



“Working Together to Make Trade Work”

OUTREACH January 28, 2013

Thank you for your membership in and work with NAEGA

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NAEGA member participation requested:

Register Now for the NAEGA 2013 Annual Meeting!

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, and there will be a joint NGFA-NAEGA Grades Committee

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Meeting from 1pm-3pm on Sunday, March 17. You can register for the NAEGA meetings [through this link](#).

A special one-day NAEGA registration rate of \$275 is available for the NGFA meetings and banquet on March 19, and a [registration form for NGFA’s convention is available here](#). Rooms at the Westin St. Francis 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, and all of the above information has been posted to the [NAEGA Member’s Only Page](#). 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 – Proposed GIPSA User Fee Increase –Thursday, January 31, 2013 - NAEGA’s Grades and Inspections committee & the National Grain & Feed Association Grain Grades and Weights committee will hold a conference on Thursday, January 31, 2013 with USDA’s Grain Inspection, Packers and Stockyards Administration (GIPSA) to discuss the GIPSA proposed rule for increased export user fees. During a previous call, the two committees identified several items that need further clarification from GIPSA before they draft and submit comments on the proposed rule. GIPSA has been asked for clarification on the following items:

1. After an initial review of the proposal, there is a disproportional percentage increase in fees between FGIS field offices. To better understand this change the Committees would like to review expense allocations and revenue by individual field office for past 3 to 5 years and projections for 3 years forward.
2. What methodology was used to determine the 65 million metric ton (mmt) baseline for 2014-2017
3. GIPSA’s retained earnings targets and contingency plans related to fees as well as staffing and other operational capacity:
 - a. If the volume of grain moving through US export facilities falls below the projected the 65 mmt and the Agency is not able to increase retained earnings.
 - b. If volume is greatly exceeds projections and retained earnings targets are met early.

A final time for the call has not yet been set. NAEGA members are welcomes to take part in the call, and if you or a colleague would like to participate, please contact the NAEGA office for details on how to take part.

Confidentiality of FGIS collected information – USDA’s Federal Grain Inspection Service (FGIS) asked for NAEGA comment on what information FGIS collects on export grain

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shipments as well as interior and outbound non-export shipments should be considered to be confidential business information (CBI)

FGIS collects a wide variety of data from export grain shipments, such as vessel name, type of carrier, destination, field office, port area, FGIS region, city and state, among others. Data is collected weekly from Friday to Thursday, and published following Monday. FGIS provided an example list of the data in [this letter requesting NAEGA input](#). Your thoughts on how NAEGA should respond are requested.

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 meeting [is available here](#), and more details will be posted to the [NAEGA Members Only website](#) soon. NAEGA member participation is welcome!

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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Reports on NAEGA actions

World, U.S. Business Coalition for TPP Task Force for Food and Agriculture – The U.S. Business Coalition for the Trans Pacific Partnership (TPP) Task Force for Food and Agriculture held its initial meeting on January 22, 2013. NAEGA President Gary C. Martin co-chairs the Task Force, which was put together by the U.S. Business Coalition for TPP, a broad-based group representing the interests of the U.S. business community with respect to the ongoing negotiations under the TPP, with a membership including trade associations and individual businesses from almost every major sector of the U.S. economy. The purpose of the Task Force for Food and Agriculture is to ensure that the TPP is a next generation, “WTO Plus” agreement that builds on the best and most successful practices of previous Free Trade Agreements (FTAs).

The inaugural meeting of the Task Force focused on discussing the Sanitary & Phytosanitary (SPS)/Technical Barriers to Trade (TBT) proposal and Rapid Response Mechanism (RRM) for dispute resolution that NAEGA has been promoting with other industry partners. The group discussed the work that NAEGA and other have been doing to promote the RRM and the SPS/TBT proposals, and how to advance those proposals at the Congressional and Federal Agency level as TPP negotiations move forward, working out an educational campaign for Federal Agencies designed to reduce resistance to the proposals. The group decided that they should also work to ensure that market access issues in the TPP be addressed sooner rather than later in the negotiating process.

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The Task Force agreed to discuss specific action items at the next meeting. Sub groups will likely be created to address specific topics or concerns as new issues arise. Since the efforts surrounding the SPS/TBT proposal are already underway, it was agreed that the group should continue their efforts given the short timeline of the next negotiating round of TPP. The Task Force will meet on a monthly basis from now on. NAEGA will track issues surrounding the Task Force under the TPP issues tracking on the [NAEGA Member’s Only Website](#) and the [NAEGA Personal Pages](#) website.

U.S., Supporting and Enhancing International Phytosanitary Standards – NAEGA is providing leadership with other industry stakeholders to create a “Friends of USDA & APHIS for Plant Protection and Agricultural Trade” group to promote education and support in relevant USDA agencies for the International Plant Protection Commission (IPPC) and the North American Plant Protection Organization (NAPPO). IPPC & NAPPO are instrumental in the development, adoption, and review & updating of regional and international phytosanitary standards that establish, maintain, and enhance a fair and predictable agricultural trade environment.

In the U.S., NAPPO and IPPC are administered and supported by USDA’s Animal & Plant Health Inspection Service (APHIS). As agricultural trade has increased, the need for international phytosanitary standards and other programs that stabilize agricultural trade environments increases, but with diminished budgets, APHIS has had to curtail its resource commitments to NAPPO due to lack of funding. This has led NAPPO to consider delaying and in some cases eliminating some of its technical working groups (TWG) that are charged with developing standards and other guidance documents. This can lead to a serious slowing of the pace of standards development by NAPPO and IPPC and can have a serious detrimental impact on agricultural trade.

The “Friends of USDA & APHIS for Plant Protection and Agricultural Trade” group has been formed to educate decision makers at the higher political levels, including USDA, Congress, and elsewhere of the value of APHIS, NAPPO and IPPC to the industry and the need to strengthen their support and commitment to these organizations. A draft briefing paper on the importance on the group is [available through this link](#). As the group develops an action plan and moves forward with that plan, NAEGA will keep members updated and the issue will be tracked on the [NAEGA Grades & Inspections Committee Page](#) and the [NAEGA Personal Pages](#) site.

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

2013

January

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

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

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February

13 – Comments Due to GIPSA on Proposed Rule increasing Export User Fees: http://www.ofr.gov/OFRUpload/OFRData/2013-00455_PI.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

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

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

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. Trade Representative Ron Kirk to Step Down in February – U.S. Trade Representative, Ron Kirk, has announced that he will step down from his position in late February. Ambassador Kirk’s announcement comes as observers expect the U.S. to announce its intent to negotiate a Free Trade Agreement with the European Union, in the next few weeks. His departure will leave three senior trade leadership positions open, along with Commerce secretary and U.S. Customs and Border Protection commissioner. With several significant trade initiatives on the horizon, the individuals nominated to fill those slots and the timing of their nominations could give an early indication of the importance the White House will attach to those efforts.

Speculation amongst Washington observers about who might replace Kirk as USTR has focuses on Michael Froman, currently President Obama’s deputy national security advisor on international economic affairs. Froman is noted for his understanding of the details of trade policy some sources said he might prefer to stay in his current position. Another potential candidate is Treasury Undersecretary for International Affairs Lael Brainard, who worked extensively on trade issues as a senior fellow at the Brookings Institution from 2001 to 2009; former Washington state governor Christine Gregoire; Export-Import Bank Chairman Fred Hochberg; Undersecretary of Commerce for International Trade Francisco Sanchez, and deputy USTRs Demetrios Marantis and Michael Punke. The full press release from USTR on Ambassador Kirk’s departure [is available here](#).

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New Task Force Aims to Improve Fight Against “Localization Barriers” to Trade – The Office of the U.S. Trade Representative (USTR) has announced the establishment of the Trade Policy Staff Committee Task Force on Localization Barriers to Trade to develop and execute a strategic and coordinated approach to address measures designed to protect, favor or stimulate domestic industries, service providers and/or intellectual property at the expense of those from other countries. USTR states that localization barriers have been increasing in the last few years and include local content requirements, subsidies or other preferences that are only received if producers use local goods or services or IP that is first registered in that country, requirements to provide services using local facilities or infrastructure, measures to force the transfer of technology or IP, requirements to comply with country- or region-specific or design-based standards that create unnecessary obstacles to trade, and unjustified requirements to conduct or carry out duplicative in-country conformity assessment procedures.

USTR states that the task force’s work will build on initiatives already underway, including trade agreements, enforcement and advocacy. It will promote global-level policy approaches through a variety of bilateral, regional and multilateral forums, including the World Trade Organization, the Asia-Pacific Economic Cooperation forum, the Organization for Economic Cooperation and Development, and the Trade and Investment Framework Agreement dialogues with other countries. More details on “Localization Barriers” and the new task force [is available here](#).

U.S. and Thailand Agree to Expand Bilateral Trade – The Office of the U.S. Trade Representative (USTR) has announced the conclusion of a two-day meeting with Thailand under the Trade and Investment Framework Agreement (TIFA), where both countries agreed to expand cooperation in order to expand trade and investment.

USTR explains that the meeting focused on ways to “expand goods, services, and agricultural trade, improve the protection and enforcement of intellectual property rights, and resolve other issues affecting the commercial environment.”

Other subjects discussed during the meeting include:

- Advancement of the U.S.-ASEAN (Association of Southeast Asian Nations) Enhanced Economic Engagement Initiative
- Concern from the U.S. regarding Thailand's restrictions on imports of pork products
- Regulatory restrictions for foreign participation in Thai telecommunication sector
- Updates in regards to the Trans-Pacific Partnership negotiations

More details on the meetings [are available here](#).

CBP Issues Final Rule on Collection of Agricultural User Fees – U.S. Customs and Border Protection (CBP) has issued a final rule that, effective January 24, 2013, makes the following amendments to its regulations on the collection of certain agricultural user fees. CBP notes that these changes will not result in any change to the amount of the actual user fees.

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- Applicable Animal and Plant Health Inspection Service user fees (i.e., an Agricultural Quarantine and Inspection (AQI) user fee) for commercial trucks will be collected by CBP upon the truck’s arrival into the U.S. at the same time CBP collects its portion of this user fee
- Transponders have replaced decals for commercial truck user fee purposes, meaning that a user fee for the arrival of a commercial truck will not be collected every time the vehicle crosses the border if the specified prepayment of both the CBP fee and the AQI fee has been made and a transponder has been affixed to the vehicle’s windshield
- The Internet portal through which the public obtains decals and transponders has been renamed the Decal and Transponder Online Procurement System (DTOPS)
- The prepayment of user fees may no longer be done at the port and instead is only available through the mail or on the Internet

The full details on the new rules are available online [through this link](#).

U.S.-China Business Council Downplays Economic Threats from China – The U.S.-China Business Council (USCBC) has released a report that aims to provide what it call “a more objective overview of economic and trade ties” between the two countries. Arguing against the idea that the U.S. is threatened by a Chinese economy whose sustained growth has been built on cheap labor and unscrupulous practices, the USCBC report asserts that “there is much to be gained, in both economic and strategic terms,” if the two sides can build a long-lasting and constructive relationship.

Defining the China-U.S. relationship as a “global strategic issue” for Washington, the report highlights a number of positives: China is a \$250 billion market for U.S. companies, with a 542% increase in imports from the U.S. over the last decade turning China into America’s third-largest export market; the U.S. has a trade surplus in services exports to China; and Washington has successfully used negotiation and dispute settlement mechanisms to resolve trade issues. Most U.S. companies with operations in China are focused on supplying that market, not shipping goods back to the U.S., and their presence has yielded a positive influence in areas such as rule of law, civic institutions, food and product safety, human resources and environmental practices.

The Council also downplays a number of warnings concerning the economic threat China might poses to the U.S. USCBC argues that China is not stealing U.S. manufacturing jobs and in fact is beginning to increase its investment in the U.S., which creates new jobs and while China’s economy is rapidly developing and one day will be larger than that of the U.S., that is simply by virtue of China’s much larger population. The U.S. economy remains nearly nine times bigger on a per capita basis and over the last 20 years grew by the equivalent of the entire Chinese economy. The U.S. also remains the world’s largest manufacturer and retaining that position will largely be dependent on domestic policy choices on issues such as taxation, energy, infrastructure, trade, investment and innovation, not on actions taken by China.

The report also prescribes a number of steps the U.S. can take to achieve further success in trade with China:

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- work to lower China’s import tariffs on luxury and consumer goods
- direct the Export-Import Bank of the U.S. to make support of exports to China one of its top priorities
- work with China to adopt reciprocal five-year, multiple-entry visas to facilitate bilateral trade and investment
- press China to reduce ownership restrictions on U.S. companies seeking to invest in China and prioritize the negotiation of a meaningful bilateral investment treaty

The full report is available at the USCBC website or [through this link](#).

World Economic Forum promotes Removing Supply Chain Barriers over Lower Tariffs –

The World Economic Forum has released a report finding that reducing supply chain barriers could increase global GDP and world trade much more than reducing all import tariffs. In addition, economic gains from reducing supply chain barriers would be more evenly distributed than gains associated with tariff elimination.

Supply chain barriers can result from inefficient customs and administrative procedures, complex regulation, weaknesses in infrastructure services, and other factors. The report includes 18 case study examples highlighting that clusters of policies jointly impact supply chain performance, that a concerted approach is needed to cut across different policy domains, that there may be specific tipping points that need to be achieved for reductions in supply chain barriers to have a significant impact on trade, and that small and medium-sized enterprises tend to face proportionally higher supply chain barriers and costs.

For example the report finds that in Brazil, managing customs paperwork for exports of agricultural commodities can take up to a full day versus a couple of hours in the EU; Poor quality infrastructure services in Africa can increase the input material costs of consumer goods by up to 200%; In Madagascar, supply chain barriers can account for about 4% of total revenues of a textile producer which eroding the benefits of duty-free access to export markets; and obtaining licenses and lack of coordination among regulatory agencies in the U.S. led to delays in up to 30% of chemical shipments for one company, with each late shipment costing \$60,000 per day.

The report finds that if all countries improved border administration and transport and communications infrastructure halfway to global best practices, global GDP could increase by 4.7% and world trade by 14.5%, compared to gains of 0.7% and 10.1%, respectively, from the elimination of all import tariffs. Even a less ambitious set of reforms that moved countries halfway to regional best practices could increase global GDP by 2.6% and world trade by 9.4%. The full report, which includes details from all case studies and further recommendations, [is available here](#).

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

28 – Washington, DC – U.S. Wheat Associates/National Association of Wheat Growers Board Meeting - Gary Martin attending & presenting

30 - Washington, DC - ASA Soybean Biotechnology Working Group - Gary Martin attending & presenting

31 – Washington, DC –Biotech Value Chain Memorandum of Understanding (MOU) Steering Committee Meeting – Gary Martin Attending

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

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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