

Outreach

March 23, 2020

Thank you for your membership in and work with NAEGA

Image of the Week:
Impact of COVID-19 on Global Supply Chains - March 20, 2020



Source: McKinsey & Co: <https://www.mckinsey.com/business-functions/operations/our-insights/supply-chain-recovery-in-coronavirus-times-plan-for-now-and-the-future>

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Recent Actions:

COVID-19 Response

NAEGA has been communicating the following message to targeted thought and decision leaders engaged in COVID-19 response and mitigation: **“We are at war with an invisible, silent enemy that exclusively attacks our most vital resource – people. We will win the war and recover from the massive damage it is inflicting to our economy. Key to winning, minimizing the damage and providing for recovery is to maintain vital supply chains. Supply chains rely on people, including people engaged in providing for services like grading, weighing and health certifications. Attacks and impacts on people involved in the provision of services are escalating, unrelenting and unpredictable. Sound crisis management in this war includes proactively putting in place contingencies for the provisions of services that might be impacted by the war.”**

NAEGA has engaged on several fronts with unique messaging intended to inform and advise on Members needs and concerns related to COVID 19 response and mitigation. We greatly appreciate advice and information on any elements of or actors in your supply chains.

Here are some updates on our targeted efforts:

United States

In the U.S., NAEGA’s targeted communication is guided by this statement: **“The U.S. grain and oilseed export supply chain is essential to providing for global food security and is a foundational pillar to the U.S. agricultural economy that requires official services 24/7.”** The U.S. Department of Agriculture (USDA)’s Federal Grain Inspection Service (FGIS) and Animal and Plant health inspection Service (APHIS) provide mandatory official services at export for U.S. grains and oilseeds. Contingency plans need to be put in place now to ensure that a potential lack of capacity to provide for these and other official services does not impede the exporting of U.S. grain and oilseeds.

Contingency plans for services at U.S. export elevators provided by USDA should set forth options developed with consideration for possible circumstances. Variable and escalating limitations on the availability of qualified personnel are key circumstances. Resulting plans should include:

First, comprehensive flexibility in deploying qualified personnel for official services and eliminating redundancies. Qualified personnel from state agencies need to be included in the work force and considered as part of a pool of personnel drawn from across the country and USDA agencies. Workforce plans need to include provisions for: social distancing, including reducing the number of personnel in confined spaces like the official laboratories at grain export elevators and accommodations for personnel on temporary duty including healthcare, training, housing, meals, clearance and necessary travel to and from the worksite.

Second, rapid deployment of available technology to provide for personnel safety, minimized disease transmission and automated functions is critical. For example: supervision enabled by video and audio feeds and automated processes for sample collection, movement and analysis offsite.

Third, existing or emergency authority to provide for USDA official agencies to sub-contract with qualified private third parties, essentially expanding the workforce under the control of the Agencies.

Fourth, communication with importing government authorities to establish acceptable alternatives needs to begin now. Industry should be engaged to identify priorities and to coordinate communication with commercial customers.

Fifth, practical, clear, consistent and revised terms and conditions that include rapid response and pre-emptive actions to waive mandatory services need to be established.

Among the entities we have addressed this targeted communication with are: The U.S Senate Committee on Agriculture, Nutrition and Forestry and the U.S. House of Representatives Agriculture Committee; USDA: APHIS, FGIS, and the Office of the Secretary; the Office of the U.S. Trade Representative (USTR); the National Grain & Feed Association (NGFA); U.S. Grains Council (USGC); U.S. Soybean Export Council (USSEC); and U.S. Wheat Associates (USW). The NGFA is fully supportive and we are working together.

In addition to this targeted effort we have supported the efforts of NGFA and others and are pleased to report:

1. The **Federal Motor Carrier Safety Administration has issued a 50-state waiver to the Hours of Service Rule** for commercial vehicle drivers transporting goods related to the COVID-19 outbreak. The order was issued Friday, March 20 following the issuance of numerous state waivers for intrastate transportation. It will last until the end of the day on April 12, 2020 or until the end of the National Emergency declared by U.S. President Donald Trump, whichever is sooner.
2. The **Cybersecurity and Infrastructure Security Agency (CISA) [released guidance](#)** to help state and local jurisdictions and the private sector identify and manage their essential workforce while responding to COVID-19. CISA will use this list to support federal, state, local, tribal, and territorial government response to COVID-19. To view the full list of Essential Critical Infrastructure Workers and to learn more about our efforts, visit www.cisa.gov/coronavirus.

3. The White House Food Supply Chain Task Force has been set up with USDA Secretary Sonny Perdue as Chairman. Task force member and FDA Deputy Commissioner for Food Policy and Response Frank Yiannas reported on March 20 that:
 - a. The term "food" is broadly defined to include farms, human and animal food manufacturing and processing, food service, food laboratories, etc.
 - b. If a food industry employee tests positive for COVID-19, there is no need for a product recall, as scientists believe the virus is NOT transmitted through food or food packaging/pallets.
 - c. FDA is planning to develop protocols for disinfecting workplaces where an employee tests positive for COVID-19. FDA is willing to consider and approve or reference best practices developed by the industry. A group of food industry executives group has developed such a framework that was submitted to FDA for consideration Sunday, March 22.
 - d. Hand sanitizers are in short supply.
 - e. FDA is developing agency guidance on hand sanitizers for use by industry.
4. NAEGA is participating in a new “**Ag and Food Supply Chain Logistics Working Group**” organized by the Agricultural & Food Transporters Conference of the American Trucking Association (ATA) and NGFA to address U.S. supply chain logistics in response to COVID-19. USDA’s Office of the Secretary hosted a conference call with the working group on Saturday, March 21.

International

Canada: We are monitoring official and commercial actions impacting the agri-bulk export supply chain and seeking advice on potential NAEGA engagement. At the request of the Canadian government we notified USDA FGIS of the Canadian Food Inspection Agency COVID-19 Information Website, [found here](#).

Mexico: We continue to rely on APPAMEX and IGTC networking for communication and updates from Mexico.

Global: The International Grain Trade Coalition (IGTC) has initiated weekly information sharing calls. The call on Thursday March 19 was widely attended and included reports from Argentina on a prohibition notice and quarantine, a China market assessment from the China National Association of Grain Sector and an explanation of boarder and overland transit controls in Paraguay from the Paraguayan Chamber of Cereals & Oilseeds Exporters (CAPECO). The weekly calls will be conducted as long as they are useful and are currently scheduled for the next two weeks.

IGTC has also called for input on the IPPC ePhyto Solution. A NAEGA Ad Hoc task force establish by the NAEGA Board responded on Friday with priorities for implementation and named a technical contact to assist the IGTC Edocs Working Group with implementation.

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.

NAEGA ePhyto Task Force

The first meeting of the NAEGA ePhyto Task Force took place on Friday, March 20. The Task Force was established by the NAEGA Board of Directors and will be engaging with the International Plant Protection Commission's (IPPC) ePhyto Solution. During the meeting the task force identified priority countries for ePhyto adoption and named a NAEGA representative to assist IGTC in evaluating and responding to the proposed "channel" between IPPC's ePhyto solution and other digital platforms.

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. and Chinese government continues to work on implementation. The [U.S. Department of Agriculture's Animal and Plant Health Inspection Service](#) announced on March 23, 2020 a regionalization agreement with China for safe trade of poultry products. The countries agree to follow all international standards, guidelines and recommendations related to regionalization. This move is another step towards regular poultry trade between the U.S. and China following China's recent announcement is was lifting its ban on U.S. poultry.

The Office of the U.S. Trade Representative (USTR) [has announced it is soliciting comments](#) on possible further modifications to the Section 301 tariffs in an effort "to keep current on developments in our national fight against the coronavirus pandemic." U.S. industry has been advocating for more tariff relief to offset the economic impact of the COVID-19 pandemic. USTR has set no deadline for submissions, [which can be made here](#).

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](#).

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.

Argentina Prohibition

Argentine Chambers of Oilseeds and Cereals Exporters (CIARA-CEC) President Alberto Rodriguez has communicated to NAEGA that Argentina has declared a National Emergency over COVID-19 and has established a 15 day period, ending April 1, 2020, prohibiting the entry of foreign non-resident's into the country. Additionally, a Mandatory National Quarantine was established on March 20th. This measure excluded foreign trade from the quarantine, but Argentinean banks will not be able to process payments until at least April 1, and the issuance of foreign trade documents will not be possible until the quarantine is lifted.

Vietnam Certificate of Free Sale

In the February 27, 2020 edition of Outreach, NAEGA reported that Vietnam's Ministry of Agriculture and Rural Development (MARD) would begin requiring a Certificate of Free Sale for imported feed ingredients. USDA's Foreign Agricultural Service (FAS) is now reporting that **MARD has suspended the requirement for a Certificate of Free Sale for imported feed ingredients until further notice** and that an APHIS health certificate is all that is required to import feed ingredients to Vietnam. More details [can be found here](#).

Exporting Animal Feed Products to China

The U.S. Food and Drug Administration (FDA) is seeking input to finalize a qualified facility list for exporting animal feed products to China, which is required under Phase One of the U.S.-China trade agreement. FDA will submit to the General Administration of Customs of the People's Republic of China (GACC) a list of animal food facilities from which China intends to allow imports of feed additives, premixes, or compound feed. U.S. companies interested in exporting feed additives, premixes, or compound feed to China should provide to FDA the name(s) and address(es) of their registered facility/facilities, as well as permission for FDA to share that data with China. Details on how to submit this information [are available here](#). The deadline for submission is April 3, 2020.

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 – Cancelled

Due to the COVID-19 pandemic, the U.S. Coast Guard's annual Alternative Security Program (ASP) Workshop on May 28, 2020 in Washington, DC has been cancelled.. If and when the Workshop is rescheduled, NAEGA will notify members.

The NAEGA-NGFA Alternative Security Program helps 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. If you would like more information on the NAEGA-NGFA ASP, please contact Patrick Hayden 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](#).

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

March

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

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

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

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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