



*“Working Together to Make Trade Work”*

## **OUTREACH January 14, 2013**

**Thank you for your membership in and work with NAEGA**

**NAEGA Office Hours:** The NAEGA Office will be closed on Monday, January 21, 2013 due to the U.S. Presidential Inauguration in Washington, DC. The office will reopen on Tuesday, January 22.

### **In this Issue:**

#### **Member participation requested:**

- Mark Your Calendars for the NAEGA Annual Meeting!
- Serving and working with you in 2013 – Thank you for your investment in NAEGA!
- Conference Call with USDA on Compliance for Re-Export and Trans-shipment
- IGTC Meeting in February in Washington, DC
- Inter-market Survey of Official Inspection
- Rapid Response Mechanism and SPS TBT Enforcement - NAEGA policy papers posted for your consideration and use.

#### **Action Reports**

- Canada, Import-End Use Research Project
- World, Best Practices Guide for the International Movement of Grain
- U.S., GIPSA Proposes New User Fees

#### **New Issues**

- USTR Sets 2013 China Trade Priorities
- Treasury & DHS Announce CBP 2013 Regulatory Agenda

#### **NAEGA Calendar and Member Notices**

- Upcoming events and notices for members

### **NAEGA member participation requested:**

#### **Mark Your Calendars! NAEGA 2013 Annual Meeting Date & Location Set!**

We look forward to seeing you in San Francisco in March! The 2013 NAEGA Annual Meeting will take place on Monday, March 18, 2013 at the [Westin St. Francis Hotel](#) in San Francisco, California. NAEGA meetings will coincide with the March 17-19 2013 National Grain & Feed Association (NGFA) Convention. A special one-day NAEGA registration rate of \$275 is available for the NGFA meetings and banquet on March 19, and rooms at the Westin St. Francis

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can be booked at the NGFA rate of \$229/night [through this link](#). A formal notice of the NAEGA meetings, including registration information, had been sent to all NAEGA Member Representatives. Please let us know your plans for the meetings as soon as you can!

Looking forward to **Serving and working with you in 2013. Thank you for renewing your investment in NAEGA!** – Your membership year starts anew this month. Your Association needs your company’s many contributions to the ongoing success of NAEGA. Invoices for NAEGA’s 2013 Membership Dues have been mailed and payment is due by February 1. Prompt payment is appreciated. If you have any questions, please contact the NAEGA office.

**Conference Call with USDA on Compliance for Re-Export and Trans-shipment** – NAEGA will host a conference call with USDA’s Animal and Plant Health Inspection Service (APHIS) and Federal Grain Inspection Service on Thursday, January 17 at 1 PM Eastern, 12 Noon Central, 10 AM Mountain time to provide an update and clarification on practices related to the Trans-shipment and Re-export of imports.

There have been many questions regarding movement of Canadian Grain through U.S. Ports. Meanwhile, we are still working to complete a question and answer module for the Commercial Module on [www.canada-usgrainandseedtrade.info](http://www.canada-usgrainandseedtrade.info), the website NAEGA hosts for the general public’s use in conjunction with the Canada-U.S. Task Group we lead along with Canada Grains Council.

A draft paper, [available through this link](#), was put together late last year to describe the best information available regarding U.S. documentation requirements for trans-shipment and handling of Canadian grain.

Among the current developments we will discuss on Thursday, January 17 with APHIS and FGIS are:

1. Use of re-export Phytosanitary Certificates (PCs). The 2011 version of the ISPM 12 which covers re-export certificates [is available here](#). It specifically excludes the use of re-export PCs just to accommodate the consolidation of consignments. This represents a marked departure from the previous version (2001) which stated that consolidation alone was sufficient basis for a re-export certificate, even in the case where there was no “import” (such as when a product is shipped in-bond).
2. For in bond shipments, the practice of having the original Canada Food Inspections Agency (CFIA) document state a “means of conveyance” as marine vessel (not rail or truck). This is what APHIS does for much of the St. Lawrence Seaway trans-loaded shipments of U.S. grain passing through Canadian port silos. APHIS spoke briefly to one CFIA official about this option and they appeared receptive.
3. A recent shipment of Canadian wheat, first railed to the U.S. gulf and then shipped to Mexico, was rejected by Mexico because it lacked a “re-export certificate”. The shipment had both a Canadian and a U.S. phytosanitary certificate but was still rejected.

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The problem was resolved for this particular shipment, and APHIS is working with SENASICA to avoid a repeat.

If you are interested in taking part in the call, contact the NAEGA office for call-in coordinates. NAEGA is tracking Canada-U.S. issues on the [Grades & Inspections Committee Page](#) and the [NAEGA Personal Pages](#) site.

**IGTC Meeting in February in Washington, DC** – NAEGA members are invited to participate in the February 12,13 & 14, 2013 meetings of the International Grain Trade Coalition (IGTC). IGTC is a coalition of national and international non-profit trade associations and councils. NAEGA and the National Grain & Feed Association are hosting meetings of the IGTC at our offices in Washington, DC. If you are interested in attending, please contact the NAEGA office for more information. An agenda for the meetings will be posted to the [NAEGA Members Only website](#) soon. NAEGA member participation is welcome!

**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). 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 the survey was open for samples. 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 and larger data sample is needed. NAEGA members who have already agreed to participate in the project are asked 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](mailto:ahawk@naega.org) with comments or questions

**Rapid Response Mechanism and SPS TBT Enforcement - NAEGA UPDATED 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](#).

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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](#)*

[Click here to return to Index](#)

## **Reports on NAEGA actions**

**Canada, Import-End Use Research Project** – With the assistance of NAEGA Market Access Program (MAP) funds, NAEGA and the Canada Grains Council are co-contracting for survey and analysis work related to U.S. exports to Canada. NAEGA Senior advisor Kendell Keith is leading work to survey Canadian commodity handlers, food, feed and processing companies and assemble and evaluate important information related to the Canadian Food Inspection services intent to modify Phyto-Sanitary risk management for import of U.S. agricultural products. The extensive survey, largely conducted by trade associations in Canada, is expected to begin the week of January 14 and collect information on trade flows, and specifically on respective end-uses for imports of U.S. grains, including cereal and coarse grains, oilseeds, pulses, specialty crops, and screenings. Ultimately the project will report on the distribution of shipments by number and average size, total quantities shipped per year, and commodity codes. This effort will be tracked on the [NAEGA MAP Committee Webpage](#) and the [NAEGA Personal Pages](#) site.

**World, Best Practices Guide for the International Movement of Grain** - NAEGA is considering advancing its support for a “Best Practices Guide” as an alternative to the current initiative of the International Plant Protection Convention (IPPC) to promulgate an International Standard for Phytosanitary Measures (ISPM) addressing international grain movement. NAEGA has made the case over the past two years that an ISPM specific to the international movement of grain would likely result in inappropriate trade restrictive measures by import plant quarantine authorities. We have also suggested that consideration of guidelines like those that might be included in a Best Practices Guide could be constructive in providing for the least trade distortive phyto-sanitary risk management by importing governments.

Two international governments, Australia and the U.S., have declared interests very similar to NAEGA with official comments regarding an ISPM for international grain movement. USDA’s Animal & Plant Health Inspection Service has recently responded with a draft outline for a Best Practices Manual for the International Movement of Grain. The draft can be found [through this link](#).

We are seeking input from NAEGA members and colleagues around the globe on this regard. If you have any comment on the draft Best Practices Guide, please let us know. We have been tracking the International Standards issue on the [NAEGA Grades & Inspections Committee webpage](#) and the [NAEGA Personal Pages](#) site.

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**U.S., GIPSA Proposes New User Fees** – USDA’s Grain Inspection Packers & Stockyards Administration (GIPSA) has published a Proposed Rule announcing the completion of an in-depth review of the Federal Grain Inspection Service (FGIS) trust fund which covers the costs of providing weighing and inspection services under the U.S. Grain Standards Act (USGSA). As a result of the review, GIPSA is proposing to revise the regulations under the USGSA to increase grain export fees.

The Proposed Rule recommends an increase in the contract hourly rate to the grain industry by 5% in fiscal year 2013 and 2% per annum increase through fiscal year 2017. GIPSA believes that proposing an initial fee increase in the first year of the new fee schedule followed by small annual incremental fees will mitigate the effects that a large one-time increase would have on customers. Regional fees based on export volume (tonnage fees) that provide revenue which supports the regional field offices will increase to account for reduced grain exports.

GIPSA argues that in order to maintain financial stability, the export user fees now need to be adjusted to assure continued inspection and weighing services to the grain industry which will further facilitate the sound and orderly marketing of grain in domestic and export markets. Since the fees were last adjusted in 2007, in only 2 years, 2008 and 2011, did exports reach or exceed projections which resulted in significantly less revenue.

NAEGA’s Grande and Inspections committee will meet soon to consider actions and this and host of additional issues. We do expect to comment by the FGIS established due date: February 13, 2013. If you have any suggestions on if or how NAEGA should respond, please contact the NAEGA office. The Proposed Rule and information on how to comment can be viewed at [http://www.ofr.gov/OFRUpload/OFRData/2013-00455\\_PL.pdf](http://www.ofr.gov/OFRUpload/OFRData/2013-00455_PL.pdf).

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

## **2013**

### **January**

**19** – Comments due to Agriculture & Agri-Food Canada on the proposed Domestic Policy and Implementation Framework on the Management of Low-Level Presence of Genetically Modified Crops in Imports:

<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1347469689149&lang=eng>

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

[http://www.ofr.gov/OFRUpload/OFRData/2012-28363\\_PL.pdf](http://www.ofr.gov/OFRUpload/OFRData/2012-28363_PL.pdf)

### **February**

**13** – Comments Due to GIPSA on Proposed Rule increasing Export User Fees:

[http://www.ofr.gov/OFRUpload/OFRData/2013-00455\\_PL.pdf](http://www.ofr.gov/OFRUpload/OFRData/2013-00455_PL.pdf)

**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](http://www.naega.org/images/pdf/CFIA_Draft_D-12-05.pdf)

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## May

**16** – Comments due to FDA on the proposed rule for hazard analysis and preventive controls for human food: [http://www.ofr.gov/OFRUpload/OFRData/2013-00125\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2013-00125_PI.pdf)

**16** – Comments due to FDA on the proposed rule for hazard analysis and preventive controls for produce: [http://www.ofr.gov/OFRUpload/OFRData/2013-00123\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2013-00123_PI.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.*

[Click here to return to Index](#)

## **New Issues & Opportunities for NAEGA Consideration**

**USTR Sets China Trade Policy for 2013** – The Office of the U.S. Trade Representative (USTR) has released its annual report on China’s compliance with its World Trade Organization (WTO) commitments and its 2013 policy goals with Chinese trade. The report states that despite the remarkable progress since China’s accession to the WTO in 2001, “the overall picture currently presented by China’s WTO membership remains complex.”

The report reiterates ongoing concerns about the direction of China’s economic and trade policies. Over the last 10 years, the Chinese government has been re-emphasizing the state’s role in the economy, diverging from the path of economic reform that drove China’s accession to the WTO, perusing new and more expansive industrial policies, often designed to limit market access for imported goods, foreign manufacturers and foreign service suppliers, while offering substantial government guidance, resources and regulatory support to Chinese industries and state-owned enterprises. The report states that “this heavy state role in the economy, reinforced by unchecked discretionary actions of Chinese government regulators, has generated serious trade frictions with China’s many trade partners, including the United States.” USTR calls on China to reverse these trends and does note that in 2012 China did seem to be focused on re-energizing its economic reforms.

The report identifies the following as some of the priority issues for 2013 and beyond:

- **Intellectual Property Rights** - Despite repeated anti-piracy campaigns and an increasing number of civil IPR court cases, counterfeiting and piracy remain at unacceptably high levels and continue to cause serious harm to U.S. businesses across many sectors of the economy.
- **Trading Rights and Distribution Services.** In most sectors China has implemented its commitments to fully liberalize trading rights and distribution services. The U.S. will continue to press China to resolve one outstanding concern: China’s continued subjection of foreign direct sellers to restrictions on their business operations.

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- **Agriculture.** China is now the United States’ largest agricultural export market but remains among the least transparent and predictable of the world’s major markets for agricultural products, largely because of selective intervention in the market by China’s regulatory authorities. Specific complaints include “seemingly capricious practices by Chinese customs and quarantine agencies” that can delay or halt shipments of agricultural products as well as “SPS measures with what seem to be questionable scientific bases and a generally opaque regulatory regime.” In 2013 the U.S. will continue to urge China to lift its restrictions on imports of U.S. beef and poultry products.
- **Services.** The U.S. continues to enjoy a substantial surplus in trade in services with China but there are still numerous challenges in a range of sectors, including the use of discriminatory regulatory processes, informal bans on entry, overly burdensome licensing and operating requirements and other means to frustrate trade.
- **Transparency.** While China has made important strides to improve transparency it “still has more work to do if it is to fully implement some of its commitments.” For example, China still has not made available translations of all its trade-related laws, regulations and other measures in one or more of the WTO languages (English, French and Spanish) and indeed has not yet even established an infrastructure to undertake these translations.

USTR’s full report on China is available [through this link](#).

**Treasury & DHS Announce CBP 2013 Regulatory Agenda** – The Regulatory Information Service Center (RISC) has published the Regulatory Plans issued by the Department of Treasury and by the Department of Homeland Security (DHS) for U.S. Customs and Border Protection (CBP). In the introductory document, the RISC provides a list of important regulatory actions that are now under contemplation for issuance in proposed or final form during the upcoming year.

The Department of Treasury expects to issue the following rules and regulations for CBP:

- Proposed rule for Prior Disclosure and Lost Duty or Revenue Demands When Penalty Claim Not Issued
- Proposed rule for North American Free Trade Agreement Preference Override
- Final Rule for U.S.-Singapore, U.S.-Australia, U.S.-Korea Free Trade Agreements and U.S.-Colombia Trade Promotion Agreement
- Final Rule for CBP’s Bond Program and changes to the In-Bond Process

The DHS has highlighted the following CBP rules for 2013:

- A Proposed rule for Update to Maritime Security Regulations
- Final Rule for Importer Security Filing and Additional Carrier Requirements

This Regulatory Plan Information can be accessed 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 Calendar & Member Notices**

### **January**

**21** – NAEGA office closed for the U.S. Presidential Inauguration

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

**28** – Washington, DC – U.S. Wheat Associates/National Association of Wheat Growers Board Meeting - Gary Martin Invited to present

**30** - Washington, DC - ASA Soybean Biotechnology Working Group - Gary Martin Invited to attend & present

### **February**

**12-14** – Washington, DC – International Grain Trade Coalition (IGTC) Face to Face Meetings and Meeting with Global Alliance for Ag Biotech Trade (GAABT) – NAEGA Offices

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

**21-22** – Arlington, VA – USDA 2013 Agricultural Outlook Forum

### **March**

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

**18**- 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](http://www.gmcc13.org)

### **Member Notices**

**The New NAEGA.org** – NAEGA’s public website at [www.NAEGA.org](http://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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