



North American Export Grain Association

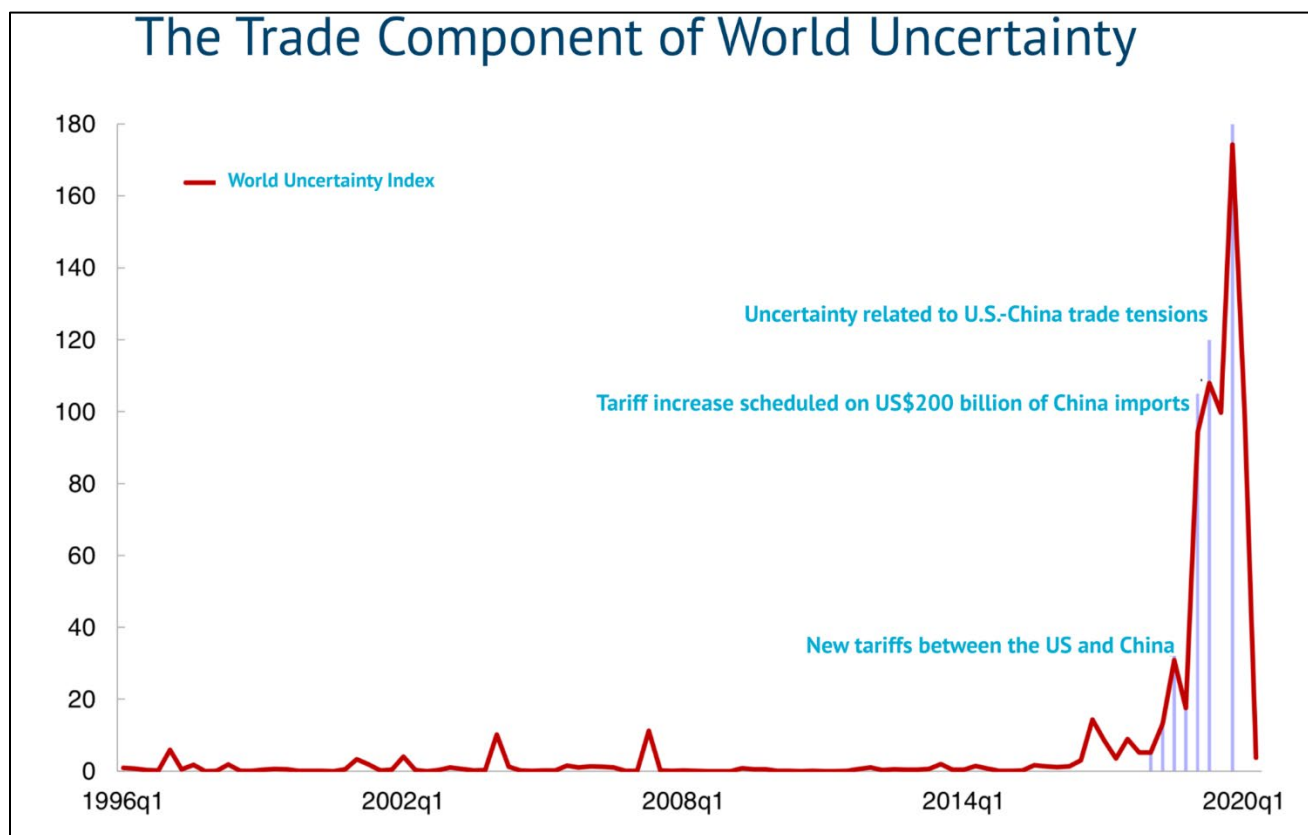
Outreach

October 28, 2020

Thank you for your membership in and work with NAEGA

Graphic of the Week

The World Uncertainty Index constructs quarterly indices of economic uncertainty using frequency counts of "uncertainty" (and its variants) in the quarterly Economist Intelligence Unit (EIU) country reports. The EIU reports discuss major political and economic developments in each country. The graph below tracks the trade component of the WUI from 1996-2020



Source: [The World Uncertainty Index/TradeVistas](#) – October 23, 2020

Recent Actions:

- Egypt VAT on Freight Costs
- IGTC Annual Report
- IMSBC Code on Seedcakes
- U.S. Agriculture Leadership Meeting with IICA

Current Opportunities & Actions:

- China MRLs
- India – Non-GM Certification Requirement
- International Task Force on Port Call Optimization
- USITC Investigation of Trade Agreements

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- China Phase One Progress
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Ongoing Opportunities & Actions:

- Contracts and Best Practices Seminars – Your interest requested
- Policy Teams
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Recent Actions:

Egypt VAT on Freight Costs

We are objecting to reported action by the Government of Egypt to apply a VAT to freight costs associated with commodity imports including grains and oilseeds. We understand the VAT for on freight is associated with Egypt's [Tax Law No. 67/2016 \(Decree 67\)](#), despite Decree 67's exemption of food and agriculture commodity imports from a VAT. Further, we understand the VAT on freight is now subject to enforcement and may be applied retroactively to from 2017 forward and that the Egyptian government has informed industry that if the VAT is not paid, imports of food and agriculture commodities will be disrupted.

NAEGA's position is that as freight is a cost component of all trade, whether this VAT is imposed directly on food, or indirectly on the freight associated with importing that food, the VAT clearly contradicts the intent of Decree 67 because it creates additional costs on food and agriculture commodity imports.

NAEGA has engaged with counterpart organizations in Argentina and Brazil [and sent a letter](#) to the U.S. Ambassador to Egypt, Johnathan R. Cohen, laying out our objections to the VAT and offering assistance in bringing attention to this issue. USDA's Foreign Agriculture Service has responded to our letter indicating the U.S. Embassy in Egypt is engaging with the Egyptian Prime Minister and the Minister of Finance expressing concerns and seeking their intervention, and that USDA will be reaching out to the Egyptian Ambassador to the U.S. We will continue to track and report on this issue as it develops.

IGTC Annual Activity Report

Ahead of the 2020 International Grain Trade Coalition (IGTC) General Assembly, which will take place November 3, the IGTC has issued its [Annual Activity Report for 2020](#). The report highlights IGTC's response to COVID-19, interactions with global agencies such as the Food & Agriculture Organization (FAO), and the work of IGTC's policy teams and working groups.

IMSBC Code on Seedcakes

NAEGA is working with industry partners and governments to assess the impact of a recent change in the International Maritime Solid Bulk Cargoes Code (IMSBC Code). IMSBC Code facilitates the safe stowage and shipment of solid bulk cargoes by providing information on the potential dangers associated with certain cargoes and instructions on the procedures to be adopted when loading such cargoes. The code has been amended to classify seedcakes (soybean meal, sunflower seed meal, cotton seed meal and rapeseed meal) as hazardous commodities, and the International Maritime Organization (IMO) will make this effective January 1, 2021.

Such a designation could result in the need for a U.N. approved self-heating test to be conducted on each shipment to properly determine the cargo classification. The purpose of the classification and tests is to notify the operator of the vessel on whether the cargo being shipped is "hazardous" and, if so, the appropriate measures that should be taken to protect the crew.

NAEGA, alongside the National Grain and Feed Association (NGFA), National Oilseed Processors Association (NOPA), North American Export Grain Association (NAEGA) and U.S. Soybean Export Council (USSEC), have formed a collaborative "IMO Working Group" to identify the impact that these new requirements could have on our respective members and have discussed several options to address industry concerns. As part of this effort, the group has scheduled a meeting for November 4, 2020. with the U.S. Coast Guard (USCG) to seek clarification on the cargo-certification process and documentation requirements, and request guidance.

It is the working group's understanding that the option to secure an extension of the IMO deadline provided sufficient justification and rationale for such an appeal can be made will not likely be successful as IMO has made it clear that any change to the implementation on January 1, 2021 must done by a new set of amendments and that amendments need to come from the National Parties to the IMO. We have found success addressing similar matters via USCG and the International Bulk Terminal Association which is the IMO recognized Non-governmental Organization representing our industry before the IMO.

We look forward to your questions and advice on how best to proceed. Member input before November 2 will be included in our consideration for the November 4 meeting with Coast Guard.

U.S. Agriculture Leadership Meeting with IICA

NAEGA Staff recently attended a meeting between U.S. agriculture leadership and the Inter-American Institute for Cooperation on Agriculture (IICA). IICA hosted the virtual webinar which brought together U.S. political and industry representatives for a discussion of IICA's mission and its plans for 2021. Dr. Manuel Otero, Director General also expressed his gratitude [for the U.S. industry letter](#) to U.S. Secretary of State Mike Pompeo in support of continued U.S. funding for IICA, which NAEGA signed in May of this year.

Current Opportunities & Actions:

China MRLs

China notified 1,673 maximum residue limits (MRLs) for 187 pesticides to the World Trade Organization (WTO). Included are new pesticide MRLs grains and oilseeds. An English translation of the list of proposed MRLs, provided by the U.S. Department of Agriculture's Foreign Agriculture Service (FAS) [can be found here](#). China has not set a date for these proposed MRLs to enter into force.

Comments are due to China's SPS Enquiry Point at sps@customs.gov.cn before November 16, 2020. NAEGA's Production Technology Committee is considering comments. Your input is welcome.

India- Non-GM Certification Requirement

The Food Safety & Standards Authority of India (FSSAI) has issued a clarification on its' plans to require a "non-GM (genetically modified) origin free and GM free certificate" issued by the "Competent National Authority" of the exporting country, on every shipment of 24 specified agricultural imports into India beginning January 1, 2021. FSSAI issued [this statement](#), which notes that this requirement applies to food crops only and not processed food. The updated statement includes the sample certificate format that FSSAI would like these Certifications to follow and the list of the 24 affected crops.

NAEGA's Production Technology Committee is developing comments. We are communicating with national and international colleague associations to share intelligence and consider how best to respond including working with national governments, and we have learned that the U.S. planned to bring up India's plan at the WTO TBT Committee meeting which took place on October 27. Your input is welcome. Comments are due to the WTO on November 1, 2020.

International Task Force on Port Call Optimization

The International Task Force on Port Call Optimization is a coalition of major ports, shipping and shipping support companies, and professional organizations dedicated to "improving quality and availability of master and event data which will deliver benefits to shipping lines, shippers, terminals and ports", with a focus on lowering costs, a cleaner environment, providing more reliability and safety for shipping. The Contracts Committee has begun looking into the Task Force and the way it uses data to enhance trade. Details on the Task Force's mission and priorities [can be found here](#).

USITC Investigation of Trade Agreements

The U.S. International Trade Commission (USITC) [is conducting on an investigation](#) of the economic impact on the United States of the following trade agreements: Uruguay Round Agreements, the North American Free Trade Agreement (NAFTA), the United States-Mexico-Canada Agreement (USMCA), and U.S. free trade agreements with Australia, Bahrain, Canada, Chile, Colombia, the Dominican Republic and five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua), Israel, Jordan, Korea, Morocco, Oman, Panama, Peru, and Singapore. This investigation is the second of two required by U.S. law, with the first completed and submitted to Congress in 2016.

The USITC is welcoming input from all interested parties. NAEGA is considering comments and your advice is welcome. Comments are due to USITC on November 6, 2020 and can be submitted here <https://edis.usitc.gov/>.

News:

China Phase One Progress

The Office of the U.S. Trade Representative (USTR) and the U.S. Department of Agriculture [recently issued a report](#) on the progress made to date in implementing the agricultural provisions in the U.S.-China Phase One Trade Agreement. Highlights include:

- To date, China has implemented at least 50 of the 57 technical commitments under the Phase One Agreement.
- As of October 23, China has purchased over \$23 billion in agricultural products, approximately 71% of its target under the Phase One Agreement.
- Outstanding sales of U.S. corn to China are at an all-time high of 8.7 million tons.
- U.S. soybean exports to China are also off to a strong start in the current marketing year, averaging over 1.1 million tons per week since the beginning of September.

U.S. OFAC Action on Iran

The U.S. Treasury's Office of Foreign Asset Control (OFAC) recently issued [General License 8A](#) (GL8A), "Authorizing Certain Humanitarian Trade Transactions Involving the Central Bank of Iran or the National Iranian Oil Company". GL8A provides details on how to conduct humanitarian trade transactions that involve the Central Bank of Iran or the National Iranian Oil Company without violating U.S. law. OFAC has also provided an updated FAQ on Iranian sanctions, as well as an updated list of Specially Designated Nationals and Blocked Persons. Those details [can be found here](#).

Ongoing Opportunities & Actions:

Contracts and Best Practices Seminars – Your interest requested

NAEGA concluded a private Virtual Contracts and Best Practices Seminar. The seminars are an intensive and informative review of commercial and official practices taught in an interactive environment. Both public/multiple company and private/single company seminars are available and can be tailored to your needs. Please let us know when, how and where you would like to participate in the NAEGA Senior Advisor led seminars. [Click here](#) for more information on the in-depth, interactive programs NAEGA conducts!

Policy Teams

With the evolving global trade and political 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!

Ad hoc policy teams of member personnel working largely through virtual meetings to help guide our multifaceted effort to address the evolving trade environment. A policy team focused on the

Asia-Pacific Market is very active at this time. Full Details on policy team activity can be found in the Meetings & Events Section of the [NAEGA Member's Only Page](#).

Office Reopening and Communication

The NAEGA office in Arlington, VA continues to operate under a limited and tentative reopening. We will continue to work remotely the majority of the time and have no travel planned.

We are conducting and participating in many virtual meetings. Most NAEGA hosted virtual meetings use Microsoft Teams. This [5-minute video tutorial](#) provides an introduction to using Microsoft Teams for virtual meetings. If you have had trouble using Teams and would like additional assistance, please contact Patrick at phayden@naega.org.

Calendar & Member Notices:

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

2020

27-28 - Global Low-Level Presence Initiative (GLI) 2020 - Virtual

November

2-3 – IGTC General Assembly –Virtual

3 - U.S. Presidential Election

12 - APEC Annual Meeting - Virtual

21-22 – G-20 Annual Summit – Virtual

16-19 – Extraordinary Meetings of the Convention on biological diversity (CBD) COP 15 and COP-MOP 10 - Virtual

December

17– NAEGA Board of Directors Meeting

2021

March 14-16 – NAEGA Annual Meeting Alongside NGFA Annual Convention – San Diego, CA

May

TBD – Meeting of the Convention on biological diversity (CBD) COP 15 and COP-MOP 10 - Kunming, China - Tentative

June

7-11 – London Grains Week – London, UK

2022

December TBD – COP 16 – CBD – Turkey

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