



Outreach

March 16, 2020

Thank you for your membership in and work with NAEGA

Image of the Week:

NAEGA Service Award



During the NAEGA Membership Meeting, NAEGA Board of Directors Chairman John Griffith presented current Board member and former Board Chairman Steve Smalley with the NAEGA Service Award. The NAEGA service award is presented in appreciation for exemplary service to the Association and to Industry. Steve served as Chairman of the Board from 2013-2019 and has been on the board of directors since 2008. Also recognized on March 9 were Anthony Reed of ADM and Maria Reinitz of Gavilon for their time and commitment as former co-chairs of the Production Technology and Contracts Committees, respectively.

News:

- China Trade
- Canadian Parliament Passes USMCA
- IGTC Newsletter
- Iran Humanitarian Trade

Recent Actions:

- Vancouver, BC Events
- NAEGA 2020 Annual Meetings

- COVID-19 and NAEGA Operations

Current Opportunities & Actions:

- China TradeChina Tariff Exclusion Process
- USDA Grain Inspection Advisory Committee – Applications Due March 26, 2020
- U.S. Coast Guard Alternate Security Workshop – May 28, 2020

Ongoing Opportunities & Actions:

- U.S. ITC Investigation of MRL Impacts on Trade
- Impact of U.S. Sanctions Compliance
- Policy Teams
- IPPC ePhyto Case Studies
- Contracts and Best Practices Seminars - Your advice requested

NEWS

China Trade

NAEGA continues to monitor the implementation of the U.S.-China Phase 1 agreement. Despite the COVID-19 outbreak, the U.S. government continues to be optimistic that China will meet its goals under Phase 1. Two weeks ago [China lifted its ban on U.S. poultry](#) and on Tuesday, March 10, U.S. Secretary of Agriculture Sonny Perdue [stated that](#) actions such as the lifting of the poultry ban and the announcement that China was opening a new tariff exclusion process were signs that [“China is taking steps to fulfill their purchase commitments”](#), despite concerns that COVID-19 may make it difficult for China to fulfill its agricultural purchase commitments.

China's State Council Tariff Commission (SCCTC) [has opened a new tariff exclusion process](#) for Chinese companies impacted by retaliatory tariffs levied by China. To assist applicants, SCCTC has released a step-by-step guide to the online tariff exclusion application system. Applicants must be China-based enterprises and submit their applications through the Ministry of Finance (MOF) website. The U.S. Department of Agriculture's (USDA) Foreign Agriculture Service (FAS) [has provided an unofficial translation](#) of China's step-by-step guide to tariff exclusion to help familiarize the U.S. food and agricultural industry with the process. FAS also has more information regarding [Chinese tariff exclusions here](#).

[China has also notified](#) the World Trade Organization SPS Committee of 642 maximum residue limits (MRLs) on 65 pesticides in food. The draft MRLs cover a broad scope of food products, including horticultural products, oilseeds, grains, poultry meat and products, and eggs. The U.S. Department of Agriculture has provided [a list of all proposed MRLs here](#). The deadline for comments is March 21, 2020. China has not announced a proposed date of entry into force for the MRLs. Comments can be submitted to China's SPS Enquiry Point at sps@aqsiq.gov.cn.

NAEGA continues to monitor for any reporting of force majeure certificates, [issued by the China Council for the Promotion of International Trade](#) to businesses in China if their businesses with overseas partners have been affected by the virus outbreak, impacting the bulk commodity trade. NAEGA also will be looking into contract implications and we appreciate member advice on how we might assist.

NAEGA is 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.

Canadian Parliament Passes USMCA

Canada on Friday, March 13 formally approved the United States-Mexico-Canada Agreement (USMCA), taking the last legislative step to implementation of the deal to replace the 25-year-old North American Free Trade Agreement (NAFTA).

The trade deal, ratified by the Mexican legislature last June and by the U.S. Congress in January, was [formally ratified by the Canadian Senate](#), and shortly thereafter received royal assent, the Canadian governor general's approval. U.S. Trade Representative Robert Lighthizer, in a letter to the U.S. Congress on Wednesday, sent notice of an entry-into-force date of June 1 for USMCA. NAEGA will now engage with implementation of the agreement.

IGTC Newsletter

The latest IGTC newsletter is now available! Highlights include details on the LLP policy team meeting in Vancouver on March 3, a report from the IGTC Secretariat on the meeting of the international Grains Council (IGC) Market Conditions Committee (MCC) and MRL seminar in London on March 5 and an updated IGTC event calendar, including information on events canceled or postponed due to COVID-19. Read the [full newsletter here](#).

Iran Humanitarian Trade

In the February 19, 2020 edition of OUTREACH, NAEGA reported on the first successful pilot transaction, in January of 2020, under the proposed Swiss Humanitarian Trade Arrangement (SHTA), a payment mechanism designed to enable the delivery of humanitarian goods to Iran, was [completed](#). Switzerland began developing the SHTA in fall of 2018, with the cooperation of relevant U.S. and Iranian authorities, along with selected Swiss and interested banks. SHTA is designed to ensure that exporters and trading companies in the food, pharmaceutical and medical sectors have a secure payment channel with a Swiss bank through which payments for their exports are guaranteed.

On February 27, 2020, the U.S. Office of Foreign Assess (OFAC) issued [General License No 8 \(GL8\)](#), "Authorizing Certain Humanitarian Trade Transactions Involving the Central Bank of Iran." GL 8 officially authorizes the SHTA payment mechanism for the delivery of humanitarian good to Iran. The Swiss Government issued a press release the same day announcing the SHTA mechanism was up and running. OFAC also released [a series of FAQs](#) for companies wishing to use SHTA. If you have any questions about SHTA, or NAEGA's work on Iran sanctions, please contact NAEGA Director of Services Sydnie Sousa at ssousa@naega.org.

Recent Actions:

Vancouver Events – March 3, 2020

On March 3, 2020, a NAEGA team, including Gary Martin, President and CEO, NAEGA; NAEGA Director of Services, NAEGA; Sam Bonilla, Senior Advisor NAEGA; Andrew Marting, Senior Advisor, NAEGA; Tom Erickson, Volunteer Advisor on Global Commodity Trade,

NAEGA; Randy Gordon, President and CEO, National Grain & Feed Association (NGFA); and Ricardo Calderon, Executive Director, Association of Suppliers of Agricultural Products Mexico (APPAMEX) participated in three events addressing Contracts and Best Practices Serving Canada’s Agricultural Commodity Trade. The events took place alongside the Canadian Crops Convention and the programs travel were funded in part with NAEGAs Market Access Program (MAP) allocation. A trip report will be available on the NAEGA Member’s Only website soon.

NAEGA 2020 Annual Meetings

Thank you to all who joined us, both in person and virtually, in Austin, Texas on March 9 at the NAEGA 2020 Annual Meetings! During our time in Austin NAEGA held a series of successful events, including meetings of the Contracts and Production Technology Committees, a joint meeting of the NAGEA Grades and Inspections and NGFA Grains Grades and Weights Committees and of the Membership and Board of Directors. Minutes will be available for all these meetings in the coming weeks. Actions taken during the meetings include:

Board of Directors Elected by Members

On Monday, March 9 the NAEGA Membership renewed the terms of four expiring Board Members – Steve Smalley, Steve Strong, Holly Womack, Carsten Bredin and Norihisa Tsunoda - for an additional three-year period expiring in 2023.

| Name | Company | Term Expiration |
|-------------------|--------------------------|------------------------|
| Steve Smalley | Cargill, Inc. | March 2023 |
| Gordon Russell | Louis Dreyfus Company | March 2022 |
| Charles Colbert | Zen-Noh Grain Corp. | March 2021 |
| Steve Strong | Bunge North America | March 2023 |
| John Griffith | CHS, Inc. | March 2022 |
| Matthew Hopkins | ADM | March 2021 |
| Carsten Bredin | Richardson International | March 2023 |
| Holly Womack | CoBank | March 2022 |
| David Smoot | Viterra | March 2021 |
| Norihisa Tsunoda | Mitsui & Co. | March 2023 |
| Jason Hofer | Gavilon Grain, Inc. | March 2022 |
| Kurt Haarmann | Columbia Grain, Inc. | March 2021 |
| Augusto Bassanini | United Grain Corporation | March 2022 |
| Kevin LaGraize | The Russell Marine Group | March 2021 |

Board of Directors Actions

Following the NAEGA Members meeting, the new Board of Directors organized itself and elected a chairman and executive committee. Board leadership for 2020 will include:

| Name | Company |
|--------------------------------|----------------|
| John Griffith, Chairman | CHS Inc. |
| Matt Hopkins, First Vice Chair | ADM |
| Steve Smalley, Vice Chair | Cargill, Inc. |

| | |
|------------------------------|--------------------------|
| Gordon Russell, Vice Chair | Louis Dreyfus Company |
| Charles Colbert, Vice Chair | Zen-Noh Grain Corp. |
| Steve Strong, Vice Chair | Bunge North America |
| Carsten Bredin, Vice Chair | Richardson International |
| Holly Womack, Treasurer | CoBank |
| Augusto Bassanini, Secretary | United Grain Corporation |

The Board also approved the NAEGA lists of Arbitrators and Special Grain Arbitrators for 2020. Both can be found on NAEGA.org. here:

- [List of Arbitrators \(effective March 9, 2020\)](#)
- [List of Special Grain Arbitrators \(effective March 9, 2020\)](#)

COVID-19 and NAEGA Operations

NAEGA continues to monitor the impact of the pandemic on agricultural trade and will update members with any relevant information as it becomes available.

NAEGA has implemented a new and temporary policy in light of COVID-19 to minimize the contagion and the support public health. Staff will often be working from home and not in the office at 1400 Crystal Drive in Arlington and there is no planned travel in the next several weeks.

Thank you for your understanding and use of email to contact staff. We know you share our hope that we can get back to more normal operations soon. Thank you and please stay safe.

Current Opportunities & Actions:

USDA Grain Inspection Advisory Committee

The U.S. Department of Agriculture, Agriculture Marketing Service (AMS) is seeking nomination for members of the [Grain Inspection Advisory Committee](#). The Committee meets twice annually to advise AMS on programs and services delivered under the U.S. Grains Standards Act.

NAEGA will support applications from members who wish to serve on the Committee. If you are interested in applying you can fill out form AD-755, [found here](#), and submit it to Kendra Kline of AMS at Kendra.C.Kline@usda.gov. You may also contact NAEGA staff for further information. USDA will consider all applications received by March 26, 2020.

U.S. Coast Guard Alternate Security Workshop – May 28, 2020

NAEGA-NGFA Alternative Security Program (ASP) Subscribers are welcome to attend the U.S. Coast Guard's annual Alternative Security Program (ASP) Workshop on May 28, 2020 in Washington, DC. NAEGA provides the ASP to help for grain export facilities comply with Maritime Transportation Security Act (MTSA). Facilities operated by members in good standing are welcome to subscribe and use the ASP. Patrick Hayden plans to attend on behalf of NAEGA. The final location of the workshop has not yet been selected. If you are interested in attending, or

would like more information on the NAEGA-NGFA ASP, please contact Patrick at phayden@naega.org.

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.

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.

Calendar & Member Notices:

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

2020

March

The two events below have been cancelled or postponed due to COVID-19

16-20 - World Trade Organization Committee on Sanitary and Phytosanitary Measures – Geneva, Switzerland

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

April

20-21 - Asia Pacific Economic Cooperation (APEC) Trade Ministers Meeting – Malaysia

May

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

25-26 - Organization for Economic Cooperation and Development Annual Meeting – Paris, France

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

June

8 – Global Low-Level Initiative Meeting – Indonesia

8-12 – International Grains Week – London, UK

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

9-10 – IGC Grains Conference – London, UK

10-12 – G-7 Meeting - Camp David, MD

September

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

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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