



“Working Together to Make Trade Work”

OUTREACH December 10, 2012

Thank you for your membership in and work with NAEGA

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China, Biotech Authorizations, Safety Certificates expire soon! – Delays in Chinese authorization for biotech events related to existing approvals are a top priority concern. Safety Certificates for several events that currently may be found in commodity grain and oilseed supplies expire on December 20, 2012. NAEGA is working with stakeholders, including technology providers, to identify and clarify appropriate process should the new safety certificates not be available after December 20.

Regulations on Safety of Agricultural Genetically Modified Organisms require a “Safety Certification” (Decree No. 9 of the Ministry of Agriculture of the People’s Republic of China).

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Any company outside the territories of China that exports agricultural GMOs as raw materials for processing shall make an application for the Safety Certification to the Office for Biosafety Administration of Agricultural GMOs. A valid Safety Certification is required to accompany imports into China of grain and oilseeds. The Chinese require that these “Safety Certificates” to be renewed every 5 years.

Our understanding is that a Safety Certificate is needed to obtain a “Quarantine Inspection Permit (QIP)” from the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). The AQSIQ QIP is required for any agricultural good imported to China. Shipments must have a QIP /quarantine import permit to cover the contract amount. The importer must supply documentation regarding the volume of the shipment to AQSIQ with the QIP application. A QIP application must include quantity, origin of goods as well names of companies involved in the transaction. A QIP can technically cover multiple load/containers and is valid for six months.

We also understand the 5 year period for the following events ends on December 20, 2012 for several events including:

1. Monsanto: Roundup Ready® Soybean, Event 40-3-2, YieldGard® Corn Borer, Event MON 810, YieldGard® Rootworm corn, Event MON 863, Roundup Ready® Flex Cotton, Event MON 88913 and Roundup Ready® Canola, Event RT73 (GT73).
2. Dupont: Corn events 59122 and TC 1507
3. Bayer CropScience: Canola events, Seed Link MS1/RF1 and Liberty Link Topas 19 /2
4. Syngenta: Corn events, 176 and BT11

For several months we have been working with governments and other stakeholders to encourage the Ministry of Agriculture (MOA), which is responsible for renewing the authorization for the GMOs, to quickly renew the authorizations. However renewal by December 20 is questionable.

In advance of renewal, we are seeking definitive clarification on several related questions:

1. Is a Safety Certificate with an expiration date of December 20, 2012 acceptable for shipments that arrive after December 20? We believe the answer is YES.
2. Will AQSIQ issue new QIP’s after December 20 if the only Safety Certificates available are those that expire on December 20? We believe the answer is NO.
3. Assuming new Safety Certificates are made available on or after December 20, 2012, do existing or pending (prior to December 20) QIPs need to be amended to reflect the renewed Safety Certificate? When and How?

Once we have confirmed answers to these questions we will notify NAEGA members.

Japan, Response to JFTA on Aflatoxin – Earlier this year, the Japan Feed Trade Association (JFTA) wrote to NAEGA regarding their concern about the risk of aflatoxin in the U.S. corn crop for 2012/13. JFTA submitted a letter to NAEGA requesting information on:

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1. The general trend of aflatoxin content about 2012/13 crop and testing data of aflatoxin about 2012/13 crop at export elevator before receiving
2. Past drought years' corn crop situation, with data from the 83/84 crop, 88/89 crop, 95/96 crop and 02/03 crop.
3. Provision for high aflatoxin risk and information on plans to control the aflatoxin level in grain export channel, if any.

Collaborating with NAEGA members, colleagues from the National Grain & Feed Association, and U.S. Government, NAEGA President Gary C. Martin developed and issued a response to JFTA. The request from JFTA and Gary's extensive response and supporting documents, have been posted to the [NAEGA Grades & Inspections Website](#) under “Japan” and the [Personal Pages website](#) under Japan Aflatoxin issue tracking.

U.S., Port Labor Negotiations – NAEGA has joined with 70 organizations representing United States manufacturers, farmers, wholesalers, retailers, and transportation and logistics providers in submitting a letter to the International Longshoremen's Association (ILA) and the United States Maritimes Alliance (USMA) urging both parties to make every attempt possible to reaching an agreement on a new contract beginning with next week's scheduled negotiating session. It is critical that a new agreement can be reached between both sides without disruptions to the movement of freight.

The letter stresses that there are important issues for both parties to resolve, and urges the ILA and USMA to stay at the negotiating table until a deal is reached even if this extends beyond the current deadline extension of December 29, 2012. Failure to reach an agreement, and the resulting threat of an East Coast and Gulf Coast port shutdown will have serious economy-wide impact. The resulting situation would create a level of uncertainty in a fragile economic climate and has already forced many businesses to consider enacting contingency plans that come at a significant cost to jobs and U.S. economic competitiveness.

The letter notes that West Coast lockout 10 years ago cost the U.S. economy \$1 billion a day and it took over six months to recover from the 11-day closure, and that East Coast and Gulf Coast ports and their customers cannot afford a similar situation. It closes by urging parties to continue negotiating with the goal of finalizing a long term labor agreement without any disruptions to the supply chain to ensure the continued success and competitiveness of these ports for the foreseeable future. The full letter has been posted to the NAEGA Public Website under “[Public Comments & Policy Statements](#)”.

NAEGA is considering making comments on the following items. Please contact us with your advice or suggestions:

2013

January

9 – Comments due to BIS on proposed 180-day Deadline to Complete Voluntary Self-Disclosures: http://www.ofr.gov/OFRUpload/OFRData/2012-27206_PI.pdf

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28 – Comments due to BIS on Proposed Changes to Clarify Commerce Control list:

http://www.ofr.gov/OFRUpload/OFRData/2012-28363_PI.pdf

February

TBD – Comments to the Canadian Food Inspection Agency (CFIA) on draft directives D-12-05 & D-12-05: http://www.naega.org/images/pdf/CFIA_Draft_D-12-05.pdf

NAEGA Actions on Current Issues are tracked on both the Member’s Only Section under their relevant committee pages and the on the Personal Page’s site. Updates to tracked issues are posted in this section.

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New Issues & Opportunities for NAEGA Consideration

U.S. Senate Authorizes Permanent Normal Trade Relations With Russia and Moldova –

The U.S. Senate has repealed the portion of the Jackson-Vanik Amendment which applied to Russia and Moldova, authorizing President Barack Obama to extend Permanent Normal Trade Relations (PNTR) status to both of these countries. The Jackson-Vanik Amendment was originally enacted in 1974 and restricted the extension of PNTR to countries with “non-market economies” that restricted emigration. When China ascended to the World Trade Organization (WTO) in 2001, the portion of the amendment that applied to them was removed. The current repeal comes as a response to Russia's admission in August 2012, and from several years of pressure

The Office of the U.S. Trade Representative (USTR) issued a release explaining that once Russia is granted PNTR status with the U.S., trade between the two countries will be covered under the WTO rules, which would result in greater market access and a rule-based trade environment for U.S. exports. The USTR release on the authorization is [available through this link](#).

Food Facilities Must Renew FDA Registrations by December 31, 2012 –

The U.S. Food and Drug Administration (FDA) has issued a reminder that each foreign and domestic food facility must renew its food facility registration with FDA before December 31, 2012. The 2002 Bioterrorism Act requires all facilities that manufacture, process, pack or hold food or beverages for consumption in the United States to register as a food facility with the FDA. Under the Food Safety Modernization Act enacted in 2011 those registrations must be updated before December 31, 2012, and every two years thereafter. The FDA may suspend the registration number of any facility that fails to comply, resulting in a prohibition on the importation, distribution or sale of food from the suspended facility. Food importers are urged to take immediate action to prevent import refusals or detentions beginning January 1, 2013.

Last month FDA suspended the registration of Sunland Inc., a producer of nuts and nut and seed spreads, after noting several deficiencies during a facility inspection. As a result of this suspension neither Sunland Inc. nor any other person can introduce into U.S. commerce, offer to

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import, or export any food made at the suspended facility. The FDA’s Office of Compliance announced that shipments may be refused if foreign food facilities do not submit their registration renewals by the end of the year. Details on how to comply are [available through this link](#).

World Bank Notes Food Price Stabilization – The most recent edition of the World Bank’s Food Price Watch reports that internationally traded food prices remain stable at high levels after price hikes in July 2012 marked a record high in prices. International prices of grain have behaved differently during the last three months, with sustained increases in wheat, decreases in maize, and mixed patterns for rice. The World Bank notes that an absence of panic policies has contributed to food price and domestic prices of grains in most regions reflect expected seasonal patterns and increasing fuel prices and that the pass-through of the July international price hike into domestic markets is not expected to be uniform, or immediate.

The report notes that while a global food price crisis seems to have been averted, there is a growing sense that high and volatile prices will become the “new norm”, with impacts on food security policy and a need for more resources, better data, and sound policy to reduce hunger worldwide. The full report is [available through this link](#).

U.S. and Taiwan Sign Mutual Recognition Agreement – U.S. Customs and Border Protection (CBP) has issued a press release announcing that the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the U.S. (TECRO) have reached a mutual recognition agreement between Taiwan's Authorized Economic Operator (AEO) and the U.S.'s Customs-Trade Partnership Against Terrorism (C-TPAT).

According to CBP, the agreement recognizes the compatibility between the Taiwan and U.S. cargo security programs and acknowledges that the Directorate General of Customs, Taiwan Ministry of Finance and CBP will accept the security status of members of the other program.

CBP notes that the C-TPAT program aims to build relationships between businesses and the U.S. government to enhance supply chain and border security. Currently, the U.S. has signed mutual recognition agreements with New Zealand, Canada, Jordan, Japan, Korea and the European Union. The full press release is available online [through this link](#).

If you would like more information or wish to provide comments on any of these news topics monitored by NAEGA, please contact us.

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NAEGA member participation requested:

On Going & Urgent ! --- Appeal to U.S. Administration for immediate action to maintain navigation on the Mississippi River between St. Louis, MO, and Cairo, IL.

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As part of our ongoing efforts to respond to drought related restrictions of river transportation, NAEGA is working with the National Grain and Feed Association (NGFA) and a broad multiple industry effort led by the Waterways Council (WCI) and The American Waterways Operators (AWO) to encourage immediate action by the Obama administration to use its authority to immediately declare an emergency and direct the U.S. Army Corps of Engineers to take specific actions maintain navigation on the Mississippi River between St. Louis, MO, and Cairo, IL.

As you are aware, navigation on the strategic 200-mile stretch of the Mississippi River will be severely impaired – and barge transportation may well cease altogether – by mid-December unless the administration takes emergency action to ensure the statutorily authorized 9-foot draft needed to maintain commercial navigation. Since such a disruption would occur during one of the busiest and most critical periods of the year for U.S. agriculture’s use of barge transportation, an agriculture industry focus has been added to the campaign.

Your support and additional outreach to anyone who might help encourage action by the Obama Administration. Please share the agriculture coalition letter, [available here](#), which was sent this week and other material [provided by WCI](#). Ultimately, please help urge that the U.S. Administration:

1. Release measured, but sufficient, flows from Missouri River reservoirs dams to maintain a 9-foot navigation channel on the Mississippi River to sustain commercial navigation in exchange for potential releases of less water during the spring navigation season if winter rains and snows do not adequately replenish these reservoirs. We are aware of recent government weather projections that indicate the Southern Oscillation Index used to predict and assess El Nino and La Nina conditions has been in a neutral mode for the past two months, which would indicate a trend toward more normal rainfall patterns this spring.
2. Waive federal acquisition rules to expedite the agency’s contract-award procedures, and order that it take immediate action to remove the rock pinnacles near Grand Tower and Thebes, IL. Combined with reduced water levels, these rock formations – remnants from earlier blasting to clear the channel – present significant hazards to navigation. Without such direction, the Corps has indicated that work would not begin until February 2013, and would take up to 60 days to complete – a totally unacceptable outcome given what is at stake. It is important to emphasize that while removal of these rocks should be helpful, this action in-and-of-itself is not expected to fully alleviate the need for Missouri River flows to maintain navigation.

We are tracking this issue on the [NAEGA Member’s Only Site](#) and on the [NAEGA Personal Pages](#) site. We appreciate your work and support on this important issue.

Inter-market Survey of Official Inspection – NAEGA members are encouraged to participate in an Inter-Market Monitoring Survey of Official Inspections developed by NAEGA in cooperation with the USDA’s Grain Inspection, Packers & Stockyards Administration (GIPSA).

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The goal of the survey is to test U.S. sampling methods for both the import and export of grains & oilseeds to provide a quicker response time to any grading differences between the origin and export system. A description of the Survey method is [available through this link](#). NAEGA launched the survey earlier in 2012, though delays in starting the project prevented the collection of enough data to be useful at that time.

In August, NAEGA Senior Advisor Arvid Hawk communicated to the Grades & Inspections Committee that they should have their companies begin work on the project as soon as possible. So far, GIPSA reports that they have only received a handful of samples, none complete, from just two participants.

For the project to be successful, greater participation and a large data sample is needed. NAEGA members who have already agreed to participate in the project are asked to check with their companies to check on the status of the project. NAEGA members who are not already participating are encouraged to take part. Please contact Arvid Hawk at ahawk@naega.org if you would like to take part of if you have an update on your company’s participation status.

Rapid Response Mechanism and SPS TBT Enforcement - NAEGA policy papers posted for your consideration and use – NAEGA has recently updated policy papers to improve the predictability and efficiency of trade:

1. A briefing paper urging the inclusion of a Rapid Response Mechanism (RRM) in trade agreements. RRM would provide a commercially-meaningful method by which to resolve trade disputes related to plant quarantine and other risk management measures deployed by importing governments. The paper is [available through this link](#).
2. Second is a comprehensive set of recommendations for Sanitary & Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT) enforcement for inclusion in the Trans Pacific Partnership. The paper is [available through this link](#).

Your review and assistance in communicating these policies is requested.

Full Details on Upcoming Events can be found in the Meetings & Events Section of the [NAEGA Member’s Only Page](#) and the [Personal Pages Website](#)

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NAEGA Calendar & Member Notices

December

9-11 – Omaha, Nebraska – NGFA 2012 Country Elevator Conference & Trade Show

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12-18 – Dubai, UAE – 2012 USSEC Middle East Regional Meeting & Select Customer Meetings

2013

January

6-9 – Guangzhou, China – USSEC North Asia Regional Meeting & Select Customer Meetings

11-12 – Jakarta, Indonesia - 2013 USSEC Southeast Asia Regional Meeting & Select Customer Meetings

24 – St. Cloud, Minnesota – Minnesota Grain and Feed Association Annual Meeting – Gary Martin Invited to attend & present

February

20 – Washington, DC – U.S. Coast Guard ASP User’s Meeting – Hosted by NAEGA at the NAEGA offices

March

17-19 – San Francisco, California – NGFA Annual Convention

TBD - San Francisco, California – NAEGA Annual Meetings

November

12-15 – Lisbon, Portugal - 6th International Conference on Coexistence between Genetically Modified (GM) and non-GM based Agricultural Supply Chains: www.gmcc13.org

Member Notices

The New NAEGA.org – NAEGA’s public website at www.NAEGA.org has been redesigned and launched as of June 18, 2012. The new NAEGA.org features a more user-friendly interface, a better search engine, and integration with the NAEGA Personal Pages website. The new site also features social media tools for sharing public NAEGA actions on a wider scale. NAEGA accounts have been established at LinkedIn and Twitter, and stories on the public site can be shared on Google Plus. NAEGA members and staff should take the opportunity to enhance their experience with a NAEGA Members Personal Page. NAEGA Director of Operations Patrick Hayden is will assist you to setup and maintain your NAEGA Personal Page.

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