



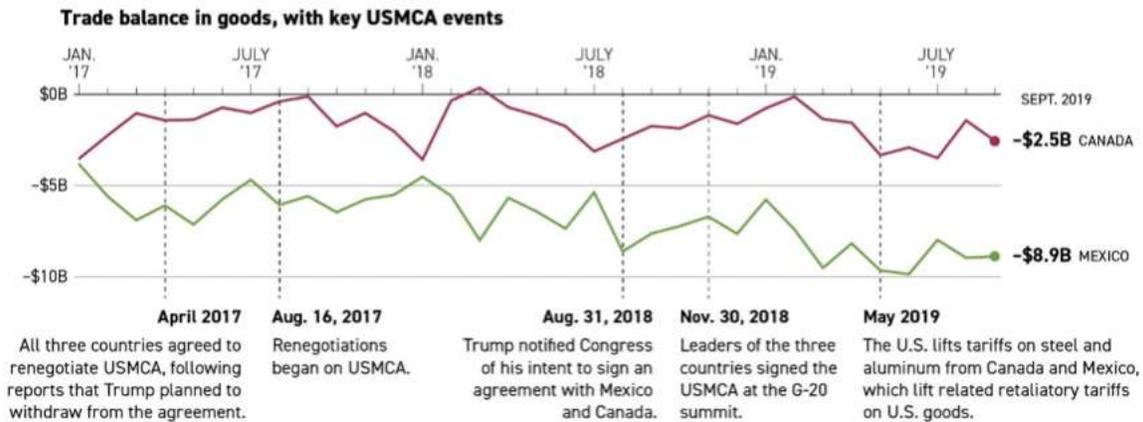
Outreach November 15, 2019

Thank you for your membership in and work with NAEGA

Graphic of the Week: U.S. Trade Deficits with Canada & Mexico Increase

As Congress reviews the USMCA, U.S. trade-in-goods deficits with Canada and Mexico persist. The deficit with Canada was \$1.1 billion larger in September than in August, while the deficit with Mexico was \$73 million smaller over the same period. Overall, since renegotiations began, the monthly goods deficit with Mexico has expanded, while the goods deficit with Canada has shrunk slightly.

President Donald Trump has criticized countries with whom the U.S. has a bilateral trade deficit, and almost withdrew from NAFTA before agreeing to renegotiate the agreement.



Source: Politico Pro

Member Opportunities:

- Save the Date! NAEGA 2020 Annual Meeting Set for March 9, 2020 in Austin, TX
- Last Chance! Tokyo NAEGA Contract Seminar and Reception –November 22, 2019
- NAEGA Seeking Input from Members on U.S. Sanctions/OFAC
- Asia-Pacific Policy Teams

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- Updates on Citgo vs. Frescati

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Member Opportunities:

Save the Date! NAEGA 2020 Annual Meeting Set for March 9, 2020 in Austin, Texas

We are excited to announce that the 2020 NAEGA Annual Meeting has been set for March 9, 2020 at the J.W. Marriott in Austin, Texas. An agenda for the full day has not been finalized, but it will include the Annual Members Meeting, Board of Directors Meeting, and potentially in-person meetings of NAEGA Committees.

As in years past, the meeting will take place alongside the 2020 NGFA Convention, held from March 8-10. NGFA will be once again offer NAEGA members a special registration rate for their Convention and access to their hotel room block. The final registration rate has not been set, but NGFA will open registration for the convention and the room block on December 2, 2019. We will have details on cost ahead of the opening of Registration Please contact Patrick Hayden at pheyden@naega.org or Sydnie Sousa at ssousa@naega.org if you have any questions. We look forward to seeing you in the Lone Star State!

Last Chance! Tokyo NAEGA Contract Seminar and Reception – November 22, 2019

NAEGA will hold a Contract Training Seminar, which will be [followed by a reception](#), at the **TKP Shinbashi Conference Center in Tokyo, Japan on November 22, 2019**. We would like to thank our colleagues at the Japan Feed Trade Association (JFTA) for their assistance in securing a venue and agreeing to partner with us for the Seminar again this year. NAEGA President & CEO Gary Martin, Director of Operations Patrick Hayden and Senior Advisors Sam Bonilla and Andrew Marting are currently scheduled to attend. Invitations have been sent out and [registration is now open](#). The seminar is free to NAEGA members and non-members. NAEGA member representatives are encouraged to invite others.

Please contact Patrick Hayden at phayden@naega.org if you have any questions. Mark your calendars now and we look forward to seeing you in Tokyo!

NAEGA Seeking Input from Members on U.S. Sanctions/OFAC

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 Sydnie Sousa at ssousa@naega.org.

Asia-Pacific Policy Teams

With the evolving North America-China trade relationship, 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](#).

Recent Actions:

Aspen Institute Initiative on Gene Edited Products

On Thursday, November 7, NAEGA Production Technology Committee Co-Chairman Anthony Reed and Director of Operations Patrick Hayden took part in a meeting of the Aspen Institute's Food & Society program on gene editing and the food supply. The meeting was convened to explore options for food safety oversight and transparency that can help assure safe gene-edited foods and feeds gain consumer trust and market acceptance. NAEGA was asked to attend as a representative of the grain industry. The attendees were a diverse collection of food & agriculture companies, manufacturers, retailers and consumer advocates. Under the banner of the Aspen Institute, this group is developing a draft framework to present to the U.S. Government that would set up a process for regulating gene edited agricultural products, including grains and oilseeds, and build a database of all genes edited products available in the U.S. market.

During the meeting, the group reached a consensus that gene edited products should be subject to mandatory notification and a review by the U.S. Food & Drug Administration (FDA) before being allowed into the U.S. market. The proposal is still in draft form, and considerations are being made for how the notification process would work, what information would be included in the proposed database of gene edited products, and how best to present this information to FDA. The work by the Aspen Institute group parallels the work the NAEGA Production Technology Committee has been doing on the Precision Biotechnology Information Exchange, and NAEGA is working with Aspen on both the draft proposal for regulation and on a strategy for presentation to FDA. If you would like more information on this initiative, please contact Patrick at phayden@naega.org.

Updates on Citgo vs. Frescati Case

In July, a NAEGA Special Interest Group submitted an amicus brief in the case of Citgo vs. Frescati. The Supreme Court heard Oral Arguments on November 5, and a decision is expected in the Spring of 2020. The case looks into whether under federal maritime law a safe berth clause in a voyage charter contract is a guarantee of a ship's safety (a strict-liability rule) or a duty of due diligence applies (application of fault-based liability). NAEGA has produced [a brief document](#) to share with our domestic and international colleagues that follows the case trajectory. If you have additional questions regarding Citgo vs. Frescati and NAEGA's work on the case, please contact Sydney at ssousa@naega.org.

Upcoming Actions:

Thailand To Ban Glyphosate, Chlorpyrifos, and Paraquat on December 1, 2019

Thailand has notified the WTO's Committee on Technical Barriers to Trade of their intention to domestic use, possession, and sale of glyphosate, paraquat, and chlorpyrifos. Their implementation deadline is set for December 1, 2019. USDA's Foreign Agriculture Service (FAS) is soliciting comments from industry, requesting that they be submitted as soon as possible. NAEGA has been following this issue and met with the Office of the U.S. Trade Representative on Wednesday, November 13 to discuss the issue. If you would like to submit your own comments to FAS, they may be sent to Jake Fagliarone of the FAS Plant Division, via plantdivision@usda.gov or Jacob.fagliarone@usda.gov.

NAEGA SIG On Peru CVD/AD Case Update

U.S. Grains Council (USGC) has notified NAEGA that Peru's INDECOPI released its "Essential Facts" report Peru's self-initiation of a countervailing duty case against U.S. origin yellow corn. A response to the report is due in 10 days and a hearing has been scheduled for December 16. We do not have a copy but USGC is reviewing the more than 250 pages in Spanish and will be reporting more soon.

Key takeaways from USGC's notification include:

1. The INDECOPI Essential Facts report is NOT a preliminary or final determination but rather a report that is supposed to inform the final determination. No duties will be collected directly as a result of this report.
2. The report should be considered extremely significant to the case.

3. USGC indicated it is not favorable. The USGC read is that the INDECOPI report proposes individual duties for five companies at 15.3, 16.4 16.6, 16.9 and 19.6 US\$ per MT. An all others rate of 18.8 US\$ per MT was also proposed.
4. U.S. has been successful in reducing rates significantly in the past – the Peruvian ethanol case being a recent example.

NAEGA will be communicating and coordinating with the members of the Peru Corn CVD Special Interest Group (SIG) in order to facilitate a coordinated industry response in order to respond to the report and the planned hearing.

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 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.

The Production Technology Committee is considering responses to:

U.S. ITC Investigation of MRL Impact 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

The ITC held a hearing in connection with this investigation October 29. Written submissions are due December 13 for the first report and June 5 for the second report. The full [notice from ITC can be found here](#).

Pending Actions:

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 of for late 2019 and early 2020 Contracts and Best Practices Seminars. NAEGA hosted a seminar in Portland, Oregon on October 24 and the next will be held in Tokyo on November 22.

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!

News:

Impact of U.S.-China Dispute on Trade and Prices

The United Nations Conference on Trade and Development (UNCTD) reports that U.S tariff increases have resulted in a substantial decline in imports from China and a corresponding increase in shipments from the European Union, Mexico, Taiwan, and Vietnam. Though China's export losses have increased over time, China has been able to preserve nearly 75 percent of its trade with the U.S. in impacted products. The report also finds that the tariffs are hurting the U.S. in the form of higher consumer prices.

The U.S. tariffs on China are resulting in an increase in imports from the rest of the world, the report states, but only when imports from China decline. Of the \$35 billion loss in imports from China attributed to the tariffs, about 63 percent was replaced by imports originating elsewhere. The rest was lost due to lower demand in the U.S. or insufficient capacity from the rest of the world. The UNCTD report [can be found here](#).

U.S. Trade Deficit Falls Along with Exports

The U.S. trade deficit in goods and services fell 3.7 percent in September, according to trade statistics released by the U.S. Department of Commerce. The monthly deficit of \$52.5 billion reflected a 0.9 percent decrease in exports to \$206.0 billion and a 1.7 percent decrease in imports to \$258.4 billion. The deficit is up 5.4 percent for the year to date compared to the same period in 2018, with imports up 0.8 percent and exports down 0.4 percent, as the Trump administration's trade restrictions continue to impact global trade patterns.

The deficit in goods trade was down 3.7 percent in September to \$71.7 billion. Imports of goods dropped 2.1 percent to \$208.6 billion. Exports of goods fell 1.3 percent to \$136.8 billion, including decreases of \$1 billion in soybeans.

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Calendar & Member Notices:

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

2019

November

15 – AAA/ICDR International Symposia In Advanced Case Management Issues – New York, NY

18-20 – U.S. Agriculture Export Development Council (USAEDC) Annual Workshop – Baltimore, MD

22 – NAEGA Contract & Best Practices Seminar and Industry Reception – Tokyo, Japan

27-28 – Thanksgiving Holiday in the U.S. – NAEGA Offices Closed

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

8-10 – NGFA Annual Convention – Austin, TX

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

December

TBD – COP 15 – CBD – Beijing, China

2021

March

14-16 – NGFA Annual Convention – San Diego, CA

2022

December

TBD – COP 16 – CBD – Turkey

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