

# Outreach

## April 14, 2020

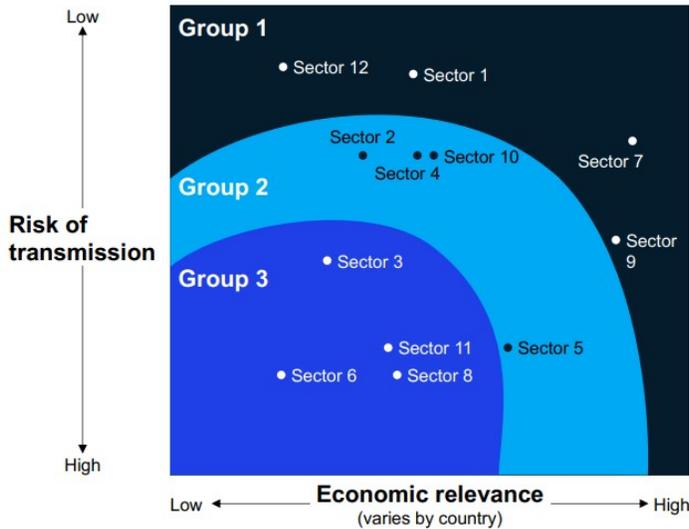
Thank you for your membership in and work with NAEGA

### Image of the Week:

### How Governments Might Prioritize Sectors to Reopen Economies – April 13, 2020

An illustration of how countries might prioritize reopening of sectors along two dimensions

Illustrative Example



Source: McKinsey analysis, OECD

#### Essential services and sectors that continue operating regardless of the severity of transmission risk

- Healthcare and services relating to prevention and control of outbreak (e.g., testing)
- Essential goods (e.g., food, medicine)
- Other essential services (e.g., utilities, waste management, public defense)

#### Group 1: Examples of sectors with high economic relevance and low risk of transmission

- Agriculture
- Manufacturing
- Logistics

#### Group 2: Examples of sectors with some economic relevance and low or medium risk of transmission

- Real Estate
- Other professional services (e.g., accounting, marketing)

#### Group 3: Examples of sectors with low economic relevance and high risk of transmission

- Food and accommodation (e.g., hotels, restaurants)
- Educational institutions
- Recreational businesses (e.g., Gyms and fitness centers)

Source: McKinsey & Company: <https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business>

### Recent Actions:

- Advancing Virtual Communication
- COVID-19 Response
- Maritime Safety & COVID-19
- Contracts and Best Practices & COVID-19

### News:

- Japan Phyto Requirements
- China Trade

### ***Current Opportunities & Actions:***

- Upcoming NAEGA Committee Meetings
- Vietnam Certificate of Free Sale – Advice Requested
- U.S.-Kenya Trade Agreement – Comment Date Extended
- Contracts and Best Practices Seminars – Your advice requested

### ***Ongoing Opportunities & Actions:***

- U.S. ITC Investigation of MRL Impacts on Trade
- Impact of U.S. Sanctions Compliance
- Policy Teams

### ***Recent Actions:***

#### **Advancing Virtual Communication**

We continue to increase use of new tools to provide for improved communication. One key tool is the Microsoft Teams platform for virtual meetings. Please review this a 5-minute video tutorial for members that provides information on Microsoft Teams, [which you can find here](#).

#### **COVID-19 Response**

In the March 23, 2020 edition of Outreach we described NAEGA's message on the war against COVID-19 and detailed the unique messaging for different stakeholders intended to inform and advise on Members needs and concerns related to COVID 19 response and mitigation. We greatly appreciate your advice and information on any elements of or actors in your supply chains.

Globally, the International Grain Trade Coalition (IGTC) is providing up to date intelligence on developments in trade and supply chains around the world related to COVID-19. IGTC has provided updates from industry and governments, including: Argentina, Australia, Bangladesh, Brazil, the East African Grain Council, Egypt, El Salvador, the EU, India, the International Grains Council, Iraq, Kazakhstan, Madagascar, Mexico, Myanmar, Nigeria, Philippines, Russia, Ukraine, United States, Vietnam and more. IGTC also continues to hold weekly information sharing calls. These weekly calls will be conducted as long as they are useful and the next scheduled call is on Thursday, April 14, 2020. If you'd like more details on IGTC's reporting, please contact NAEGA staff.

Ongoing our thoughts are with everyone affected by the coronavirus outbreak, particularly those on the front lines helping to battle this disease. We continue to monitor the impact of the pandemic on our industry and are updating entities who value and bear the risk for transboundary movements of grain, oilseeds and other agri-bulks with relevant information as it becomes available. We have implemented a new and temporary policy in light of COVID-19 to minimize the contagion and the support public health. We have a robust telework system and while we are often working remotely, we are prepared to help through these extraordinary times. Thank you for your understanding and use of email to contact us. We know you share our hope that we can get back to more normal operations soon.

## **Maritime Safety & COVID-19**

The Transportation Security Administration and the U.S. Coast Guard have taken recent action to provide clarity and guidance on maritime safety issues during the COVID-19 pandemic:

- The Transportation Security Administration (TSA) has granted a temporary exemption from the requirements in 49 CFR 1572 regarding the expiration of Transportation Worker Identification Credentials (TWIC), extending the validity of recently expired or soon to expire TWICs. For any TWIC expiring between March 1, 2020, and July 31, 2020, the exemption extends the validity of that TWIC for 180 days. This exemption extends to anyone whose TWIC would otherwise expire and is in effect from April 10, 2020 through July 31, 2020. The notice from TSA [can be found here](#). TSA Enrollment Services and Vetting Programs has also approved a FAQ on this exemption [which is available here](#).
- The U.S. Coast Guard (USCG) Assistant Commandant for Prevention Policy issued Marine Safety Information Bulletin (MSIB) 09-20, [“Vessel Inspections, Exams and Documentation”](#), explaining how USCG will liberally use remote inspection techniques to verify vessel compliance and, if needed, defer inspection
- USCG also issued MSIB 13-20 ["Transportation Worker Identification Credential \(TWIC\) Operations"](#) to give guidance on TWIC operations during the COVID-19 outbreak, including clarity on temporary exemptions to TWIC requirements regarding new hires and provide details to Alternate Security Program users unable to comply with certain TWIC measures on how to pursue temporary relief.

## **Contracts and Best Practices & COVID-19**

NAEGA is seeking additional input and sharing information about contracting best practices in light of the COVID-19 pandemic. Experiences from across the value chain are being considered and shared.

## *News*

### **Japan Phyto Requirements**

In the November 26, 2019 edition of Outreach, NAEGA reported [on a proposal from Japan’s Ministry of Agriculture, Farms and Fisheries \(MAFF\)](#) that would enforce the Phytosanitary Certificate Requirement for Certain Agricultural imports, removing an unofficial exemption for grains & oilseeds. NAEGA [submitted comments](#) that proposed that MAFF include grains & oilseeds on the officially exempt list due to industry’s strong history of meeting Japan’s needs on plant safety and past experience at effective pest risk management across the value chain.

The date for the new requirements to take effect is currently June 1, 2020. NAEGA has received information from USDA’s Animal & Plant Health Inspection Service (APHIS) that MAFF has informed them that they are hoping to publish an amendment to the proposal by the end of April 2020 and that MAFF will provide a “grace period” of 6 months or longer after the expected amendment is published before Phytosanitary Certificate’s will be required. APHIS noted that MAFF has not yet made an official announcement and NAEGA will continue to track this issue as it develops.

## China Trade

NAEGA continues to monitor the implementation of the U.S.-China Phase One agreement. Both the Chinese and U.S. governments remain positive on Phase One implementation, despite disagreements between the two countries on other issues related to COVID-19. China's Ambassador to the U.S. [Cui Tiankai noted in a recent interview](#) that “when we are faced with this very serious, critical situation, people are still working on the implementation of this phase one deal.”

[China has raised corn import estimates for 2019/20](#), from 3 million to 4 million tons, citing potentially increased buying under the phase one trade deal. [USDA has released a report that notes](#) that Chinese buyers have booked 1 million tons of U.S. corn in the past month for delivery in both the 2019/20 and 2020/21 marketing years.

As reported in the March 30, 2020 edition of Outreach, the office of the U.S. Trade Representative is [soliciting comments](#) on possible further modifications to the Section 301 China tariffs in an effort “to keep current on developments in our national fight against the coronavirus pandemic.” USTR has now set a deadline of June 25, 2020 for submission, [which can be made here](#)

We are providing leadership, advice and coordination across the value chain. **NAEGA Member input remains critical and needed** to identify practices to support a more efficient trade. Please contact us as soon as possible with your advice and questions on practices to support a more efficient trade with China.

### *Current Opportunities & Actions:*

#### **Upcoming NAEGA Committee Meetings**

NAEGA Committees are preparing to hold virtual meetings in April. The Contracts Committee will hold a call on Thursday, April 16 at 3:00PM Eastern Time; the Production Technology Committee will hold a call on Tuesday, April 21 at 1:00PM Eastern; and the Grades & Inspections Committee will meet on Wednesday, April 22 January 8 at 2:00PM Eastern. If you are not a member of these Committees and would like information on taking part in these calls or joining a Committee, please contact NAEGA staff (Patrick Hayden, [phayden@naega.org](mailto:phayden@naega.org) Sydney Sousa, [ssousa@naega.org](mailto:ssousa@naega.org) and Gary Martin, [gcmartin@naega.org](mailto:gcmartin@naega.org)) for assistance.

#### **Vietnam Certificate of Free Sale – Advice Requested**

NAEGA is seeking advice from members on Vietnam's Certificate of Free Sale (CFS) requirement. As reported in the March 23, 2020 edition of Outreach, Vietnam's Ministry of Agriculture and Rural Development (MARD) has suspended the requirement for a Certificate of Free Sale for feed ingredients imported into Vietnam. Further reporting from the U.S. Department of Agriculture's Foreign Agriculture Service (USDA/FAS) indicated that the Vice Minister of MARD also sent a letter to the Vietnamese Prime Minister to propose that the Prime Minister officially suspend the CFS requirement until December 31, 2020.

USDA/FAS is preparing a response to MARD with the goal of ensuring that Vietnam submits proper notification on its import requirements for comment by trading partners. They have asked

industry to provide comments to include with their response. NAEGA is in the process of preparing a submission to be included with FAS's response. If you have an issue with the CFS requirements and would like your feedback included in NAEGA's response, please contact Gary Martin at [gcmartin@naega.org](mailto:gcmartin@naega.org).

### **U.S.-Kenya Trade Agreement – Comment Date Extended**

The Office of the U.S Trade Representative (USTR) continues to [seek public comments on negotiating objectives for a U.S.-Kenya Trade Agreement](#). USTR states that the aim of this agreement, is to address both tariff and non-tariff barriers and achieve free, fair, and reciprocal trade. USTR has also stated that a U.S.-Kenya agreement could serve as a model for additional trade agreements with other African countries.

USTR [is seeking input](#) on a number of issues for the purposes of developing objectives for a U.S.-Kenya trade agreement, including:

- General and product-specific negotiating objectives.
- Relevant barriers to trade in goods and services.
- Economic costs and benefits to U.S. producers and consumers of the removal or reduction of tariffs and non-tariff barriers.
- Treatment of specific goods, including product-specific import or export interests or barriers, experience with particular measures that should be addressed, and ways to address export priorities and import sensitivities
- Sanitary and phytosanitary measures and technical barriers to trade

Due to COVID-19, USTR has delayed a public hearing on a U.S-Kenya agreements and has extended the deadline to submit comments from April 15 to April 28. USTR is [Comments can be submitted here](#).

### **Contracts and Best Practices Seminars – Your advice requested**

Virtual as well as in person Contracts and Best Practices Seminars are now being conducted with the direction of the NAEGA Contracts Committee. Please let us know when, how and where you and your colleagues are interested in participating in the NAEGA Senior Advisor led seminars. The Committee is now considering in person contract seminars in the following locations:

- St. Louis, MO
- Winnipeg, Manitoba
- Tokyo, Japan

NAEGA seminars are an intensive and informative review of commercial and official practices taught in an interactive environment.

NAEGA conducts both public and private seminars, and curriculum can be tailored to your needs. Please contact NAEGA staff if you are interested in hosting a private, tailored seminar at your office or if you would like to host a Virtual Seminar. [Click here](#) for more information on the in-depth, interactive programs NAEGA conducts!

### ***Ongoing Opportunities & Actions:***

### **U.S. ITC Investigation of MRL Impacts on Trade**

The U.S. International Trade Commission (ITC) has begun an investigation into the global economic impact of maximum residue level (MRL) policies for pesticides. In response to a request by the Office of the U.S. Trade Representative (USTR), ITC indicated that MRLs, particularly those that are missing or low, can serve as barriers to U.S. agricultural exports. The ITC states it will issue two reports, one on April 30, 2020, and one on November 2, 2020, which will contain information on:

- The role of plant protection products and their MRLs in relation to global production, international trade, and food safety for consumers.
- The approaches taken in setting national and international MRLs for crops - risk-based approach vs. hazard-based approach.
- How MRLs are developed and administered in major markets for U.S. agricultural exports.
- Challenges and concerns faced by exporting countries in meeting importing country MRLs.
- The costs and effects of MRL compliance and non-compliance for producers.
- How missing and low MRLs affect production, exports, farmer income, and prices, both on the national level and, to the extent possible, for small and medium-sized farms.

Written submissions for the first report are now closed. Submissions for the second report are due June 5, 2020. The [notice from ITC can be found here](#).

### **Impact of U.S. Sanctions Compliance**

NAEGA continues to seek guidance from Member Company personnel about how OFAC and sanctions compliance is impacting the trade and how NAEGA might best engage on this issue to advance member interests. Complying with new sanctions has become a regular part of international trade, and member input is helping us develop an approach that would alleviate industry concerns while ensuring compliance with OFAC regulation. We are thankful for input we have already received and encourage members who are dealing with these issues and have yet to comment to reach out to NAEGA as we begin to develop a plan of action. Members can send comments to Sydnie Sousa at [ssousa@naega.org](mailto:ssousa@naega.org).

### **Policy Teams**

With the evolving global trade environment, 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.

Full Details on Upcoming Events can be found in the Meetings & Events Section of the [NAEGA Member's Only Page](#).

## ***Calendar & Member Notices:***

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

### **2020**

**Events that have been cancelled, postponed or changed to virtual events due to COVID-19 are italicized**

#### **May**

**1** - Deadline for U.S.-Japan to begin trade Talks

**25-26** - *Organization for Economic Cooperation and Development Annual Meeting – Paris, France – Now taking place via videoconference*

**28** – *2020 U.S. Coast Guard Alternate Security Program Workshop – Washington, DC – Cancelled*

#### **June**

**8** – *Global Low-Level Initiative Meeting – Indonesia - Postponed*

**8-12** – *International Grains Week – London, UK*

**8-11** – *World Trade Organization 12th Ministerial Conference – Kazakhstan - Cancelled*

**9-10** – *IGC Grains Conference – London, UK – Now taking place via videoconference*

**27-28** – *Asia Pacific Economic Cooperation (APEC) Trade Ministers Meeting – Malaysia - Moved from April*

**10-12** – *G-7 Meeting - Camp David, MD – Now taking place via videoconference*

#### **September**

**15-30** – *75th annual United Nations General Assembly - New York, NY*

**23-24** - *World Agri-Tech Innovation Summit – Sao Paul, Brazil*

#### **October**

**TBD** - *DBTG Operational & Technical Conference – Rotterdam, The Netherlands – Postponed from April 2020*

**5** – *G-20 Meeting in Riyadh, Saudi Arabia*

**TBD** – *Convention on biological diversity (CBD) COP 15– Kunming, China*

**TBD** – *China World Grain Forum*

#### **November**

**3** - *U.S. Presidential Election*

**12** - *APEC in Kuala Lumpur, Malaysia.*

**21-22** – *G-20 Annual Summit in Riyadh, Saudi Arabia.*

**TBD** – *IGTC General Assembly – Singapore*

**TBD** – *NAEGA Contracts & Best Practices Seminar – Tokyo, Japan*

#### **December**

**TBD** – *International Grains Council's 52nd Session – London, UK*

**2021**

**March**

**14-16** – NGFA Annual Convention – San Diego, CA

**2022**

**December**

**TBD** – COP 16 – CBD – Turkey

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