



North American Export Grain Association

Outreach July 26, 2018

Thank you for your membership in and work with NAEGA

Image of the Week

U.S. President Donald Trump and EC President Jean-Claude Juncker agree to work together to reduce trade barriers

A Trump and Juncker appointed Executive Working Group would tackle five areas of agreement

- 1 Work toward zero tariffs, non-tariff barriers and subsidies on non-auto industrial goods.
- 2 Reduce barriers and increase trade in services, chemicals, pharmaceuticals, medical products and soybeans.
- 3 Increase strategic cooperation in energy through the purchase of U.S. natural gas.
- 4 Launch a close dialogue on standards to ease trade, reduce bureaucratic obstacles and slash costs.
- 5 Join forces to fight unfair trade practices and reform the WTO.

The European Union is going to start, almost immediately, to buy a lot of soybeans...from our farmers in the Midwest

- **U.S. President Donald Trump**

EU-US trade in goods

Top EU exports to US (2016)


Machinery
€94.2 bn


Chemical products
€85.9 bn


Transport equipment
€70.0 bn

Top EU imports from US (2016)


Machinery
€71.6 bn


Chemical products
€56.7 bn


Transport equipment
€38.2 bn

Sources: National Journal Research, 2018.

Action Reports

Recent Actions:

- IGTC Strategy Session
- China Trade

- Trade Mitigation Target Markets

Upcoming Actions

- IMO CCC5 – September 10-15 – London, UK

Pending Actions

- IPPC Draft Strategic Framework for 2020-2030
- **MEMBER FEEDBACK NEEDED: FGIS soybean, corn and canola standards**
- Proposed additional U.S. Tariffs on imports from China - \$200 billion of goods at 10 percent

Member Opportunities

- U.S. Barge Trade Digitization Project Underway
- Contracts and Best Practices Seminar – Minneapolis – August 14
- NAEGA-APPAMEX Forum – Puerto Vallarta, Mexico – August 23-25
- Board of Directors Meeting – Arlington, VA – October 2
- DBTG Technical and Operations Seminar – Baltimore, MD – October 3-5
- Summer and Fall Contracts and Best Practices Seminars
 - New Orleans, LA – Week of October 8
- Annual Hwy H₂O Conference – Toronto, Canada – November 13-15
- NAFTA and Asia-Pacific Policy Teams
- NAEGA Internships

News

- USDA plans to mitigate new tariffs
- European Court of Justice (ECJ) rules on Gene Editing

NAEGA Calendar and Member Notices

- Upcoming Events and Notices for Members

Action Reports

Recent Actions:

IGTC Strategy Session

The final report from the IGTC's Strategy Session in London, UK on June 18th is now available. This session covered key IGTC policy priorities on issues such as plant breeding innovation, the Cartagena Biosafety Protocol, low level presence, maximum residue levels, electronic trading documentation, phytosanitary control measures and more. Read the full final report [here](#).

NAEGA members interested in getting involved with the IGTC's upcoming policy objectives on pages 1 and 2 can contact the Katy Lee at secretariat@igtglobal.org.

China Trade

NAEGA is continuing its focus on the U.S. China trade environment armed with new analysis and action plans.

Recent analysis includes.

1. An examination of the Grain Standards Act to provide for an understanding that grade quality factors, like Foreign Material (F.M.), are inappropriate and misleading as health and safety designations like APHIS is using on phyto-sanitary certificates for U.S. Soybeans to China. In addition, the application of factors in this way is having a detrimental impact on competition and price. The U.S. Grain Standards Act makes it clear that non-grade factors are not to be used in a misleading fashion. Regarding the “Use of official grade designations required” and “false or misleading grade designations for grain shipped out of the United States,” the act states that “(b) No person shall, in any sale, offer for sale, or consignment for sale, of any grain which involves the shipment of such grain from the United States to any place outside thereof, knowingly describe such grain by any official grade designation, or other description, which is false or misleading.”
2. Informa Study on the impact of the APHIS imposition of the Additional Declaration
3. NGFA Study on price impact of imposition of the additional declaration

Moving forward, NAEGA is:

1. Responding to the USDA FGIS request for input on Standard for Soybeans, Canola and Corn. Timing of this consideration changes to the Official U.S. Grain Standards is excellent given the misleading use of the Standard’s soybean grade factor on Phytos for China.
2. Working with FAS Trade Promotion Program authority to provide for a “Global Broad-based Initiative” (GBI) to address the China NTB dilemma. China has broadly articulated some of its needs in the form of its Decree 177 Import and Export measures for grain which suggest exporter nations present “protocols” to provide for compliance. But China has provided insufficient details and has demonstrated a lack of appreciation for sound science and due process in its regulatory measures as well a very limited understand of safe, innovative and competitive capacity of the U.S. production and marketing system. The USDA APHIS is attempting to deploy a systems approach related to one concern of Chinese regulators related weed seeds. If successful, the APHIS weed seed solution could be incorporated into the GBI. The GBI will provide for studies and development of an aligned strategy to achieve the goal of mitigating China’s Non-tariff barriers to grains and oilseeds by providing for information to demonstrate how the U.S. and China value chain meets China’s import requirements. This could be undertaken for multiple crops or start with soybeans. Via a contract with capable and respected third-party project consultancy the follow steps will be integral to the GBI and include the following steps:
 - a. Conduct a thorough review of all relevant studies and surveys already conducted.
 - b. Establish and conduct a robust analysis of the respective outcomes related to China’s concerns to more completely understand the entire system. For example, the APHIS systems approach includes an effort to measure and understand weed seeds and foreign material is now being contemplated and includes sampling and testing along the U.S. supply chain.

- c. Document all aspects of the production, trade and consumption of the respective grain or oilseeds being addressed, including but not limited to, regulatory measures as well as commercial practices that are employed throughout to production and marketing value chain through to Chinese processing and use.
 - d. Provide for a report and recommendations on how to provide for an aligned strategy to mitigate China's non-tariff barriers to grains and oilseeds.
3. Finally, we are working with colleagues to communicate the negative impact of both tariffs and non-tariff measures in reaction the current geopolitical environment that includes aggressive use of increased tariffs

We continue to request your advice and questions.

Trade Mitigation, NAEGA Targets Markets for FAS

This week, NAEGA wrote to USDA FAS outlining potential opportunities for market development funding which could provide for increases in U.S. export sales and assist if current markets sales decrease significantly. The letter followed a request from USDA FAS related to the USDA efforts to provide for mitigation in response to retaliatory tariffs against U.S. trade actions. Increased funding of the USDA FAS Trade Promotion Program (TPP) could be used to provide for increased funding needed for the actions NAEGA proposes. Increases in TPP funding are part of a \$12 billion aid package to agriculture that USDA announced on Tuesday, July 24 (see "USDA plans to mitigate new tariffs" in the news section). A copy of the NAEGA letter to USDA can be found [here](#).

Upcoming Actions:

IMO CCC5 – September 10-15 – London, UK

On September 10-15 Ryan will travel to London, United Kingdom to attend the fifth meeting of the International Maritime Organization's (IMO) Sub-committee on the Carriage of Cargoes and Containers (CCC) as a member of the International Bulk Terminals Association (IBTA) delegation. Over the past few years NAEGA has worked closely with the IBTA to monitor developments at the CCC and weigh in on the CCC's regulatory initiatives as they impact the bulk grain trade. During this meeting of the CCC, NAEGA and the IBTA will be following changes to the classifications of Distillers Dry Grains and Solubles to ensure that they are trade facilitating. NAEGA will also be monitoring the actions by member states to ensure that past efforts to re-open regulations under the International Grain Code are not revisited. A notice to post for this upcoming travel will be available soon.

Pending Actions:

IPPC Draft Strategic Framework for 2020-2030

The Animal and Plant Health Inspection Service (APHIS) is inviting stakeholders to comment on the International Plant Protection Convention's (IPPC) draft Strategic Framework for 2020-2030. A copy of the draft can be found [here](#).

Comments should fall into one of three categories: substantial, technical, or editorial.

NAEGA members interested in contributing to comments should contact Gary or Ryan. All comments are due **August 1, 2018**.

U.S. FGIS soybean, corn and canola standards

The U.S. Agricultural Marketing Service (AMS) has announced that it is seeking public comment on current Federal Grain Inspection Service (FGIS) standards for canola, corn and soybeans. The purpose of these requests for comments is to ensure that standards and official grading practices remain relevant and effective.

- [Request for comments on corn standards can be found here.](#)
- [Request for comments on soybeans standards can be found here.](#)
- [Request for comments on canola standards can be found here.](#)

All comments are due **August 28, 2018**.

NAEGA's Grades and Inspections Committee will be engaged in drafting a response. Please let us know your views.

Proposed additional U.S. import tariffs on imports from China - \$200 billion of goods at 10 percent

The U.S. Trade Representative (USTR) is seeking public comment on the announcement of new tariffs on Chinese goods related to its Section 301 investigation into Chinese intellectual property practices. In response to China retaliatory tariffs responding to the U.S. government's implementation of an initial tranche of 25 percent tariffs on \$34 billion, the U.S. Trade Representative is seeking comments on an additional 10 percent tariff on \$200 billion in Chinese goods. The list of products to be affected can be found [here](#). Public comments regarding this proposed additional action are welcome and will be received according to the following schedule:

July 27, 2018: Due date for filing requests to appear and a summary of expected testimony at the public hearing, and for filing pre-hearing submissions.

August 17, 2018: Due date for submission of written comments.

August 20–23, 2018: The Section 301 Committee will convene a public hearing in the main hearing room of the U.S. International Trade Commission.

August 30, 2018: Due date for submission of post-hearing rebuttal comments.

Comments should be submitted via regulations.gov by **August 17, 2018**.

NAEGA members interested in contributing to these comments should contact Gary or Ryan.

[Click here to return to Index](#)

Member Opportunities

Barge Trade Digitization Project

On Feb. 16, 2018, National Grain and Feed Association (NGFA) digitization of the paperwork and processes employed in the Mississippi river barge trade industry.

A task force of member company representatives involved in Mississippi River barge trade is examining approaches to undertake for a new digital data exchange system. Initial observations about the new system include:

- The purpose of the new system would be to facilitate document transfers between trading counter parties. It is not to displace the verbal application of barges, but to ease transfer of documents once the verbal application has occurred. The new system will serve as a shared documents ledger with secured access.
- The new system should have ability to record trade-specific information; create, access, download and print bills of lading and various other documents; electronically sign documents and transfer ownership; receive electronic communications; and house and archive extensive documentation.
- Security is an important requirement.
- Cost is another critical component. The task force predicts that the costs of a new system will present a significant savings compared to the current processes.
- The new system would be designed to be used by all industry parties when transferring documents.

The task force is seeking input from other industry participants on the core requirements of a new system and any other feedback they should consider. Broad adoption by the industry is critical to achieving the maximum potential cost savings associated with the new system.

All inquiries and feedback are welcome. Please contact Julie Detlefsen (Julie_Detlefsen@cargill.com) or Charlie Delacruz (cdelacruz@ngfa.org) with any questions or comments.

Contracts and Best Practices Seminar – Minneapolis – August 14

Please join NAEGA for a Contracts and Best Practices Seminar in Minneapolis, MN!

Led by NAEGA Senior Advisor Sam Bonilla, this seminar is an interactive, industry-wide opportunity to learn more about the new March 30, 2018 revisions to the NAEGA II Model Contract.

During the seminar, participants will exchange and learn through an intensive and informative review of commercial and official practices to improve predictability, reduce risks, resolve trade barriers and facilitate profitable trade.

[Please click here to register for the Contracts and Best Practices Seminar.](#)

The preliminary agenda includes:

- Open dialogue on current contracting practices as they relate to trade risks.
- A "Road Map" of the NAEGA II Model Contract.
- Review of recent changes to the NAEGA II Model Contract implemented on March 30, 2018.
- Perspectives on the global contracting environment in GAFTA, FOSFA and other contract models and practices.
- Review of recent arbitration decisions.
- Case Study Exercises on:
 - Calculating laytime, despatch and demurrage.
 - Contract Terms.
 - Arbitration and other alternatives for dispute resolution.

The cost of the seminar is \$275 per person. Breakfast and lunch are included. NAEGA member representatives are encouraged to invite others by forwarding this invitation.

Please contact Ryan Olson at rolson@naega.org or 202-682-4030 if you have any questions.

NAEGA-APPAMEX Forum – Puerto Vallarta, Mexico – August 23-25

Please “save the date” for the next NAEGA-APPAMEX Forum in Puerto Vallarta, Mexico on August 23-25. The forum will take place at the Hard Rock Hotel Vallarta at Paseo de los Cocoteros No. 19, Villa 8 Nuevo Vallarta, Bahía de Banderas, Riviera Nayarit, México C.P. 63732

A preliminary agenda can be found [here](#).

All NAEGA members are invited to attend. If you are interested in attending please complete the attached registration form [here](#). Hotel bookings at the Hard Rock can be made by contacting the hotel directly using the following email address: nfuentes@rcdhotels.com.

Please contact [Ryan](#) for more information.

Board of Directors Meeting – Arlington, VA – October 2

The next meeting of the NAEGA Board of Directors will be held from 9:00am-2:00pm on Tuesday, October 2 at NAEGA’s office in Arlington, VA. More details and the meeting agenda will follow in the coming weeks.

DBTG Technical and Operational Seminar – Baltimore, MD – October 3-5

You are welcome to join NAEGA staff for the Dry Bulk Terminals Group’s (DBTG) fall Technical and Operational seminar. This fall’s seminar will take place at the Sheraton Inner Harbor Hotel in Baltimore, MD on October 3-5.

Contracts and Best Practices Seminars

Make plans now for NAEGA’s next Contract and Best Practice Seminar in Minneapolis. With the release of the revised NAEGA 2 contract on March 30, NAEGA is planning for educational

seminars to communicate these revisions and educate on the contract and industry best practices. This year, we are planning two educational seminars in:

- Minneapolis, MN: August 14 – [Register here](#)
- New Orleans, LA: Week of October 8

Final dates and times will be announced when they become available.

NAEGA seminars are an intensive and informative review of commercial and official practices taught in an interactive environment. The goal of each seminar is to improve predictability, reduce risks, resolve trade barriers and facilitate profitable trade. A general agenda includes:

- Open dialogue on current contracting practices as they relate to trade risks.
- A “Road Map” of the NAEGA II Model Contract
- Review of the 2018 revisions to the NAEGA II Model Contract.
- Perspectives on the global contracting environment in GAFTA, FOSFA and other contract models and practices.
- Case study exercises on:
 - Calculating laytime, dispatch and demurrage.
 - Contract terms.
- Arbitration and other alternatives for dispute resolution.

In addition to the public seminars listed above, NAEGA also conducts company specific private seminars. Please contact Ryan if you are interested in hosting a private, tailored seminar at your office. Click [here](#) for more information on the in-depth, interactive programs NAEGA conducts!

HWY H₂O Conference – Toronto, Canada – November 13-15

NAEGA members are invited to attend the St. Lawrence Seaway Development Authority’s HWY H₂O Conference in Toronto, Canada. HWY H₂O is a convergence of industry thought leaders and experienced marine specialists in maritime commerce and shipping focused on the Great Lakes and St. Lawrence Seaway. This year’s conference will focus on technology and innovation as a key component in developing new opportunities, streamlining costs and remaining a competitive logistic system.

Register or find more information about the conference [here](#).

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](#).

[Click here to return to Index](#)

News

USDA plans to mitigate new tariffs

On Tuesday, U.S. Secretary of Agriculture Sonny Perdue announced \$12 billion in aid to farmers that are being harmed by retaliatory tariffs in response to U.S. actions as part of its Section 232 and 301 investigations. USDA aid will be dispersed through three programs:

1. The Market Facilitation Program
2. The Food Purchase and Distribution Program
3. The Trade Promotion Program.

Through the Market Facilitation Program, producers of soybeans, sorghum, corn, wheat, cotton, dairy, and hogs will receive direct payments in order to manage disrupted markets, deal with surplus commodities, and develop new markets domestically and internationally.

Purchases of commodities such as fruits, nuts, rice, legumes, beef, pork and milk will be made under the Food Purchase and Distribution Program and will be distributed to food banks and other nutrition programs across the United States.

The Trade Promotion Program is administered by the USDA's Foreign Agricultural Service (FAS) and is tasked with the developing of new export markets abroad for U.S. farm products.

The aid is expected to begin to be provided in early September.

European Court of Justice rules on Gene Editing

On July 25, the European Court of Justice (ECJ) ruled that crops produced using the gene editing technique mutagenesis should be subject to laws restricting the use of genetically modified organisms (GMOs).

The ruling stated that organisms obtained by new mutagenesis techniques are GMOs within the meaning of the current GMO Directive, in so far as the techniques and methods of mutagenesis alter the genetic material of an organism in a way that does not occur naturally. The ECJ also

ruled that the GMO Directive does not apply to mutagenesis techniques that have already been used conventionally in a number of applications and have a long safety record.

The ECJ ruling is very concerning to NAEGA. It reinforces and validates the need for information on what gene edited seeds are being used and where they are being used. It also reinforces the need for low level presence provisions to support compliance with asynchronized national reregulation and meet trade and consumer needs. The International Grain Trade Coalition will be encouraged by NAEGA to more aggressively move [its policy](#) forward and the NAEGA Production Technologies Committee will need to work with renewed urgency and intensity in efforts to prevent the use of these new plant breeding technologies from causing debacles in trade like those we continue to experience from seeds produced with transgenic biotechnology.

A related press release from the ECJ can be found [here](#).

[Click here to return to Index](#)

Calendar & Member Notices

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

2018

July

1-September 30 – IPPC ISPM Consultation – Virtual

August

14 - NAEGA Contracts and Best Practices Seminar – Minneapolis, MN

23-25 – NAEGA-APPAMEX Forum – Puerto Vallarta, Mexico

28 – Comments on FGIS standards for canola, corn and soybeans due

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

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

2 – NAEGA Board of Directors Meeting

3-5 – DBTG Operational and Technical Workshop – Baltimore, MD

Week of October 8 - NAEGA Contracts and Best Practices Seminar – New Orleans, LA

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

November

13-15 – HWY H₂O Conference – Toronto, Canada

- 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

Thank you for your membership and work with NAEGA. This copyrighted report is intended for the use of NAEGA membership only. The accuracy of the information reported and interpreted is not guaranteed. All contents are subject to correction and revision. In accordance with Federal law and U.S. Department of Agriculture NAEGA does not discriminate on the basis of race, color, national origin, sex, age, religion, or disability. NAEGA is an equal opportunity employer

To be removed from the NAEGA OUTREACH email list please send a message to membership@naega.org with the phrase "Unsubscribe from OUTREACH" in the subject line.

[Click here to return to Index](#)