WTO’s Trade Facilitation Agreement Halted Due to Concerns over Stockpiling

In Geneva, the World Trade Organization (WTO) failed to reach a compromise with India and complete negotiations on the Trade Facilitation Agreement (TFA) by the deadline of July 31. Although an interim agreement was reached at the Bali Ministerial meeting last December, India insisted on a permanent agreement regarding the issue of public stockpiling for food security purposes before it would sign on to the TFA.

The TFA is a far-reaching global trade agreement meant to significantly reduce trade impediments. The draft agreement would require WTO members to harmonize trade documents and streamline procedures for shipping products across borders and at ports. The benefits of the TFA were estimated to be worth up to $1 trillion per year to the global economy — generating up to 21 million jobs.

TFA’s Future Unclear

The interim agreement with India included a “peace clause” to protect it from legal ramifications for exceeding its limit of trade-distorting subsidies due to public stockpiling programs. The food security interim decision directed WTO members to come up with a permanent solution by 2017 to deal with such programs. The peace clause would stay in place until a permanent solution is reached, even if negotiations passed the 2017 deadline.

Many WTO members felt that the TFA would be implemented with little resistance after the success of the Bali Ministerial meeting. However, with the failure to ratify before the deadline, many are concerned about the future of both the TFA and the WTO.

India Hopeful for Continued Negotiations

Senior officials in India responded to these concerns by saying that they remain committed to the TFA and would be willing to continue negotiations to reach an agreement on food security.

“We expect that the (WTO) director general will call a meeting in September and we are ready to sign the deal in September itself, provided TFA and food security issues are passed together,” a trade official from India told Reuters. “We are quite hopeful for the deal.”

Source: SASEC
Despite these comments, it is unclear if the deal can be revived and what steps WTO members would need to take to move the pact forward.

Darci Vetter: Getting the U.S. Back in the Game

Free trade contributes to broad-based economic growth and, for the United States, is essential in gaining market share among the rapidly expanding middle class in developing countries, Chief Agricultural Negotiator for the Office of the U.S. Trade Representative (USTR) Darci Vetter told U.S. Grains Council leaders during a speech outlining an ambitious U.S. trade agenda.

Growth in the Middle Class of Developing Countries

In her presentation, Vetter discussed where the major growth markets are expected to be in the near future. By 2018, the aggregate middle class population of the developing world will surpass that of the developed world. And the growth is explosive – by 2022, 616 million households in the developing world will have achieved middle class status, versus 432 million in the developed world. The balance of global purchasing power is shifting rapidly, and the emerging economies are demanding improved diets that drive trade of agriculture products.

Focusing on Free Trade Agreements

As global food demand increases, the United States strives to meet the growing needs around the world. To reach that goal, Vetter said, the United States must continue to promote expanded trade through trade agreements that help feed growing markets and give importers and end-users improved access to U.S. surpluses.

Vetter concluded by emphasizing the importance of the ongoing negotiations of the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (T-TIP).

The Council is actively engaged with industry consultative groups supporting high-quality, comprehensive TPP and T-TIP agreements. It also welcomes Vetter’s aggressive advocacy on these key issues in her new role at USTR.

Marri Carrow Transitions to Regional Director of the Western Hemisphere

Marri Carrow, U.S. Grains Council’s (USGC) longtime director of communications, moved this month to a new position as the Council’s regional director of the Western Hemisphere. In her new role, Carrow will identify and address critical trade, technical and policy factors to develop markets for U.S. coarse grains and co-products in that region. She will be based in the Council’s office in Panama.

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“Marri’s exceptional leadership, management and communications skills make her the ideal fit for this region, which holds enormous potential and is an area for Council emphasis,” said USGC President and CEO Tom Sleight. “We are looking for Marri to think creatively about the region, develop impactful programs and make sure we communicate success and perspective.”

She is taking the place of Kurt Shultz, who has moved to Washington, D.C., to take the position of director of global strategies for the Council.

Before joining the Council, Carrow worked in communications for the Minnesota Corn Growers Association. She earned a bachelor’s degree in English from Southwest Minnesota State University and grew up on a corn, soybean and hog farm in southwestern Minnesota.

Congratulations, Marri! ♦

Ron Gray Elected New USGC Chairman

Ron Gray, a farmer from Illinois, was recently elected to serve as the U.S. Grains Council’s (USGC) chairman for 2014/2015.

Following his election, Gray announced the Council’s new theme for 2014/2015, “Global Awareness, Global Connections.” The theme embraces the opportunities and partnerships that come from trade, while acknowledging there is still work to be done to expand and improve global connections.

“The Council’s work is individualized – each region, each nation and each situation is unique – just like a thumbprint,” Gray said. “Robust export markets are the result of demand-building, trade agreements, transportation, trade servicing, confidence-building, responsiveness and empathy, which are all things we can impact through awareness and connections.”

Gray has been involved in agriculture production for the last 35 years and has been a crop insurance agent for nearly a decade. He previously served as chairman of the Illinois Corn Marketing Board, serving as a delegate from that organization to the Council since 2002.

The Council’s 2014/2015 Board of Directors was also recently elected. That body now includes:

- Ron Gray, Chairman, Illinois Corn Marketing Board
- Alan Tiemann, Vice Chairman, Nebraska Corn Board
- Chip Councell, Secretary/Treasurer, Maryland Grain Producers Utilization Board
- Julius Schaaf, Past Chairman, Iowa Corn Promotion Board
- Thomas Sleight, President and CEO, U.S. Grains Council
- Steve Brody, Agribusiness Sector Director, DuPont Pioneer
- Mark Seastrand, Barley Sector Director, North Dakota Barley Council
- Dick Gallagher, Corn Sector Director, Iowa Corn Promotion Board
- Bill Kubecka, Sorghum Sector Director, United Sorghum Checkoff Program
- Craig Floss, State Checkoff Sector Director, Iowa Corn Promotion Board
Predictions Continue to Point to Record U.S. Corn Crop

With good weather conditions continuing through July and into August, the U.S. Department of Agriculture (USDA) again predicted a record-breaking 2014/2015 U.S. corn crop in its World Agriculture Supply and Demand Estimates (WASDE) August report. Supply estimates also continue to outpace domestic demand, leading to an abundance of corn available for export next year.

The most recent WASDE report put current corn crop estimates at 356.43 million metric tons (14 billion bushels), surpassing last year’s crop total. This is due to an increase in the expected yield, 10.5 tons per hectare (167 bushels per acre) compared to 9.9 tons per hectare (157 bushels per acre) last year. These figures, coupled with no significant increase in expected domestic usage, point to a plentiful supply and low prices.

“Across the world, demand is starkly evident, and clearly the United States’ supply is abundant,” said U.S. Grain Council Chairman Ron Gray, a farmer from Illinois. “The Council is working tirelessly to mesh these dynamics, and if the USDA is correct, as we head into the 2014/2015 marketing year, it will be a buyer’s market.”

Quality also remains high in the upcoming U.S. corn crop, according to USDA. Currently, 73 percent of corn is in excellent to good condition, a improvement over the 64 percent in the same condition at this time last year. Until harvest, however, weather will remain a factor in the overall quality and total supply of the 2014/2015 U.S. corn crop.

USGC Names Kevin Roepke as Regional Director of South and Southeast Asia

The U.S. Grains Council (USGC) is pleased to announce the promotion of Kevin Roepke to regional director of South and Southeast Asia. Since January, Roepke has worked as a director of trade development in China.

“During his short time in China, Kevin has proven himself to be an extremely valuable member of our international staff,” said USGC President and CEO Tom Sleight. “His strong business and trade background, excellent insights into the market and exceptional communications skills make him an ideal fit for this region.”

He will replace Adel Yusupov, who recently accepted a position with International Feed in the United States. During the next month, Roepke will transition from his current position in Beijing and relocate to the USGC office in Kuala Lumpur, Malaysia.

Roepke has been with the Council since 2011 when he joined as a manager of international operations for marketing. Prior to the Council, he worked for Archer Daniels Midland, an American global food-processing and commodities-trading corporation, where he held several trading and merchandising positions.

He earned his bachelor’s degree in public service and administration in agriculture from Iowa State University.

Congratulations, Kevin!