

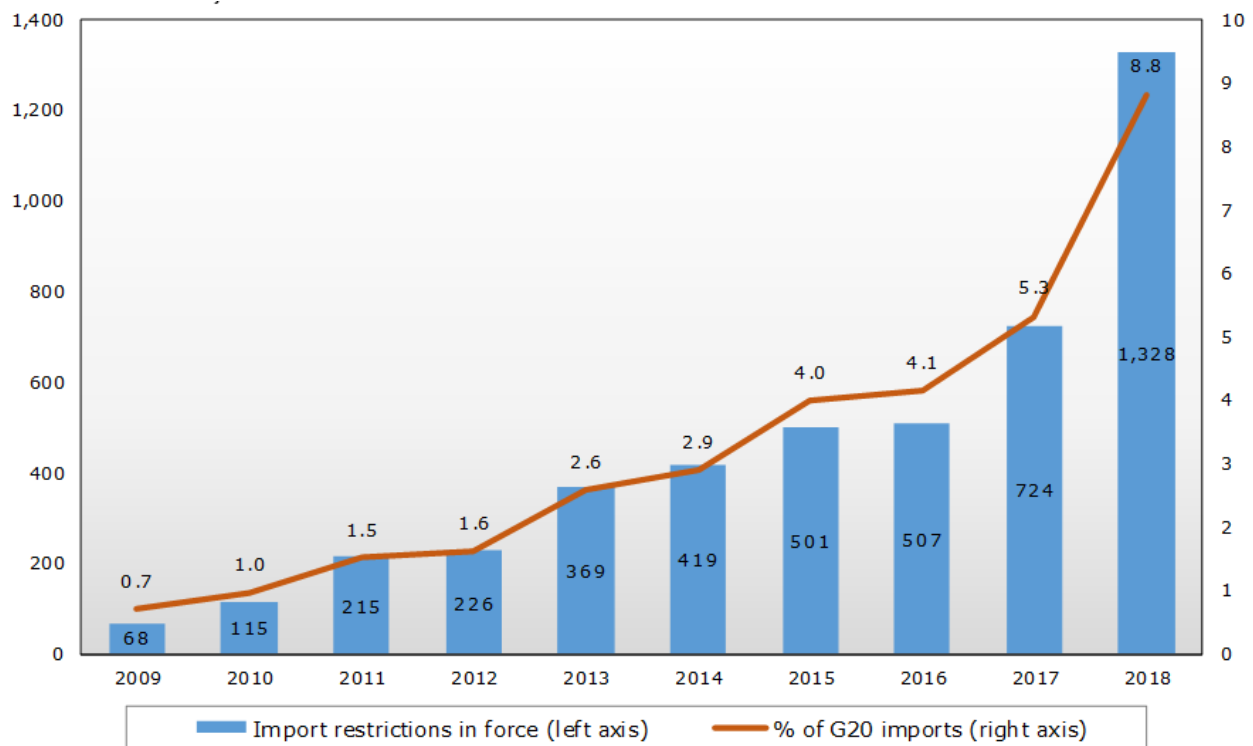
# Outreach

December 3, 2019

Thank you for your membership in and work with NAEGA

## GRAPHIC OF THE WEEK

*Cumulative Trade Coverage of G20 Import-Restrictive Measures Since 2009*



Source: WTO Secretariat

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

- Register and Reserve Hotel Now of NAEGA 2020 Annual Meeting - March 9, 2020 in Austin, TX
- Thailand Postpones Chemicals Ban
- U.S. ITC Investigation of MRL Impacts on Trade

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

- WTO Appellate Body
- 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:***

- Japanese Proposed Phytosanitary Certificate Requirement
- NAEGA MAP Trip Report

***News:***

- 2020 NAEGA USDA MAP Allocation
- Rise in Trade-Restrictive Measures

***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.

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.

**Thailand Postpones Chemical Ban**

Following several weeks of urgent attention from NAEGA and colleagues, the Thai Ministry of Industry delayed a proposed ban on the domestic use, possession, and sale of paraquat, and chlorpyrifos and reversed their proposed ban on the use of glyphosate, citing potential adverse effects on farmers, industry and international trade. The bans were to be implemented on December 1, 2019. We now understand Glyphosate will continue to be allowed within current maximum residue limits and the ban of paraquat, and chlorpyrifos will go into effect on June 1, 2020. The Ministry of Agriculture and Cooperatives (MOAC) and Dept of Agriculture (DOA) has been assigned to prepare measures and continue to look for alternative substances to support the ban of paraquat and chlorpyrifos, ensure the minimal impact on industries, farmers and health. MOAC and DOA is expected to come forth with a proposal in 4 months.

On behalf of the International Grain Trade Coalition [we conveyed this letter](#). NAEGA Staff will continue to monitor the issue.

### **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 are due December 13 for the first report and June 5 for the second report. The [notice from ITC can be found here](#).

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

NAEGA is considering acting on two key issues facing industry:

#### **WTO Appellate Body**

The current impasse over the World Trade Organization (WTO) dispute resolution Appellate Body is creating a threat to the continued existence of the dispute settlement process. For the past few years, the United States has blocked appointments of Appellate Body members in an attempt to force WTO members to negotiate new rules that address U.S. concerns and limit the scope of

judicial overreach by the body. Unless an agreement is reached, as of December 2019, there will not be enough members of the Appellate Body to review cases and the WTO dispute settlement system will grind to a halt.

The U.S. concerns over the Appellate Body are longstanding. The U.S. claims that the Appellate Body has reversed factual findings of panel reports and created new obligations or reinterpreted existing obligations in a matter not previously agreed upon by WTO members. The U.S. also claims that those practices have made U.S. trade remedies less effective at addressing unfair dumping and subsidies and that the body frequently fails to produce reports within the 90-day period provided under the WTO Dispute Settlement Understanding (DSU).

### **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 Sydney 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:***

### **Japanese Proposed Phytosanitary Certificate Requirement**

On December 2, 2019 NAEGA submitted comments to the Government of Japan on a proposal by the Ministry of Agriculture, Forests and Fisheries (MAFF) that would enforce the Phytosanitary Certificate Requirement for certain agricultural imports, including grains and oilseeds.

MAFF's proposal would MAFF's proposal to revise Article 5-3 of the Plant Protection Act of 1950 to include exemptions for more varieties/species of plants and to strengthen enforcement of the Phytosanitary Certificate (PC) requirement for imported plants not covered by the revised Article 5-3. As we understand the practice today there are in effect two types of exemptions – officially exempt products and unofficially exempt products. The revision would cause unofficially exempt products to lose their exemption. Grains and oilseeds do not appear on the new list of products that will be exempt. NAEGA 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. NAEGA's comments [can be found here](#).

### **NAEGA MAP Trip Report**

NAEGA has submitted a Markey Access Program (MAP) trip report for President Gary Martin's travel to the United Kingdom from October 8-20, 2019. In Southampton from October 8-11, 2019 Gary participated in the International Dry Bulk Terminals Group (DTBG) Executive Committee Meeting and Operational and Technical Seminar. He was then in London from October 14-20 to present at and attend the Agriculture & Horticulture Development Board Grain Market Outlook Conference. In London, Gary also met with the Grain and Feed Trade Association's Trade Association Forum (TAF), the UK Department for International Trade, the International Grains Council (IGC) and the USDA FAS. The trip report [can be found here](#).

### ***News:***

#### **2020 NAEGA MAP Allocation**

In June, NAEGA submitted a Unified Export Strategy (UES) application for Market Access Program (MAP) funding for 2020. That application has now been approved by the United States Department of Agriculture (USDA) Foreign Agricultural Service (FAS). NAEGA has been allocated \$370,000 for MAP activities in 2020. MAP funds are used to advance NAEGA's international programming. If you would like more information on NAEGA's use of MAP funding, please contact Patrick at [phayden@naega.org](mailto:phayden@naega.org).

#### **Rise in Trade-Restrictive Measures**

A report released on November 22 by the World Trade Organization finds that the amount of trade covered by new import-restrictive measures imposed by major economies during the period [May to October 2019 totaled \\$460.9 billion](#). The estimated new measure imposed by G20 economies from mid-May to mid-October is more than six times larger than that recorded in the previous reporting period and the largest since this measure was first calculated in 2012.

This is the second-highest figure on record behind the \$480.9 billion reported for the same period in 2018 and a 37% increase from the \$335.9 billion registered from October 2018 to May 2019.

The report also shows that the trade coverage of new import-facilitating measures plummeted from \$397.2 billion to \$92.6 billion. WTO Director-General Roberto Azevêdo warned the report's findings constitute a source of serious concern and called for immediate action to de-escalate the situation.

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

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

#### **2019**

##### **December**

3 – International Grains Council's 50th Session – London, UK

8-10 – NGFA Country Elevator Conference – Indianapolis, IN

23-25 – Christmas – NAEGA Offices Closed

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

#### **2020**

##### **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 – London 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

##### **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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