



Outreach

December 30, 2019

Thank you for your membership in and work with NAEGA

HAPPY NEW YEAR

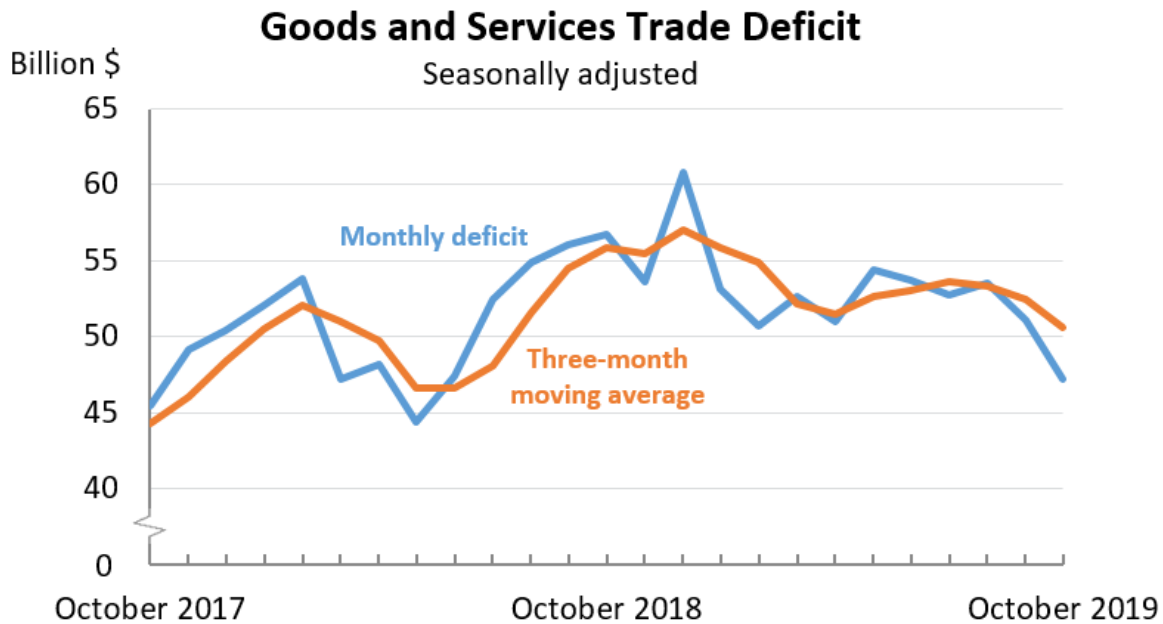
*The NAEGA office will be closed from December 31-January 1.
We look forward to working with you in the New Year!*

Welcome to New NAEGA Member G3 Canada Limited

G3 Canada Limited is a Canadian Grain Company headquartered in Winnipeg, Manitoba. G3 operates a network of grain elevators and port terminals across Canada, as well as a laker vessel and a fleet of grain hopper railway cars. We are looking forward to G3 Canada Limited's contributions to NAEGA activities and Committees!

Graphic of the Week:

U.S. Good & Services Trade Deficit – October 2019, Seasonally Adjusted



U.S. Bureau of Economic Analysis
U.S. Census Bureau

U.S. International Trade in Goods and Services
December 5, 2019

Source: U.S. Bureau of Economic Analysis

Current Opportunities & Actions:

- Register and Reserve Hotel Now of NAEGA 2020 Annual Meeting - March 9, 2020 in Austin, TX
- 2020 Membership
- Committee Conference Calls
- IGTC Newsletter
- U.S. Agricultural Trade Advisory Committees

Ongoing Opportunities & Actions:

- U.S. Tariffs on EU Goods
- U.S. ITC Investigation of MRL Impacts on Trade
- 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:

- International Programs - Trip Reports

News:

- U.S. Department of Justice Export Violation Self-Disclosure Policy
- U.S. Proposes Rule on Remote ID for Drones

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.

On March 9, all member company representatives and their guests are invited and welcome to attend our 2020 annual Membership networking luncheon and Association business meeting in Austin, TX and the J.W. Marriott Hotel at 12:00 noon. Before NAEGA Membership convenes, several NAEGA committees will meet in the morning. After NAEGA members elect the 2020 Board of Directors at the Association Business meeting, after which the Board will convene.

The NAEGA meetings on March 9 will take place alongside the [2020 NGFA Convention](#), held from March 8-10 at the Austin J.W. Marriott Hotel. Hotel Reservations should be made as soon as possible. Two Hotel room options are available to NAEGA members, as follows:

1. Reserving a room at the J.W. Marriott requires registration with NGFA. Two options for NGFA registration are available:
 - a. March 8 & 9: **The registration rate for NAEGA members to attend the NGFA convention and reserve a room at the J.W. Marriott is \$300, with a guest rate of \$250.** 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](#).**
 - b. March 8-10: All NGFA Convention events. [You can register here](#).
2. **To attend only the NAEGA meetings and none of the NGFA Convention we have arranged for a discounted room rate at the [Hyatt Place Austin Downtown, just one block from the NAEGA meeting venue](#) . Please contact us for access to the NAEGA rate at the Hyatt.**

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

2020 Membership

Thank you to all of our members for your help and contributions in 2019! Looking forward to Working with You in 2020, we are seeking your continued support, input and advice.

Along with the annual Member meeting notice for March 9, 2020 in Austin, TX, 2020 invoices for membership dues and export volume fees will soon be sent. Soon, each member representative should receive an email with a membership invoice. Member representatives will also receive an invoice and meeting notification via FedEx. All NAEGA member dues and export volume fees are due by February 15, 2020.

In the coming days we will be reaching out to each member representative to set up time for a call to discuss NAEGA priorities and programming for the 2020 year, and to seek your input and ideas for how we can best serve you. Please keep an eye out for and email from us regarding dues and requesting your time for a brief call.

NAEGA Committee Conference Calls

NAEGA Committees are preparing to hold conference calls in January to set plans for 2020. The Production Technology Committee will hold a call on Wednesday, January 8 at 11:30 PM Eastern Time and the Contracts Committee will hold a call on Wednesday, January 22 at 4:00PM Eastern Time. If you are not a member of either Committee and would like information on taking part in these calls or joining a Committee, please contact NAEGA staff (Patrick Hayden, phayden@naega.org Sydnie Sousa, ssousa@naega.org and Gary Martin, gcmartin@naega.org) for assistance.

The latest IGTC newsletter is now available! Highlights include a recap of the IGTC 2019 General Assembly in Sao Paul, the Sao Paulo Grains Forum and the 50th Session of the International Grains Council (IGC), and IGTC participation at a gene editing event during the IGC meeting.

Read the [full newsletter here](#).

U.S. Agricultural Trade Advisory Committees

The U.S. Department of Agriculture (USDA) and the Office of the United States Trade Representative (USTR) are seeking applications for new members to serve on seven agricultural trade advisory committees. Members of the Agricultural Policy Advisory Committee (APAC) advise USDA and USTR on operating existing U.S. trade agreements, on negotiating new agreements, and on other trade policy matters. Members of six Agricultural Technical Advisory Committees (ATACs) provide technical advice and guidance on international trade issues that affect both domestic and foreign production in specific commodity sectors. The ATACs focus on trade in:

- Grains, feed, oilseeds and planting seeds;
- Animals and animal products;
- Fruits and vegetables;
- Processed foods;
- Sweeteners and sweetener products; and
- Tobacco, cotton and peanuts.

To be considered for candidacy, applicants must have significant expertise in both agriculture and international trade matters and be U.S. citizens, qualify for a security clearance, and be willing to serve without compensation for time, travel or expenses. The committees hold frequent conference calls and generally meet in Washington, D.C., twice a year. Application instructions are available at <https://www.fas.usda.gov/trade-advisory-committees-applying-membership>. Applications are due by 5 p.m. ET on January 31, 2020.

Ongoing Opportunities & Actions:

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](#).

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

12th. 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.

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:

International Programs Reports

Trip reports for recent travel to Sao Paulo, Brazil and Tokyo, Japan are now available:

1. From November 4-8, NAEGA President & CEO Gary Martin travelled to Sao Paulo Brazil for the 2019 International Grain Trade Coalition General Assembly as well as for the São Paulo Grains Forum and meetings on the sidelines of both events. Acting in his capacity as IGTC President, Gary led the General Assembly, which has the goal of implementing the IGTC Business Plan and strengthen participation in the Coalition by benefitting from the in-person presence of around 50 grain trade representatives that attended the meeting. The full trip report [can be found here](#).
2. From November 19-23, 2019 NAEGA President & CEO Gary C. Martin, NAEGA Director of Operations Patrick Hayden and Senior Advisors Sam Bonilla and Andrew Marting, traveled to Tokyo, Japan to provide for market and trade education and gather information related to GRNOS trade. The primary mission of this team was to educate and inform Japanese Industry and Government officials on current contracting practices as they relate to trade risks, with an overview of the current global contracting environment. The full trip report [can be found here](#).

News:

U.S. Department of Justice Export Violation Self-Disclosure Policy

The U.S. Department of Justice (DOJ) [has revised a policy](#) regarding voluntary disclosures (VSDs) of export control and sanctions violations. DOJ states that these revisions, which went into effect on December 13, 2019 are designed to persuade more companies to submit VSDs. DOJ's revised guidance contains three changes intended to provide further incentives for corporations to voluntarily self-disclose all potentially willful violations of the Arms Export Control Act, the Export Control Reform Act, and the International Emergency Economic Powers Act directly to the department's National Security Division (NSD). The guidance now states that for companies that voluntarily disclose, fully cooperate with DOJ and appropriately address the issue in a timely manner, there is a presumption that the company will receive a non-prosecution agreement and will not be assessed a fine if there are no aggravating factors.

U.S. Proposes Rule on Remote ID for Drones

The U.S. Department of Transportation (DOT) [issued a Notice of Proposed Rulemaking](#) for Unmanned Aircraft Systems (UAVs) on December 26, 2019 that would establish operating requirements for drone operators and performance-based design and production requirements for manufacturers of unmanned aircraft. The rule also envisions development of a network of remote ID UAS service suppliers under contract to the U.S. Federal Aviation Administration, that would collect identification and location information in real time from in-flight drones. The proposed rule establishes design and production requirements for two basic categories of remote identification: standard remote identification UAS and limited remote identification UAS. [Comments can be submitted here.](#)

Calendar & Member Notices:

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

2019

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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