



## Outreach October 31, 2019

**Thank you for your membership in and work with NAEGA**

### Welcome to new NAEGA Senior Advisor Todd Erickson!

NAEGA is pleased to announce that Todd Erickson has joined NAEGA as a Senior Advisor. Todd was a lawyer for Cargill for over 32 years, retiring in August 2017. Todd’s experience covers a wide range of issues facing agricultural and energy trading businesses, including purchase and sale contract and charter party negotiation and disputes, trade finance, compliance investigations and training, business transactions (M&A and joint ventures) and representing Cargill in arbitration proceedings.

Please join us in welcoming Todd to the NAEGA team!

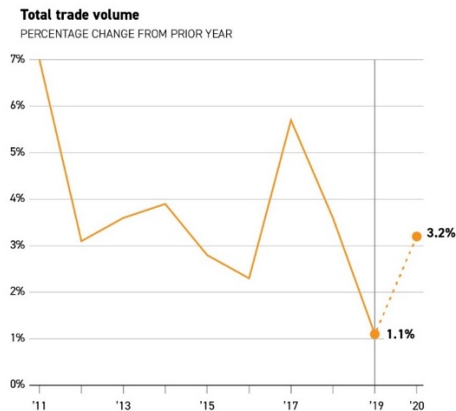
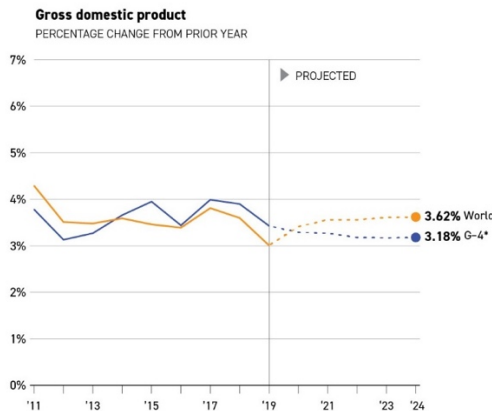
### Graphic of the Week: IMF Projection on Trade *Courtesy of Politico Pro*

Oct. 28, 2019

#### **IMF projects lower growth, trade in economic outlook**

The International Monetary Fund’s latest World Economic Outlook downgraded its global growth projection for 2019 to 3 percent, down 0.3 percentage points from its April projection. Global GDP growth is now projected to be at its lowest since 2008-2009. The IMF also downgraded its global GDP projection for 2020 by 0.2 percentage points to 3.4 percent. Growth in total trade volume is projected to slow to 1.1 percent for 2019, and to recover slightly by 2020.

“Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade,” wrote the IMF in the report. Accommodative monetary policy has “cushioned the impact of these tensions” on financial markets and employment, but “the outlook remains precarious.”



\*The G-4 is composed of the U.S., China, Japan and the Euro area, defined as the 19 countries in the EU that have adopted the Euro.  
Source: IMF

***Member Opportunities:***

- Tokyo NAEGA Contract Seminar and Reception – Register Now!
- 2019 U.S. OFAC Symposium
- Asia-Pacific Policy Teams

***Recent Actions:***

- Comments to USTR on National Trade Estimate Report on Foreign Trade Barriers

***Upcoming Actions:***

- WTP Appellate Body
- CBP Proposed Changes to the Jones Act
- Request for Comments on U.S. ITC Investigation of MRL Impacts on Trade
- Request for Comments on Bulking and Blending Pesticide Residue

***Pending Actions:***

- IPPC Draft ISPMs
- IPPC ePhyto Case Studies
- Contracts and Best Practices Seminars – Your advice requested

***News:***

- Thailand Moves to Ban Glyphosate, Paraquat, and Chlorpyrifos
- U.S. Office of Foreign Asset Control Update on Iran
- U.S. Wheat Associates 2019 Crop Quality Report

***NAEGA Calendar and Member Notices:***

- Upcoming events and notices to members

***Member Opportunities:***

**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](mailto:phayden@naega.org) if you have any questions. Mark your calendars now and we look forward to seeing you in Tokyo!

### **NAEGA Hosting OFAC Symposium Attendees – November 2019**

NAEGA Member staff who will be in Washington, DC for the U.S. Treasury's Office of Foreign Asset Control (OFAC) Symposium on November 12, 2019 are invited to visit the NAEGA offices in Arlington, VA during their time in Nation's Capital. If you or someone from your organization will be in town for the Symposium, please reach out to Patrick at [phayden@naega.org](mailto:phayden@naega.org) or Sydney at [ssousa@naega.org](mailto:ssousa@naega.org) to set up a time to talk about OFAC and any other issues NAEGA is covering.

### **Asia-Pacific Policy Teams**

With the evolving U.S.-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:***

#### **National Trade Estimate Report on Foreign Trade Barriers**

NAEGA & NGFA have submitted comments to the Office of the U.S. Trade Representative for the National Trade Estimate Report (NTE) on Foreign Trade Barriers. The NTE is the U.S. government's major annual report on the barriers to trade, investment, and services that American exporters and other businesses and their workers encounter around the world.

The comments focused on the following key areas:

- China's requirement that U.S. soybean consignments exceeding 1 percent foreign material (FM) to have an additional declaration on phytosanitary certificates;
- Vietnam's zero-tolerance policy on Canadian thistle;
- EU regulations that challenge to science-based regulation and international rules and norms;
- Barriers to biotechnology and plant breeding innovation;
- Country Assessments of Egypt, India, Peru, Thailand and Turkey.

The complete NAEGA-NGFA submission [can be found here](#).

#### **Contracts and Best Practices Seminar**

On Thursday, October 24 NAEGA held a successful Contracts and Best Practices Seminar in Portland, Or. Attended by 14 participants, the seminar featured a broad review of NAEGA 2 Model Contracting terms, the recent revisions to the contract, exercises on laytime and a review of the global contracting environment.

Interesting in attending at contracts seminar or hosting a private seminar for your company? Please contact [Sydnie!](#)

### ***Upcoming 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.

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 will hold 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](#).

### **Codex Request for Comments on Bulking and Blending Pesticide Residue**

Codex [has requested comments](#) regarding information on the impact of bulking and/or blending on chemical crop protection compound residues (pesticide residues) in plant products including grains and oilseeds. Comments should be sent to the European Union Codex Contact Point at [sante-codex@ec.europa.eu](mailto:sante-codex@ec.europa.eu) by November 10, 2019.

Member input into the Production Technology Committee's consideration is welcome on the above.

### ***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. We have scheduled a seminar in Tokyo for 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!

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### *News:*

#### **Thailand Moves to Ban Glyphosate, Paraquat, and Chlorpyrifos**

Thailand has [recently voted to ban glyphosate, paraquat, and chlorpyrifos](#). The National Hazardous Substances Committee upgraded the three from Type 3 toxic substances to Type 4, which prohibits their production, import, export or possession. Type 4 substances are banned for domestic sale and use, and residues of these substances are banned on food. The Maximum Residue Level for these three substances will drop to 0.00 ppm. The Royal Thai Government has set an implementation deadline of December 1, 2019.

#### **U.S. Office of Foreign Asset Control Update on Iran**

The U.S. Treasury's Office of Foreign Asset Control (OFAC) has issued a new "humanitarian mechanism" to ensure transparency in humanitarian trade with Iran. According to OFAC, this mechanism requires foreign governments and financial institutions to provide "a substantial and unprecedented amount of information" each month to ensure they are not violating U.S. sanctions. OFAC stated said the new "transparency" mechanism would help ensure that funds associated with permissible humanitarian trade "are not diverted by the Iranian regime to develop ballistic missiles, support terrorism, or finance other malign activities." More details can be found [through this link](#).

#### **U.S. Wheat Associates 2019 Crop Quality Report**

U.S. Wheat Associates has released a Crop Quality Report for 2019. The report provided fgrade flour and baking data for all six U.S. wheat classes and "essential, objective information to help buyers get the wheat they need at the best value possible." In addition to the Crop Quality Report, U.S. Wheat has also issued regional quality reports. These reports, and past reports, can be found [through this link](#).

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***Calendar & Member Notices:***

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

**2019**

**October**

**31-Nov 1** – APEC Workshop on Non-Tariff Barriers – Beijing, China

**November**

**6-8** – IGTC General Assembly – Sao Paulo, Brazil

**12** – 2019 OFAC Symposium – Washington, DC

**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-January 1** – New Year’s Holiday – NAEGA Offices Closed

**2020**

**March**

**8-10** – NGFA Annual Convention – Austin, TX

**TBD** – 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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