



# Outreach

December 16, 2019

Thank you for your membership in and work with NAEGA

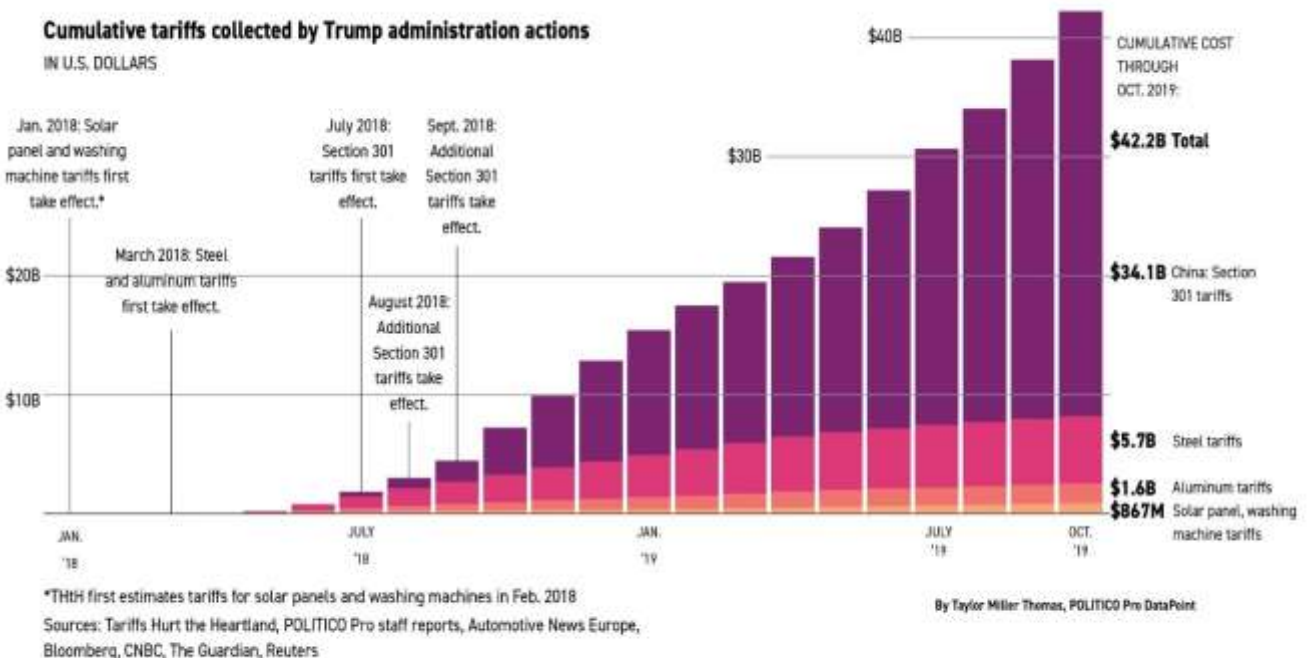
**HAPPY HOLIDAYS**

*From all of us at NAEGA!*

*The NAEGA office will be closed from December 23-25 and December 31-January 1.  
We look forward to working with you in the New Year!*

## Graphic of the Week

**U.S. Tariffs on Imports Cost \$42B between January 2018 – October 2019**



Source: Politico Pro

***Current Opportunities & Actions:***

- Register and Reserve Hotel Now of NAEGA 2020 Annual Meeting - March 9, 2020 in Austin, TX
- U.S. Tariffs on EU Goods
- U.S. ITC Investigation of MRL Impacts on Trade

***Ongoing Opportunities & Actions:***

- U.S. CBP Proposed Changes to the U.S. Jones Act
- Impact of U.S. Sanctions Compliance
- Policy Teams
- IPPC ePhyto Case Studies
- Contracts and Best Practices Seminars - Your advice requested

***Recent Actions:***

- WTO Appellate Body
- NAEGA MAP Travel to London
- Compliance Conference

***News:***

- U.S.-China Trade Agreement
- U.S.-Mexico-Canada Agreement

***NAEGA Calendar and Member Notices:***

- Upcoming events and notices to members

***Current Opportunities & Actions:***

**Register and reserve hotel rooms Now! for NAEGA 2020 Annual Meeting – March 9** All NAEGA members are welcome to attend the NAEGA Annual Meeting on March 9, 2020 at the J.W. Marriott in Austin, Texas. Our agenda will include the Annual Member Appreciation Luncheon and Members Meeting, Board of Directors Meeting, and meetings of NAEGA Committees.

NAEGA meetings will take place alongside the [2020 NGFA Convention](#), held from March 8-10. Hotel Reservations should be made as soon as possible and require registration with NGFA. NGFA is offering NAEGA members a special registration rate to attend March 8 & 9 of the NGFA Convention and access to their hotel room block. **The registration rate for NAEGA members to attend the first 2 days of the NGFA convention is \$300, with a guest rate of \$250.** This covers the Sunday Welcome Reception and all Monday programming and social functions. NGFA has opened registration and **directions on how NAEGA members can register and book a room at the NGFA rate are available [through this link](#).**

If you would like to attend all NGFA events including those on Tuesday the 10<sup>th</sup>, NGFA suggests attendees simply register for the full Convention. You may also elect to just attend the Tuesday

night party for \$250 ticket. If you do not plan to attend the NGFA Convention and would like access to a discounted hotel rate, please contact NAEGA staff.

We look forward to seeing you in the Lone Star State! Please feel free to contact NAEGA staff (Patrick Hayden, [phayden@naega.org](mailto:phayden@naega.org) Sydnie Sousa, [ssousa@naega.org](mailto:ssousa@naega.org) and Gary Martin, [gcmartin@naega.org](mailto:gcmartin@naega.org)) for assistance.

### **U.S. Tariffs on EU Goods**

Since October 18, 2019 the U.S. has been imposing additional tariffs of 25 percent on more than 150 goods imported from EU countries, following a determination by a World Trade Organization (WTO) arbitrator that the U.S. may impose up to \$7.5 billion in tariffs annually against the EU due to its failure to fully comply with a previous WTO ruling against subsidies it provided to aircraft manufacturer Airbus.

The Office of the U.S. Trade Representative (USTR) is now considering increasing the tariff rate on goods already subject to tariffs to as high as 100 percent and imposing additional tariffs of up to 100 percent on goods previously considered but ultimately rejected for such tariffs, including agricultural products.

USTR is requesting comments on whether such actions would be likely to result in the EU implementing the WTO's recommendations or the U.S. and EU achieving a mutually satisfactory conclusion to the dispute or cause disproportionate harm to U.S. interests, including small or medium-sized businesses and consumers. Comments are due January 13. The notice from USTR soliciting comments [is available here](#).

### **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](#).

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

### **U.S. CBP Proposed Changes to the U.S. Jones Act**

On October 23, 2019, U.S. Customs and Border Protection (CBP) proposed substantial changes to its interpretations of the Jones Act. The Jones Act, which is section 27 of the Merchant Marine Act, requires that transportation of merchandise between all U.S. points be reserved for vessels that are built, owned, crewed, and documented in the United States. Supporters of the act feel it is essential for preserving the security of the domestic maritime industry. Critics say the act increases the cost of shipping to U.S. lands that depend on imports like Alaska, Hawaii, Puerto Rico, and others, and that it limits the number of vessels that can legally deliver goods, driving higher costs and reducing competition.

CBP's proposed changes would revise the definition of offshore "lifting operations" to clarify that certain "lateral movements" of service vessels are not considered transportation moves under the Jones Act, which requires that such moves be carried out by U.S.-owned, U.S.-flagged and U.S.-built vessels. This may allow for more competition for foreign flag-vessels.

Member input into how NAEGA approaches possible engagement on these issues is welcome.

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

On Monday, November 11, NAEGA hosted member representatives who later attended the 2019 U.S. Treasury Office of Foreign Asset Control (OFAC) symposium in Washington on November 12<sup>th</sup>. The representatives provided insights to NAEGA on the challenges of complying with existing sanctions, and how to quickly react to new ones.

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](#).

### **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 NAEGA staff.

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

The NAEGA Contracts Committee is seeking your advice on the location, timing and curriculum for 2020 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. The Committee is now considering contract seminars in the following locations:

- Vancouver, British Columbia
- St. Louis, MO
- 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!

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

#### **WTO Appellate Body**

NAEGA has joined other industry representatives as signatories to a letter to U.S. Trade Representative Robert Lighthizer urging progress on the impasse at the WTO Appellate Body. The letter acknowledged the longstanding U.S. concerns about the way in which the Body has worked while requesting that the U.S. make its intentions towards the Body clear, and to work with U.S. trading partners towards a solution “to ensure that the system continues to function”. A copy of the letter [may be found here](#).

### **NAEGA MAP Travel to London**

NAEGA President & CEO Gary Martin travelled to London UK from November 30 to December 5, 2019 to attend the 50th Session of the International Grains Council (IGC) in his capacity as President of the International Grain Trade Coalition. Gary also attended and presented at forum co-hosted by IGC and the Government of Canada entitled “Impacts of Precision Breeding Innovations on Grains Trade”. His presentation on “Meeting the needs of global markets” [is available here](#). A full trip report will be available soon.

### **Compliance Conference**

On Wednesday, December 11, NAEGA staff attended the Baker McKenzie Annual Compliance Conference: Trade Sanctions, Export Controls, Anti-Bribery and Corruption, and Antitrust Update. Firm trade and compliance practitioners from around the world, industry professionals, and key government representatives came together to present a review of anti-corruption, export controls, trade sanctions, and antitrust regulatory [updates and enforcement developments](#). For more information about the event, please contact Sydnie, at [ssousa@naega.org](mailto:ssousa@naega.org).

### ***News:***

#### **U.S.-China Trade Agreement**

On Friday, December 13, the [U.S. announced that they have finalized “Phase 1”](#) of a trade agreement with China. According to the Office of the U.S. Trade Representative (USTR), The agreement covers multiple chapters, including agriculture. In addition to the announcement that China has made a two-year commitment for \$40-50 Billion in annual purchases of U.S. agricultural goods, the agriculture chapter is said to contain a commitment from China to reduce Non-Tariff Barriers to certain agricultural goods, including animal feed, rice, beef, pork and a number of horticultural products. There was no announced timeline or list of specific barriers China has been said to agree to remove. While U.S. tariffs slated to take effect December 15 have been delayed, United States tariffs of 25% percent on approximately \$250 billion of Chinese imports and 7.5% on approximately \$120 billion of Chinese imports will remain in effect. U.S. Trade Representative Robert Lighthizer stated that he expects the agreement to be signed in January and that it will take effect 30 days after signature.

#### **U.S.-Mexico-Canada Agreement**

On December 10, 2019 The U.S., Mexico, and Canada signed a new version of the U.S., Mexico, and Canada Agreement (USMCA) that reflects a number of revisions agreed to in negotiations between the Trump administration and U.S. House of Representative Democrats. Mexico’s Senate approved the changes on December 12, and the U.S. House of Representatives could vote on the USMCA during the week of December 16. U.S. Senate Finance Chairman Chuck Grassley (R-IA) has stated that the Senate will not vote on USMCA until January 2020. Canadian Prime Minister Justin Trudeau vowed to pass USMCA as soon as possible, likely in late January. Details on the changes to the USMCA [can be found here](#).

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

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

**2019**

**December**

23-25 – Christmas – NAEGA Offices Closed

31-January1 – New Year’s Holiday – NAEGA Offices Closed

**2020****January**

8 – NAEGA Production Technology Committee Call

22 – NAEGA Contracts Committee Call

**March**

2-5 – Canadian Crops Convention – Vancouver, BC

8-10 – NGFA Annual Convention – Austin, TX

9 – NAEGA Annual Meeting & Board of Directors Meeting – Austin, TX

30-April 2 – International Plant Protection Convention (IPPC) International Year of Plant Health 2020, Commission on Phytosanitary Measures (CPM) – Rome, Italy

**June**

8-12 – International Grains Week – London, UK

9-10 – IGC Grains Conference – London, UK

**October**

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

TBD – China World Grain Forum

**November**

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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