendar

2018

May

11 – Section 301 Written Comments Due

14-18 – IPPC Standards Committee – Rome, Italy

15 – Section 301 Committee Hearing – Washington, D.C.

June

6-7 – WTO Agriculture Committee – Geneva, Switzerland

14 – IGTC Management Council – Virtual

18 - IGTC Strategy Session – London, UK

19 – 27th IGC Grains Conference – London, UK

19 – 2018 Gafta London Dinner – London, UK

July

1-September 30 – IPPC ISPM Consultation – Virtual

2-7 – 41st Codex Alimentarius Commission (CAC41) – Rome, Italy

11-12 – WTO SPS Committee – Geneva, Switzerland

September

4-7 – IGTC Seminar – Washington, D.C.

7 – International Grains Council Market Condition Committee Meeting – London, UK

10-14 – IMO CCC5 – London, UK

14 – IGTC Management Council – Virtual

26-27 – WTO Agriculture Committee – Geneva, Switzerland

October

TBD – DBTG Operational and Technical Workshop – Baltimore, MD

1-5 – FAO Committee on Agriculture (COAG) – Rome, Italy

31-November 1 – WTO SPS Committee – Geneva, Switzerland

November

19-23 – IPPC Standards Committee – Rome, Italy

21-22 – WTO Agriculture Committee – Geneva, Switzerland

10-22 – COP 14 – Egypt

27-29 – IGTC General Assembly 2018 – Beijing, China

December

TBD – U.S. APHIS and China AQSIQ bilateral on soybean phytosanitary requirements

2-4 – NGFA Country Elevator Conference – St. Louis, MO

4 – IGC 40th Session – London, UK

14 – IGTC Management Council - Virtual

TBD – Biosafety Protocol COP 14 – Egypt

2019

March

17-19 – NGFA Annual Convention – Amelia, Island, FL

December

2-4 – NGFA Country Elevator Conference – Indianapolis, IN

2020

March

8-10 – NGFA Annual Convention – Austin, TX

December

TBC – COP 15 – CBD – Beijing, China

2021

March

14-16 – NGFA Annual Convention – San Diego, CA

2022

December

TBC – COP 16 – CBD - Turkey

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