



## Outreach

November 26, 2019

Thank you for your membership in and work with NAEGA

***In recognition of the Thanksgiving Holiday in the U.S., The NAEGA Office will be Closed Thursday, November 28<sup>th</sup> and Friday November 29<sup>th</sup>. Happy Thanksgiving from NAEGA!***

***NAEGA Contract & Best Practices Seminar – Tokyo, Japan – 22 November 2019***



*Photo: Patrick Hayden*

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

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***Current Opportunities & Actions:***

**Japanese Phytosanitary Certificate Requirement for Certain Agricultural Imports**

We are seeking member input [on a proposal from Japan's Ministry of Agriculture, Farms and Fisheries \(MAFF\)](#) that would enforce the Phytosanitary Certificate Requirement for Certain Agricultural imports.

The proposal is for MAFF to act under existing law. Under the Japanese Plant Protection Act of 1950, phytos are required unless a product specific exemption is granted. As we understand the practice today there are in effect two types of exemptions – officially exempt products and unofficially exempt products. The proposal is for only official exemptions and that means most unofficially exempt products will lose their exemption. Grains and oilseeds do not appear on the new list of products that will be exempt.

NAEGA is considering submitting comments to MAFF on this issue, which are due December 3. Please reach out to Gary at [gcmartin@naega.org](mailto:gcmartin@naega.org) to provide input on if and how NAEGA should comment.

**NAEGA 2020 Annual Meeting – 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 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. If you would like to attend NGFA events on Tuesday the 10<sup>th</sup>, NGFA suggests attendees simply register for the full Convention. Alternatively, NAEGA members can opt to just attend the Tuesday night party for \$250 ticket.

**NGFA will open registration for the convention and the room block on December 2, 2019,** and NAEGA will be sending a link to register the same day. Please contact Patrick Hayden at [phayden@naega.org](mailto:phayden@naega.org) or Sydnie Sousa at [ssousa@naega.org](mailto:ssousa@naega.org) if you have any questions. We look forward to seeing you in the Lone Star State!

### **Thailand To Ban Glyphosate, Chlorpyrifos, and Paraquat**

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](mailto:plantdivision@usda.gov) or [Jacob.fagliarone@usda.gov](mailto:Jacob.fagliarone@usda.gov).

### **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 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 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 Sydnie 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:***

#### **Contracting & Best Practices Seminar & Reception – Tokyo, Japan**

On Friday, November 22, NAEGA hosted a contracting and best practices seminar for 30 attendees from the Japanese grain and oilseed industry in Tokyo, Japan. Senior Advisers Sam Bonilla and Andrew Marting reviewed international grain trade contracts and reviewed the NAEGA II FOB contract clause by clause, with Gary giving an overview of the Clause 20 process.

Following the seminar, NAEGA welcomed approximately 50 guests to a reception to celebrate the Japanese grain and oilseed industry, the U.S.-Japan agricultural relationship and the new trade agreement. Gary opened the reception and introduced speeches from Zeke Spears, Agricultural Attaché at the U.S. Embassy, Takaya Komine, head of the Grain Operations Division at the Japanese Ministry of Agriculture, Forestry and Fisheries and Yutaka Sano, Chairman of the Japanese Feed Trade Association (JFTA).

To learn more about NAEGA activities in Tokyo, or to learn about how NAEGA can host a personalized contracts and best practices seminar for your company, please contact Gary or Patrick.

A complete trip report will be available soon.

#### **2019 USAEDC Workshop**

On November 18-20, Sydnie Sousa, NAEGA's Director of Services, traveled to Baltimore, MD to attend the U.S. Agriculture Export Developments Council's (USAEDC) Annual Workshop. USAEDC's annual workshop brings together U.S. Department of Agriculture (USDA) cooperators, staff and other U.S. government officials to discuss trends and opportunities for U.S. agriculture exporters. Discussions featured remarks by USDA Under Secretary Ted McKinney and USDA Senior Economist Sharon Sydow, as well as discussions on USDA and cooperator programming and policy.

#### **IICA Sanitary and Phytosanitary Roundtable**

NAEGA Staff attended the Third Edition of the Roundtable on Sanitary and Phytosanitary (SPS) Negotiations, organized by the Inter-American Institute for Cooperation (IICA). The IICA Delegation in the USA hosts these events for the International Agri-Food Community based in Washington, DC. On November 21, approximately 30 representatives of diplomatic missions and international organizations from the DC area gathered to hear senior representatives of the Office of the United States Trade Representative (USTR) offer a briefing on the U.S. International Agri-Trade Agenda, covering aspects related to bilateral and multilateral SPS negotiations.

USTR Chief Agricultural Negotiator, Gregg Doud, provided an overview of U.S. trade policies on SPS issues and reviewed U.S. bilateral initiatives. Julie Callahan, Deputy Assistant USTR,

discussed U.S. trade priorities in the work of Codex. Closing the program was Julia Doherty, Deputy Assistant USTR, who provided a briefing on U.S. priorities in the WTO.

### **2019 IGTC General Assembly**

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.

Gary also led the IGTC delegation at the São Paulo Grains Forum, where IGTC member presented to attendees on IGTC's work with industry and governments around the world to achieve a market and regulatory environment supportive of trade that avoids disruptions in the international movement of grain, oilseeds, pulses and derived products.

The IGTC's Brazilian member association Associação Nacional dos Exportadores de Cereais (ANEC) hosted the General Assembly and related events. A full trip report will soon be posted to the NAEGA Member's Only Website.

### **Citgo vs. Frescati Case**

NAEGA [has an updated briefing document](#) to share with our domestic and international colleagues that follows the case trajectory of Citgo vs. Frescati. In July, a NAEGA Special Interest Group submitted an amicus brief in the case and the Supreme Court heard Oral Arguments on November 5, and a decision is expected in the Spring of 2020. If you have additional questions regarding Citgo vs. Frescati and NAEGA's work on the case, please contact Sydnie at [ssousa@naega.org](mailto:ssousa@naega.org).

### ***News:***

#### **FY 2020 Funds Available for Export Credit Guarantee Program**

The U.S. Department of Agriculture has announced the availability of credit guarantees for sales of U.S. agricultural commodities under the Commodity Credit Corporation's (CCC) Export Credit Guarantee Program (GSM-102) for fiscal year 2020. GSM-102 encourages exports to buyers in countries that have sufficient financial strength to have foreign exchange available for scheduled payments. The program is available to exporters of:

- high-value, consumer-oriented, processed products such as frozen foods, fresh produce, meats, condiments, wine and beer;
- intermediate products such as hides, flour and paper products; and
- bulk products such as grains, oilseeds and rice

Further details of the announcement may be found at: <https://www.fas.usda.gov/programs/export-credit-guarantee-program-gsm-102/gsm-102-allocations>.

### **BASF Announces Plans for Commercial Canola Launch**

BASF has announced that the company will launch a hybrid canola variety (MS8 x RF3 x MON 88302) under the commercial name “InVigor Choice LR344PC.” BASF’s stacked trait combines previously commercialized MS8xRF3, which confers glufosinate tolerance, and MON88302, which confers glyphosate tolerance.

The 2020 commercial launch of the MS8 x RF3 x MON 88302 stacked trait product will occur only in Canada – not the United States. BASF announced it had met all key import approvals in order to initiate commercialization of this stacked trait product – including import approval in China, United States, Korea, Mexico and the EU. More information can be [found through this link](#).

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

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

#### ***2019***

##### **November**

**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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