

Outreach July 9, 2019

Thank you for your membership in and work with NAEGA

Graphic of the week:

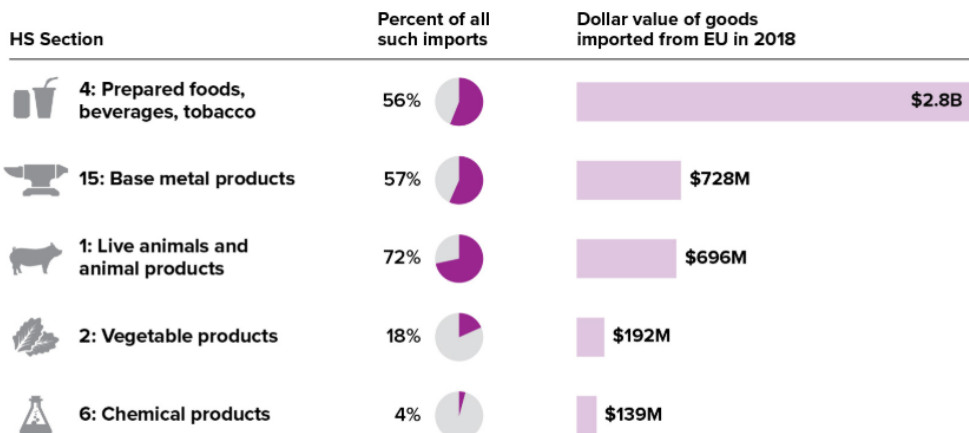
July 3, 2019

U.S. threatens tariffs on \$4B of EU goods

On July 1, the Office of the U.S. Trade Representative published a supplemental tariff list of \$4 billion of imports from the European Union, the latest development in the longstanding U.S.-EU trade dispute over Airbus. Both the U.S. and the EU have filed disputes with the WTO alleging that the other has provided an aircraft manufacturer—Boeing in the U.S. and Airbus in the EU—with unfair subsidies. The WTO is still considering the case and may approve tariffs proposed by both countries.

The U.S. previously proposed tariffs on \$21 billion of EU goods in April; it is awaiting a WTO decision to impose those tariffs. The office of the USTR is set to hold a hearing on the supplemental list on Aug. 5.

U.S. imports of EU goods on supplemental tariff list



Action Reports

Recent Actions:

- Updated U.S. Grains Standards Act Policy Priorities
- NAEGA-NGFA Alternate Security Program

Pending Actions

- IPPC ePhyto Case Studies
- Contracts and Best Practices Seminars – Your advice requested

Upcoming Actions

- Board of Directors Meeting – Arlington, VA – September 11, 2019
- Contracts Committee Sponsored Travel for Arbitrators

News:

- Austrian Parliament Votes to Ban Glyphosate
- USTR Releases Supplemental EU Tariff List
- OECD-FAO 10-Year Agricultural Outlook
- EU-Vietnam Free Trade Agreement
- U.S. OFAC Releases Updated SDN List
- 2018 Foreign Direct Investment Report

Member Opportunities

- USAEDC Attaché Seminar and Workshop – Arlington, VA - July 10-11
- U.S. Food & Agriculture Dialogue for Trade– Washington, DC – July 12, 2019
- PNWER Annual Summit in Saskatoon, Saskatchewan – July 21-25, 2019
- U.S. FAS Indo Pacific CSSF Strategic Workshop – September 18-19, 2019
- Asia-Pacific Policy Teams
- NAEGA Internship Open

NAEGA Calendar and Member Notices

- Upcoming events and notices to members

Action Reports

Recent Actions:

Updated U.S. Grains Standards Act Policy Priorities

In response to the current effort in the U.S. Congress to renew the U.S. Grains Standards Act (USGSA) in 2019, NAEGA and National Grain & Feed Association (NGFA) committees have prepared an updated list of priorities for a USGSA renewal:

- 1. Prohibit the Misuse of U.S. Grain Standards Act (USGSA) Quality Factors for Inappropriate and Misleading Purposes:** The purpose of the USGSA is to establish official marketing standards for the covered commodities. The precedence and practice of using grain standards quality factors as an indicator of plant health for other sanitary and phytosanitary standards is inappropriate and misleading and should be expressly prohibited.
- 2. Change the Length of USGSA Reauthorization to More than 5 Years but No Longer than 10 Years:** Considering the recent successful reorganization and relocation of the

Federal Grain Inspection Service (FGIS) into USDA's Agricultural Marketing Service, where it previously had resided, as well as the continued improvement of FGIS operations in providing accurate, reliable, timely and more predictable service, NGFA and NAEGA propose that the reauthorization period be moved to a time period of more than 5 years but no longer than 10 years.

- 3. Review of the Current Geographical Boundaries for Officially Designated Agencies in Domestic Markets:** To determine if the current number of grain handling facilities in operation, the volume of grain and oilseeds being handled and processed, and the volume of official services and testing being provided are adequate, FGIS should review the current geographic boundaries for each officially designated agency.
- 4. Reporting of USGSA Request for Waivers, Exceptions and Specific Services:** FGIS needs to maintain transparency with stakeholders by reporting both requests for waivers and exceptions and specific services and the actions taken subsequently to address both while still preserving confidential business information.
- 5. Reauthorize the USDA Grain Inspection Advisory Committee:** The Advisory Committee is designed to provide advice to the Administrator on the implementation of the USGSA. NGFA and NAEGA continue to believe the Advisory Committee serves a useful function by providing expert advice and assistance to FGIS in fulfilling its core mission of ensuring that official inspections are performed in a reliable, consistent and uninterrupted manner to facilitate the export of U.S. grains and oilseeds to global customers.
- 6. FGIS User Fees Should Be Directed Solely to Official Inspection and Weighing Services:** Approximately, seventy percent of FGIS's budget is based on user fees while the remaining thirty percent is covered through appropriated funds. The industry is concerned that assessing additional user fees to finance activities like compliance/enforcement would increase costs of exporting grain, making U.S. exports less competitive in foreign markets.
- 7. Require Delegated States to Notify Users of Official Inspection or Weighing Services at Least 72 Hours in Advance of Any Intent to Discontinue Service:** This important information is needed to enable affected export port locations and their customers to make alternative arrangements to preserve the uninterrupted flow of U.S. exports, preserve the U.S. reputation as a reliable supplier, address logistical problems and potentially lessen the economic harm to U.S. agricultural producers that has resulted from previous official service disruptions.

More information on these priorities can be [found here](#).

NAEGA-NGFA Alternate Security Program

In response to guidance from the U.S. Coast Guard (USCG), NAEGA and NGFA are in the process of updating the NAEGA-NGFA Alternate Security Program (ASP) to incorporate new rules for seafarer access. The seafarer's access rule requires owners or operators of a maritime

facility regulated by Maritime Transportation Safety Act (MTSA) to implement a system providing seafarers, pilots and representatives of seafarers' welfare and labor organizations with access between vessels moored at the facility and the facility gate in a timely manner and at no cost to the seafarer or other individuals. The rule was approved on April 1, 2019 and the seafarers access system must be documented in a facility's Facility Security Plan (FSP) by February 1, 2020 and implementation must begin by June 1, 2020. The updated NAEGA-NGFA ASP will also include new rules on cybersecurity.

The ASP is an alternative way to comply with MTSA regulations that allows participating organizations to develop alternative security plans approved by USCG. All NAEGA members and their facilities are invited to participate in the NAEGA-NGFA ASP. If you are interested in joining the ASP, please contact [Patrick](#).

Pending Actions:

IPPC ePhyto Case Studies

The International Grain Trade Coalition (IGTC) and the International Plant Protection Convention (IPPC) are seeking industry contributions to "case studies" on the roll out of the IPPC's ePhyto Solution. In particular, the IPPC is seeking participation from destination countries participating in the hub. Moving forward, the IPPC is seeking, through these case studies, to answer questions such as:

- How did the importing plant protection and quarantine (PPQ) get in contact with the exporter?
- How was the customer made aware of the existence of the ePhyto?
- How did the customer clear customs and who was part of the chain?

If you are interested in participating in a case study, please contact the IGTC secretariat at secretariat@igtglobal.org.

Contracts and Best Practices Seminars – Your advice requested

The NAEGA Contracts Committee is seeking your advice on the location, timing and curriculum of this year's Contracts and Best Practices Seminars. Please let us know if you are interested in attending or hosting a seminar, and what topics we should focus on. This year, the committee is considering contract seminars in the following locations:

- Vancouver, British Columbia
- St. Louis, MO
- Tokyo, Japan
- Winnipeg, Manitoba

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.

NAEGA conducts both public and private seminars, and curriculum can be tailored to your needs. Please contact Patrick 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!

Upcoming Actions:

Board of Directors Meeting – Arlington, VA – September 11, 2019

The next meeting of the NAEGA Board of Directors will be held from 9:00am-3:00pm on Wednesday, September 11, 2019 at NAEGA's office in Arlington, VA. More details and the meeting agenda will follow in the coming weeks.

Contracts Committee Sponsored Training for Arbitrators

In 2019, the American Arbitration Association's (AAA) International Centre for Dispute Resolution (ICDR) is planning a series of training seminars on ICDR case management, including two in North America. The seminar, titled *ICDR International Symposia in Advanced Case Management Issues* is intended to inform participants on AAA ICDR rules and procedures for arbitration panels and provide guidance on managing cases for chairpersons. This seminar fulfills the training requirement for NAEGA arbitrators who are interested in serving as Special Grain Arbitrators and chairpersons on arbitration panels.

In order to meet our Board of Directors mandated goal of increasing the number of qualified Special Grain Arbitrators, NAEGA is offering financial assistance of up to \$1,000 to arbitrators who are interested in attending this ICDR training or the proposed ICDR trainings in North America. Financial assistance can be used to cover registration fees, airfare or lodging to attend a training seminar. ICDR has not yet announced dates for the North American events and we will notify Members when the dates are posted, and more information is available. If you are interested in learning more about this opportunity to attend an ICDR training and receive financial assistance, please contact phayden@naega.org.

[Click here to return to Index](#)

News:

Austrian Parliament Votes to Ban Glyphosate

On July 2, 2019, Austrian lawmakers voted to ban glyphosate, the first EU country to outlaw the herbicide. The bill would come into law in 2020.

Under EU laws the chemical is licensed for use until 2022, which means that a national ban may be illegal. A report commissioned by Austria's Ministry for Sustainability and Tourism concluded that Austria's legislation did not conform to EU law. Additionally, Austria is a small market for glyphosate. However, larger European countries, including France and Germany, have proposed phasing out use of glyphosate over the next several years, and many observers believe an EU-wide renewal of the herbicide will be difficult in 2022.

Opposition to the chemical has grown since a 2015 decision by the International Agency for Research on Cancer, a World Health Organization unit, classified it as “likely having the potential to cause cancer in humans.” Regulators around the world, including the U.S. Environmental Protection Agency and the European Chemicals Agency, have declared glyphosate to be safe and not carcinogenic.

USTR Releases Supplemental EU Tariff List

The United States Trade Representative (USTR) last week released a supplementary list of products from the European Union that it is considering applying new duties to in retaliation for the EU’s continued subsidization of Airbus. The [new list of 89 tariff lines](#) is in addition to an [initial list published in April](#). Additional ad valorem duties of up to 100% could be added should the USTR decide to proceed with action. A final list will be drawn up from the two lists already published and will take into account the report of the World Trade Organization Arbitrator, due out before the end of this year, to determine the appropriate measure of countermeasures to be employed. The USTR has previously estimated the damage done to the US economy by Airbus subsidies at around \$11 billion per year. USTR said it would hold a hearing on the proposed additional products on August 5th, 2019.

OECD-FAO 10-Year Agricultural Outlook

On July 6, 2019, the Organization for Economic Cooperation and Development (OECD) and the UN’s Food and Agriculture Organization (FAO) released a 10-year agriculture outlook. The OECD-FAO Agricultural Outlook provides a consensus assessment of the 10-year prospects for agricultural and fish commodity markets at national, regional and global levels. The report noted that global demand for agricultural products is projected to grow by 15 percent over the coming decade, while agricultural productivity growth is expected to increase slightly faster, causing inflation-adjusted prices of the major agricultural commodities to remain at or below their current levels.

Globally OECD and FAO project that the use of grains for food will grow by about 150 million tons over the outlook period, a 13 percent increase, with rice and wheat accounting for the bulk of the expansion. The most significant factor behind the projected increase is population growth, which is expected to rise fastest in Sub-Saharan Africa and South Asia.

New uncertainties are reported as emerging risks facing agriculture. These include disruptions from trade tensions, the spread of crop and animal diseases, growing resistance to antimicrobial substances, regulatory responses to new plant-breeding techniques, and increasingly extreme climatic events.

More information on the report [is available here](#).

EU-Vietnam Free Trade Agreement

On June 30, 2019, the European Commission and the Government of the Socialist Republic of Vietnam [signed the Free Trade Agreement and Investment Protection Agreement](#) between the EU and Vietnam. The agreements are based on the joint commitment of the two sides to open, fair, and rules-based trade liberalization and economic integration. Negotiations lasted from

2012 to December 2015. Doubts over the correct ratification procedure have delayed progress, but the European Commission now hopes that it can be ratified in 2019.

U.S. Office of Foreign Asset Control Releases Updated SDN List

On July 9, 2019, the U.S. Treasury's Office of Foreign Asset Control (OFAC) published an updated list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country specific. These individuals and companies are called Specially Designated Nationals (SDNs) Their assets are blocked and U.S. persons are generally prohibited from dealing with them. More information and the updated list can be found [through this link](#).

2018 Foreign Direct Investment Report

On July 2, 2019, the U.S. Bureau of Economic Analysis [released the "New Foreign Direct Investment in the United States, 2018" report](#). The report showed foreign direct investment (FDI) in 2018 totaled \$296.4 billion. Expenditures by foreign direct investors were up 8.7 percent from \$272.8 billion in 2017 but were below the annual average of \$338.1 billion for 2014-2017. Acquisitions of existing businesses accounted for a large majority of total expenditures. The manufacturing sector received the largest amount of new foreign direct investment at nearly \$200 million.

[Click here to return to Index](#)

Member Opportunities:

USAEDC Attaché Seminar and Workshop – Arlington, VA – July 10-11

NAEGA members are invited to join Gary and Patrick at the U.S. Agriculture Export Development Council's (USAEDC) annual Attaché Seminar and Workshop on July 10-11 at the Westin Arlington Gateway in Arlington, VA. This year's seminar and workshop will feature a high-level U.S. Government panel and panels concerning Japan, USMCA, the EU, Cuba, Sustainability, Trade Facilitation, among other topics. Participants will hear from U.S. Foreign Agricultural Service (FAS) Administrator, Ken Isley, about the transformation and re-organization of the Agency and the agenda will include a program update from Deputy Administrator, Mark Slupek. USAEDC will also again be hosting its "speed dating" session between cooperators and US FAS attaches.

Please contact Patrick at phayden@naega.org for registration information and the most current agenda.

U.S. Food & Agriculture Dialogue for Trade– Washington, DC – July 12, 2019

The U.S. Food and Agriculture Dialogue for Trade will receive a briefing on China from the Office of the U.S. Trade Representative on Friday, July 12, 2019 from 3:00pm-4:30pm at the offices of Archer Daniels Midland in Washington, DC. Craig Allen, President of the U.S.-China Business Council, will also present to the Dialogue. You can register to [attend the event here](#), or contact Patrick at phayden@naega.org for more information.

2019 PNWER Annual Summit – Saskatoon, Canada – July 21-25, 2019

Registration is now open for the 2019 Pacific Northwest Economic Region annual summit in Saskatoon, Saskatchewan. Over 500 regional business leaders, legislators, and key decision makers attend the Annual Summit to explore shared challenges in the region, discuss best practices, promote regional relationships, and develop an action plan to address challenges in the coming year. More information and registration instructions in available [here](#).

USDA FAS Indo Pacific CSSF Strategic Workshop - September 18-19, 2019

NAEGA members are invited to attend the USDA Foreign Agricultural Service (FAS) Indo Pacific Country Strategy Support Fund (CSSF) Strategic Marketing Workshop from September 18-19 in Bangkok, Thailand. The location has yet to be determined, however, the first day will be FAS only and dedicated to FAS topics, and the second day will be focused on marketing and Cooperators.

The FAS workshop provides opportunities to get one-on-one with a large number of posts represented by FAS Officers and the locally employed staff. There will be ten FAS Washington Staff from ten FAS posts around the Asia region.

The workshops assist in helping to understand the FAS plan to grow U.S. agricultural exports and discussions with Cooperators on how to develop these markets. Most importantly, it allows the FAS to discuss how the FAS and Cooperators can advance U.S. agricultural interests regionally.

The schedule can be seen [here](#).

Asia-Pacific Policy Teams

With 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. A policy team focused on the Asia-Pacific Market is already established. Over the next few months the team 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 2019 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](#), and if you know of anyone with an interest, please have them contact Patrick at phayden@naega.org

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](#)

Calendar & Member Notices

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

2019

July

- 10-11 – USAEDC Attaché Seminar and Workshop – Arlington, VA
- 12 – NAEGA Precision Biotechnology Information Exchange (PBIE) Demonstration for USDA
- 12 – NAEGA PBIE Briefing for the American Seed Trade Association (ASTA)
- 17 – NAEGA Production Technology Committee PBIE Update Call with Informa
- 21-25 – PNWER Annual Summit
- 22 – NAEGA meeting with JFMA and JFTA on corn quality
- 25 – IGTC Management Council Meeting & Call – Geneva, Switzerland

September

- 6 – IGC Market Conditions Committee – London, UK
- 11 – NAEGA Board of Directors Meeting – Arlington, VA
- 18-19 – USDA FAS Indo Pacific CSSF Strategy Workshop – Bangkok, Thailand

October

- 14-17 – USDA FAS Trade Mission – Ho Chi Minh City, Vietnam
- 28-31 – USDA FAS Trade Mission - Nairobi, Kenya

November

- 5-8 - USDA FAS Trade Mission – Mexico City, Mexico
- 6-8 – IGTC General Assembly – Sao Paulo, Brazil

December

- 2-4 – NGFA Country Elevator Conference – Indianapolis, IN
- 3 – International Grains Council’s 50th Session – London, UK

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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[Click here to return to Index](#)