Global grain industry working together to facilitate trade

Tyler Bjornson
Canada Grains Council & Founding Member IGTC

November 15, 2017
Washington D.C.
Annual Average Continent-to-Continent Trade of Grains and Oilseeds 2011-2015

Values in 1000USD
Source: The United Nations Conference on Trade and Development International Trade Data Center. Updated 10/25/2016 VLM.
27 associations, 8000 businesses
85 countries

NAEGA, NCGA, NGFA, USGC, USW, CRA, USSEC

CGC

GAFTA

UGA

COCERAL

RGU

CNFA, CNAGS, CGBA

SOPA, SEA

Geneva, Switzerland

ABIOVE

ANEC

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CIARA-CEC

SACOTA

ANIME, APPAMEX

CAPECO

Eastern Africa Grain Council

GTA, AGEA
Aim: to achieve a market and regulatory environment supportive of trade that avoids disruptions in the international trade of grain, oilseeds, pulses and derived products.
Some common policy barriers to trade...

- Regulation on Plant Production / Crop Inputs
- Phytosanitary Control Measures
- Non Science-Risk Based Trade Barriers
- Variability in Approaches
Policy priorities November 2017

1. Plant Breeding Innovation
2. Low Level Presence
3. Cartagena Biosafety Protocol
4. Pesticide Approvals & Residue Measures
5. Harmonisation of phytosanitary control methods
   UN International Plant Protection Convention (IPPC)
6. Innovation in electronic trading documentation
Requires collaboration with/among Governments

• IGTC brings industry together from numerous countries to develop common positions and objectives on various issues

• IGTC members then advocate for these positions with their own governments AND,

• Encourage governments to work together to find trade enabling solutions for the priority files IGTC has identified

**Example:** Global Low Level Presence Initiative
15 Governments now Members – Aspiring to adopt practical approaches within their countries for LLP to not be an unnecessary trade barrier
Work with international partners

- **UN FAO** (194 governments)
- **IPPC** (183 governments)
- **World Customs Organization** (180 governments)
- **World Trade Organization** (162 governments)
- **International Grains Council** (55 governments)
- **Global Low Level Presence Initiative** (15 governments)
Thank You!

International Grain Trade Coalition
www.igtcglobal.org ● Secretariat@igtcglobal.org
Electronic Trading Documentation

International Grain Trade Coalition (IGTC)

Jennifer Henderson, Director of Food Safety, Quality and Regulatory Affairs, Cargill

Washington DC
15 November, 2017
International Grain Trade Documentation Landscape - Today

• Supply chain based on legacy paper driven processes

• Multiple players with multiple processes – all brought together manually. Examples
  - Commodity Contracts – Multiple in-house systems
  - Shipping Documents
    • Bills of Lading – Vessel Owner/Agent
    • Certificates Quality/Quantity – Supervision Companies
    • Certificate of Origin – Local chamber of commerce
    • Phytosanitary Certificates issued by Official parties

• Only a portion of this captured electronically as limited players in the electronic “ecosystem”

• General reluctance to champion technology and support “paperless” transactions.
IGTC survey: key findings

Over half of respondents stated they plan for the wholesale adoption by 2025 i.e. a rate of 75-100% of electronic trade documentation for all documents in one transaction.

Grain trade very supportive of the move to digitization for export certification.

Implementation must be “agile and friendly to the export-import operation”. The system should be adaptable to all needs, importers and exporters.

**OPPORTUNITIES:** Improved time in documentation issuance; improved document presentation; reduced courier transit time; reduced costs; reduced re-issuance time due to mistakes; and improved cash-flow.

**CHALLENGES:** If system is not adaptable to all needs; preparedness of importing countries; acceptance by the supply chain at large; security, cost and reliability.
Progress has been made

• Electronic Bills of Lading are gaining in acceptance and use.

• Electronic Certificate's of Origin, where Chamber’s certifies the CO’s electronically, is gaining in use.

• Pilot project of IPPC and WTO: Global ePhyto Hub
  • Participating countries include Argentina, Australia, Chile, China, Ecuador, Kenya, Korea, New Zealand, The Netherlands, USA

• Outcomes from this pilot will be known in early 2018
What is needed

• Continue to raise awareness of the issues and the opportunity

• Can Do Spirit to test and walk in the same direction

• Encouragement and enrollment of the players in the supply chain (buyer, seller, brokers, banks, agencies, vessel owners etc)

• Lead industry through this change. With fully electronic documentation, the industry has much to gain in efficiency, information accuracy, and data integrity

• Support from Customs/Port authorities to recognize electronic documents, e.g, banking industry (eUCP 600) now recognize electronic B/L’s

• Leadership to prepare for the inevitable replacement of paper B/L’s & Docs and clarify and dispel misunderstandings around this subject

• Amplify the message (around this opportunity)
Grain Trade Facilitation in Eastern & Southern Africa and partnership with IGTC

Gerald Makau Masila, Executive Director, Eastern Africa Grain Council
15th November 2017
Outline

1. About EAGC
2. Why IGTC is important to EAGC
3. Importance of regional Grain Trade in Eastern & Southern Africa
4. Developments in phytosanitary-related work in ESA
5. Promoting International Trade in Grains
1. About EAGC

- Regional, non-profit, membership based organization for the Grain value chain in the Eastern Africa region
- Established in 2006
- Facilitates efficient, structured and profitable grain trade in the Eastern Africa region for optimum stakeholder benefits
2. Why IGTC is important to EAGC

1. Support Policy Advocacy on international grain trade matters
   - EAGC represented on IGTC teams for MRLs and phytosanitary standards

2. Keeping EAGC and its members updated on developments in international Grain Trade

3. Empower EAGC members to participate in international grain trade
3. Importance of regional Grain Trade in Eastern & Southern Africa

- Differences in agro-ecologies and crop seasons create natural opportunities for cross-border grain trade all year round
- Therefore, regional grain trade is important for:
  1. Market access
     - Maintain producer incentive for farmers to increase production
     - Cross-border & International trade as a driver of economic growth & Investment in Grain Value Chain
  2. Food security
     - Mitigating price volatility
     - Consistent availability of food
     - Access to safe, quality food (common standards, SPS measures)
• Therefore, EAGC promotes Grain Trade facilitation through:
  o Policy Advisory and Advocacy for improved Grain Trading environment
  o Promoting Structured Grain Trade
  o Market information and intelligence to support grain trade
  o Stakeholder capacity building to participate in structured Grain Trade
A. Harmonisation of grain standards in East Africa

– Standards for 22 grain commodities and derived products harmonised in 2013

– Harmonisation of standards has led to increased grain trade

  • E.g. Uganda maize exports to Kenya increased by 107% between 2012 and 2016 (COMTRADE data)
  • Kenya has imported over 1 Million MT of Maize, from Ethiopia, Zambia, Ukraine (yellow), Mexico
B. SPS Legislation in East Africa

– SPS Protocol has been established. It seeks to regulate SPS measures and reduce their use as barriers to trade, and support international trade

C. Harmonisation of regional seed trade regulations

– COMESA, SADC and EAC each have harmonised seed trade regulations

– Goal: to increase regional seed trade by easing distribution of seeds varieties already released in 2 or more Member Countries
Ukrainian Grain Association

Nikolay Gorbachov
President
The number of people undernourished in the world has been on the rise since 2014, reaching an estimated 815 million in 2016.

**Prevalence of undernourishment (left axis)**
**Number of people undernourished (right axis)**

**NOTE:** Prevalence and number of undernourished people in the world, 2000-2016. Figures for 2016 are projected estimates. **SOURCE:** FAO.
Where are food supplies most vulnerable to climate change?

Higher score = more vulnerable

Source: Notre Dame Global Adaptation Index
**UKRAINIAN GRAIN PRODUCTION AND EXPORT EVOLUTION**

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**Sown area, M hec.**

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**Domestic consumption**

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MAP OF DISPUTES BETWEEN WTO MEMBERS. WTO
**Current status**

All agri commodities that arrived to India, have to be fumigated with Methyl Bromide at load port. But since a number of countries have banned the use of Methyl Bromide, cargoes arriving from these countries are allowed to be fumigated at port of arrival in India but on payment of five times penalty (~20$ per MT).

**Exemption**

The only countries that are exempted from the penalty are Canada, USA and France. But the cargo arriving from these countries also have to be fumigated with Methyl Bromide.

**Processing**

The Indian Directorate of Plant Protection, Quarantine and Storage placed an ordered a research of Aluminium Phosphine.

We are waiting for the results of such research 8 November 2017. Also, Indian authorities have decided to tighten fumigation norms for import of grains, particularly pulses, from Canada, France and the US to clamp down on buying from abroad and support domestic prices.

Ukraine is still wondering because of the ban to fumigate Ukrainian grain with Phosphine for Indian market.
Current status

Vietnam has closed the import of wheat from Ukraine because of two fake phytosanitary certificates, which claimed the fumigation of cargo with methyl bromide.

Way of solving the problem

Ukraine Phytosanitary service have to prevent such occasions in future.

To achieve this goal, the standard of fumigatory service is developing in close cooperation with FAO and EBRD and will be available for negotiations and approval at the end of November 2017.

Processing

In 2016, Vietnam implemented a methyl bromide fumigation requirement for U.S. origin wheat and corn and a suspension of U.S. DDGs due to the presence of live pests.

Thanks to proper notification and engagement, industry and U.S. government were able to work with the Vietnamese to educate them on the feasibility of using phosphine fumigation in place of methyl bromide for these commodities.
JOINT PROPOSAL OF UGA AND NAEGA ON NTB/TBT ISSUES

Goal
A market and regulatory environment that is supportive of the trade of grains, oilseeds, pulses and other agri-bulks.

Objective
IGTC support to Corporate Stakeholder and Member initiatives that address development and implementation of local, national and regional official measures that often result in NTBs and the delay or prevention of shipments.

Proposal
1. Establish new IGTC policy
2. Establish and operate a Trade Information Service
Thanks for your attention

Ukrainian Grain Association

Mykola Gorbachov
President
http://www.uga.org.ua
IGTC seeks partnership with governmental bodies and other international interest groups.

For-profit entities supporting IGTC are welcome to be identified as IGTC Corporate Stakeholders and help guide our work. Trade Associations and Councils working to support international trade of grains, oilseeds, pulses and other agri-bulks are welcome to apply for IGTC.

Please contact us at: Secretariat@IGTCglobal.org +41 78 932 96 18