

Food & Agriculture Committee 2020 Work Plan

About the Food & Agriculture Committee

The US-ASEAN Business Council's Food & Agriculture Committee comprises some of the largest and leading U.S. companies in the F&A sector. The committee also represents the entire value chain of the F&A industry from farm to fork-including farming, developing seeds, processing, distribution and retailing. The F&A committee is currently led by Chairman Elanco Animal Health and Vice Chairs Archer Daniels Midland, Cargill, and Corteva Agriscience. Other key members include Bayer, MSD Animal Health, Nestle Purina Petcare, PepsiCo, and Yum! Brands. The committee's focus in 2014-2020 is the improvement of food security in ASEAN through international trade development of food and agricultural products.

The committee developed four subgroups to bring about a sharper focus in terms of engagement:

- 1) Plant Science: Corteva Agriscience, Bayer
- 2) Agricultural Trading: Archer Daniels Midland, Cargill, Scoular
- 3) Animal Health: Elanco Animal Health, MSD Animal Health
- 4) **Petcare: Nestle Purina Petcare, Cargill (?), Elanco Animal Health (?)**

Fast Growing Agricultural Trade between U.S. and ASEAN

In the past decade, Southeast Asia has had the fastest growth in U.S. agricultural sales of any region except South America. Strong economic growth and increasing demand for high-value products have been major drivers of this increase, and these trends are expected to continue to make Southeast Asia an attractive destination for U.S. exports in the future. According to the United States Department of Agriculture, U.S. agricultural exports to Southeast Asia climbed to a record \$13.9 billion in FY 2018, the highest export level since at least FY 1970. The export values for 2019 and forecast for 2020 decrease slightly but remain high at \$13.5 billion and \$13.7 billion respectively. The top agricultural exports from U.S. to Southeast Asia include soybean, cotton, wheat and dairy products.

Indonesia, Vietnam, Philippines, Thailand, Malaysia are the top markets for U.S in ASEAN. Indonesia, the most populous ASEAN country, was traditionally the largest agricultural export market in the region for U.S. However, since 2018, Vietnam has taken over Indonesia's position. U.S exported \$4 billion agricultural products to Vietnam in 2018, a significant increase from \$906 million in 2008, making Vietnam #7 among U.S agricultural export markets for 2018.

ASEAN countries are also one of the largest sources of U.S. goods imports including agricultural products¹. Agricultural exports from ASEAN to U.S has consistently increased over the years, reaching a peak of \$12.9 billion in FY2019 and possibly \$13.5 billion in FY2020. The top agricultural exports from ASEAN to U.S. are seafood products (particularly shrimp), tropical oil, tree nuts, rubber and forestry products.²

¹ ASEAN is the 4th largest source of US. Goods imports, after Canada, Mexico and China:

<https://www.csis.org/analysis/us-southeast-asia-trade-relations-age-disruption>

² <https://www.ers.usda.gov/webdocs/publications/95477/aes-110.pdf?v=4497.5>

Overarching Theme for 2020: Improving Food Security through Enhanced Trade Development

Despite fast growing trade between U.S. and ASEAN, the achievement of food security remains a key challenge in ASEAN. According to 2018 FAO report on Asia-Pacific Regional Overview of Food Security and Nutrition, Southeast Asia experienced rapid reductions in the number of undernourished people during 2005-2015. However, the region has experienced rising hunger and worsening of food insecurity since 2015. Demographic trends, transformation in agriculture, degradation of the natural resource base for food production, climate change, food price rise and volatility add to the pressure on agricultural sustainability and in turn food security in ASEAN.

A. Advocacy and Relationship Building

I. Issues and Proposed Advocacy

ASEAN

Issue	Proposed advocacy
Free Trade Agreements ASEAN has entered into a number of free trade agreements such as CPTPP and RCEP. This has specific impact upon business operating in the region. Understanding how to be able to take advantage of these FTAs' benefits will be crucial for business success.	Raise awareness on these FTAs and support capacity building for members to optimize supply chains in and outside of ASEAN.
Climate change Average temperatures in Southeast Asia have risen every decade since 1960. Vietnam, Myanmar, the Philippines, and Thailand are among 10 countries in the world most affected by climate change in the past 20 years, according to the Global Climate Risk Index. According to ADB, climate change could shave 11 percent off the region's GDP by the end of the century as it takes a toll on key sectors including agriculture.	Advocate for Climate-Smart Agriculture, including making use of the best possible technology in smart seeds, smart plant protection solutions in order to increase agricultural output and efficiency.
Fall Armyworm Fall Armyworm is North American originating pest that has been rapidly spreading across Asia since 2018, and has found its way into ASEAN, causing significant damage to key crops, specifically corn.	Continue to raise awareness, share knowledge and experiences with agricultural officials on pest management.

<p>African Swine Fever (ASF)</p> <p>ASF is highly infectious and has been wreaking havoc in ASEAN. The ASF outbreak not only poses a huge threat to the livelihoods of farmers and local industries but also food companies and other stakeholders in the agricultural economy. The pork industry in the region is losing billions of dollars due to the ASF infections. Currently, there are no available vaccines or treatment to the disease, making culling the exposed and infected pigs the only prevention mechanism. Moreover, the development of the ASF vaccine has been significantly hampered by the severe gaps of knowledge concerning the infection and immunity of the virus.</p>	<p>Work with Animal health companies to help farmers address ASF risk by reducing human-related transmission risk, supporting improved biosecurity and farm management practices, and innovations that reduce pest-related transmission risk.</p>
<p>Antimicrobial Resistance (AMR)</p> <p>AMR problem is accelerated and exacerbated in ASEAN due to various factors: inappropriate use of antimicrobials in humans, animals, aquaculture and crops, limited regulatory systems across sectors, absent or ineffective use of AMR surveillance data, limited development of new antimicrobials, and antibiotic residues in environmental components, among others. The scale of the AMR situation extends beyond public health with socio-economic and environmental health impacts which threatens global health security and the achievement of the Sustainable Development Goals.</p>	<p>Support the adoption of relevant international policies and standards such as WHO Global Action Plan on AMR/ One Health approach.</p> <p>Support the development and implementation of the ASEAN AMR Action Plan.</p> <p>Develop a joint AMR program in conjunction with pharmaceutical companies</p> <p>Work with companies to provide and promote alternatives to antibiotics, including vaccines, enzymes, probiotics.</p>
<p>Use of CRISPR systems for genome editing tool</p> <p>Genome-editing tools provide advanced biotechnological techniques that can recharacterize gene functions and improve agricultural traits. However, there is still the lack of clarity of regulatory policies on genome-edited products in many regions including ASEAN. CRISPR system is one of many novel breakthroughs that are extending the potential of genome-edited crops and the possibilities of their commercialization. CRISPR is also used in vaccine research for certain types of vaccines R&D, mostly in U.S. and Netherlands. Initially discovered in bacteria and archaea, CRISPR is an adaptive immune system found in prokaryotes. In 2012, scientists found a way to use it as a genome editing tool.</p>	<p>Monitor the development of genome-edited products and regulatory policies. Convey the message to government organizations that the Council's members are ready to provide support on developing a regulatory system that will support this innovation.</p>
<p>Biotech regulation</p>	<p>Advocate for a robust and harmonized</p>

ASEAN is highly diversified in terms of R&D development, including the development of modern agricultural biotechnology. There is a need on the alignment and synergies of the existing policies under different national competent authorities in each ASEAN country as well as the harmonization of biotechnology regulations within the region.	regulatory approval process of biotech products that are aligned with global standards to be adopted by ASEAN member countries.
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Country-level

Country	Issue	Proposed advocacy
Cambodia	Import tariffs for agricultural products Import tariffs for agricultural products are very high: 35% tariffs on Chicken, Mozzarella Cheese, Processed Pizza Meat, French fries, Tomato Paste/Sauce and Restaurant Equipment. Paying these high tariffs diverts funds from growing business.	Advocate to reduce tariffs.
Indonesia	Halal Law As of October 17, 2019, Indonesia's Halal Product Law ("Halal Law") came into effect. The compulsory Halal labeling law will initially apply to food and beverages (other products e.g. cosmetics, drugs, and other consumer goods, and services related to these goods will have until 2022 to comply). Onerous implementing requirements may create additional costs for consumers, raise compliance costs and disrupt operations for businesses, and even create openings for corruption and unofficial tariff collection, affecting Indonesia's overall business and investment climate.	Continue to monitor the status of the implementing regulations for this Law, including the potential impact on market access for affected products. Highlight the potential adverse effects of the Halal Law on consumers and businesses through regular meetings with relevant government bodies.
Indonesia	Investment restrictions for storage Foreign companies are limited to a minority ownership (33%) in warehousing facilities used for trading and distribution of agriculture products. This is due to the Negative List for Foreign Investment. This restriction inhibits companies from participating fully in Indonesia's food and agriculture supply chain—and limits the ability to efficiently move supplies of food and feed from points of entry to areas of consumption.	Encourage the government to consider increasing the allowable foreign ownership share for warehousing, or to eliminate the restriction completely.

Indonesia	<p>Import tax on distiller's dried grains with solubles (DDGS)</p> <p>The 5% import tax on DDGS for distributors and traders prevents some end users from purchasing DDGS at a competitive price.</p> <p>Feed mills are able to purchase DDGS with no tax.</p> <p>The result is a scenario in which end users who are not able to purchase large volumes of DDGS for logistical reasons are left paying more.</p>	Encourage the government to consider amending this policy so that there is a level playing field.
Indonesia	<p>Ministerial Decree on Production and Distribution of Veterinary Drugs</p> <p>Indonesia is drafting a decree on production and distribution of veterinary drugs which includes a provision on the transfer of technology. The Council has expressed interest in continuing consultations on the drafting process.</p>	Encourage the decree to be trade facilitative and implementable. Continue to highlight that the distribution of veterinary drugs for pets and food animals should be regulated in the decree and it should exclude investment/technology transfer requirements as stated in the decree.
Indonesia	<p>Biotech regulation</p> <p>Indonesia has been planning to pass post-monitoring guidelines for biotech products as part of their biotech import regulation. The guidelines have been sitting on the Secretary General's desk in the past year and the current (and previous Secretary General) has been reluctant to sign off because of pressures from NGOs that are against biotech products. Pending biotech product approvals will result in loss of business that could have been incurred from the product launch.</p>	Make sure the Secretary General and the Minister signs off on the regulation by highlighting the benefits of having a robust regulatory approval process for biotech products and by addressing any concern the Ministry might have about having biotech products in the market.
Philippines	<p>Proposed Bill on "Pet Food Additive Information Act"</p> <p>Section 2 focuses on the requirements for labeling of pet food products. Mandatory warning labels may result in unnecessary additional expenses for farmers and companies engaged in pet food production.</p>	<p>Advocate for the alignment of domestic standards with international norms:</p> <p>(i) Recommend the authorities to adopt current Philippine National Standard (Pet Food Labelling) which is already aligned with International Standards with regards to the declaration of additives in pet food label;</p>

	<p>Section 3 sets out the Duty of the Bureau of Food and Drugs (BFAD) in providing an appropriate and cost-effective method of verification of the accuracy of the information contained in pet food packaging. This deems unnecessary given the availability of existing science-based legislative frameworks from U.S and EU.</p>	<p>(ii) Support further elevating the scientific expertise and knowledge base of the BFAD through the sharing of references and use of 'registers' from the U.S. and EU.</p>
Philippines	<p>Biotech regulation</p> <p>Philippines has had biotech regulatory framework in place but has not been predictable in application / implementation. Significant delays in approval will result in loss of business that could have been incurred from the product launch.</p>	<p>Request the government to adhere to the biotech regulatory process and accelerate approvals for products that have been submitted and pending for approvals.</p>
Philippines	<p>Quota on US poultry imports</p> <p>The quota on U.S poultry imports has been the same amount since 2005 so it has not kept up with business growth which requires increased supply of poultry meat.</p>	<p>Advocate to expand the quota on an annual basis to cover growth and ensure supply. Encourage the Philippine government to enter into a formal trade agreement with the U.S. to address these types of issues.</p>
Philippines	<p>Foreign investment restriction in rice and corn sectors</p> <p>Foreign companies are limited to a minority ownership (up to 40% foreign equity) in production, processing and trading of rice and corn. This is due to Foreign Investment Negative List.</p>	<p>Urge the Philippine government to continue pursuing the easing of foreign investment restrictions on foreign companies engaging in the corn and rice sectors.</p>
Singapore	<p>Regulations on bovine imports for petfood</p> <p>Restrictions for importing pet food containing beef into Singapore based on Singapore Food Agency and APHIS guidelines which state that the "import of feed containing beef from Canada, UK and USA is currently suspended because of BSE".</p>	<p>At current stage, this is a G2G discussion since U.S. has already been recognized as having a negligible BSE risk in accordance with Chapter 11.4. of the Terrestrial Code.</p>
Thailand	<p>Restrictions and ban on crop protection products</p> <p>Thailand planned to implement a ban on crop protection products such as paraquat, chlorpyrifos and glyphosate from December 1, 2019. However, the proposal met with</p>	<p>Continue to highlight with the government the potential disruption to the agriculture sector if the bans are implemented.</p> <p>Work with both U.S. and Thai governments to ensure that the</p>

	resistance from the agriculture sector as well as the U.S. government. The ban on paraquat and chlorpyrifos has been delayed until June 1, 2020 while glyphosate will not be banned but its use will be restricted.	proposed ban on paraquat and chlorpyrifos is ultimately not implemented, and that the decision not to ban glyphosate remains in place.
Thailand	<p>Fumigation issue related to Khapra Beetle</p> <p>In December of 2018, the Thai government revised their fumigation policy in response to incidents of khapra beetle in grain shipments. Current negotiations are around levels of phosphine which are acceptable. Thailand is looking at a standard more consistent with EU standards while APHIS is advocating for US standards.</p>	Work with both US and Thai governments to encourage a resolution of this issue that allows free trade of grains. The Thai government has asked for empirical data to support the use of US standards for phosphine.
Thailand	<p>Regulation on raw materials imported from U.S.</p> <p>Bulk shipment of raw materials being imported from U.S. to Thailand are facing a 9% tariff.</p>	Advocate to lift current tariffs.
Thailand	<p>Regulation on beef imports from U.S</p> <p>Thailand has lifted a longtime ban on the import of US beef. However, US meat faces high tariff rate compared to meat imported from other countries such as Australia and New Zealand which have an advantage due to lower tariff rates under the FTAs between Thailand and the two countries</p>	Advocate to reduce tariffs.
Thailand	<p>Product registration process</p> <p>The product registration is complicated and timing consuming. It takes 9-12 months for a product to get registered and approved for import and sale into Thailand. Tariffs on US cheese and French fries are 30% compared to 0% duty for New Zealand products under Thailand - New Zealand FTA.</p>	<p>Advocate for the use of international guidelines for registering new products.</p> <p>Advocate to reduce the tariffs on US cheese and French fries.</p> <p>Advocate for a trade agreement between Thailand and the U.S.</p>
Vietnam	<p>Law on Animal Husbandry</p> <p>The Law on Animal Husbandry issued in November 2018 will be effective on January 1, 2020. Non-medically important</p>	Advocate for anticoccidials to be used as feed additives. Work with members to support the Vietnam Ministry of Agriculture and Rural Development (MARD) in conducting a risk

	antimicrobials, especially anticoccidials (ionophores) will be removed for prevention use by the end of 2025. The removal of anticoccidials from commercial animal feed may result in failure to effectively control coccidiosis, increased costs of production, reduced environmental sustainability, increased animal welfare concerns, and an increased risk of antimicrobial resistance.	assessment on the use of anticoccidials.
Vietnam	<p>Decree 125</p> <p>Ministry of Finance is drafting a decree amending and supplementing Decree No. 125/2017 / ND-CP on the Tariff Schedule and preferential import tax. MOF is proposing to lower tariff on several imported products including some dairy products, ethanol, poultry, pork, almonds, grapes, dried grapes (raisins), apples, potatoes, walnuts and wheat.</p>	<p>Convey the Council and members' support towards this tax initiative and advocate for further reduction of tax rates for agricultural products.</p> <p>Request for opportunities for members to provide input on what products should have tariff reductions.</p>
Vietnam	<p>Re-Export Policy for Wheat Shipments with Canadian Thistle</p> <p>In March 2019 Vietnam implemented a re-export policy for shipments of wheat with Canadian thistle. The pre-export, zero tolerance policy for CT in wheat consignments effectively closed the market due to the uncertainty and threat of re-export. The American grain industry has raised this issue with USDA, the White House, USTR, multiple Vietnamese delegations. However, the issue remains unresolved pending further collaboration and negotiation between the U.S. and Vietnamese plant protection agencies.</p>	Continue engagement with both U.S and Vietnam governments on this issue to encourage and achieve a resolution that allows resumption of market access to Vietnam for the American grain sector.
Vietnam	<p>Biotech regulation</p> <p>Vietnam has had biotech regulatory framework in place but has not been predictable in application / implementation. Significant delays in approval will result in loss of business that could have been incurred from the product launch.</p>	Request the government to adhere to the biotech regulatory process and accelerate approvals for products that have been submitted and pending for approvals.

II. Proposed Activity

Activity	Objective/ Description
Activity 1 Participation in Official Regional Meetings	<p><u>Objective:</u> To highlight the commitment and tangible contribution of the Council's members towards achieving ASEAN goals.</p> <p><u>Potential meetings</u></p> <ul style="list-style-type: none"> • ASEAN Agricultural Attaches Roundtable in Washington DC (Q2/3, 2020) • 52nd Meeting of the ASEAN Economic Ministers – Hanoi, Vietnam (22-29 August 2020) • 42nd Meeting of the ASEAN Ministers on Agriculture and Forestry – Siem Reap, Cambodia (October 2020)
Activity 2 Industry Missions to ASEAN Countries	<p><u>Objective:</u> In addition to major business missions to all 10 ASEAN Countries, the Council also leads industry-specific missions to provide opportunities for member companies to engage stakeholders in the entire food and agriculture sector spectrum, strengthen relationships with local stakeholders, provide platform for members to advocate for specific issues, and create the opportunity for knowledge-sharing with other industry players.</p> <p><u>Potential missions</u></p> <ul style="list-style-type: none"> • Jakarta, Indonesia (February 26-27, 2020) • Hanoi, Vietnam (May 2020) • Manila, Philippines (July 2020)
Activity 3 Memorandum of Understanding (MoU)	<p><u>Objective:</u> Develop MoUs with Ministries of Agriculture in priority ASEAN markets</p> <ul style="list-style-type: none"> • Seek potential MoU with Indonesia Ministry of Agriculture • Continue to promote existing MoU with the Vietnam Ministry of Agriculture and Rural Development (MARD) as a mechanism for member companies to pursue individual projects with MARD or specific departments/agencies. • Council to work with members to facilitate partnerships and provide annual update to the Vietnam MARD on the MoU's implementation • Meeting with MARD during Industry Mission to Vietnam (May 2020)
Activity 4 Cross-Sector Collaboration	<p><u>Objective:</u> Identify areas of cross-sector collaboration between FA Committee and Council's other industry committees e.g. Health & Life Sciences, ICT, Customs & Trade Facilitation, Financial Services, Infrastructure</p> <ul style="list-style-type: none"> • <u>Possible topics:</u> antimicrobial resistance, climate change, African Swine Fever, Low Level Presence regulations. <ul style="list-style-type: none"> ◦ First Joint Antimicrobial Resistance Program between FA & HLS (May/June 2020)
Activity 5 Meetings, Roundtables and Workshops	<p><u>Objective:</u> Avenues for industry and public sector to understand each other, discuss issues and brainstorm collaborative solutions.</p> <p><u>Possible topics:</u></p> <ul style="list-style-type: none"> • February 25, 2020: Indonesia Segment of ASEAN Safe, Nutritious PPP Initiative Workshop, in partnership with EU-ASEAN Business Council, and CropLife Asia

B. Intelligence and Promotion

Activity	Objective/ Description
Activity 1 News Clippings	A bi-monthly update of FA-related news for each of the ten ASEAN countries. This will include a “Looking Ahead” section outlining forthcoming events of interest, a “Council’s Take” section providing Council analysis of major FA developments in the region, and “Advocacy Section” which will outline key advocacy initiatives deployed to address members’ issues. Distributed via email to the FA Committee every other week.
Activity 2 Quarterly Calls/Meetings	A quarterly discussion on the progress of initiatives from the FA Committee including discussions on next steps.
Activity 3 Reports/White Papers	Collaborate with members, consulting firms or other third-party groups to raise awareness on specific topics. <ul style="list-style-type: none">• Issue-based position papers• Annual FA Analysis• Corporate Social Responsibility (CSR) Projects

Committee Leadership and Key Contacts

Leadership

Chair : Pushpanathan Sundram, Elanco Animal Health
Vice Chair : Lorraine Hawley, Archer Daniels Midland
 Pitra Narendra, Cargill
 Elizabeth Hernandez, Corteva Agriscience

USABC Staff

- Sunita Kapoor, Director, Food & Agriculture (Singapore Office), skapoor@usasean.org
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CALENDAR OF ACTIVITIES/ EVENTS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Note
Participation in Official Regional Meetings													<ul style="list-style-type: none"> • ASEAN Agricultural Attaches Roundtable in Washington DC (Q2/3, 2020) • 52nd Meeting of the ASEAN Economic Ministers – Vietnam (22-29 August 2020) • 42nd Meeting of the ASEAN Ministers on Agriculture and Forestry – Cambodia (October 2020)
Industry Missions to ASEAN Countries													<ul style="list-style-type: none"> • Jakarta, Indonesia (Feb 26-27, 2020) • Hanoi, Vietnam (May 2020) • Manila, Philippines (July 2020)
MoU													Meeting with Vietnam MARD on MoU updates during Industry Mission to Vietnam (May 2020)
Cross-Sector Collaboration													Joint Antimicrobial Resistance Program between FA & HLS (May/June)
Meetings, Roundtables and Workshops													On the side-lines of industry missions and/or ASEAN events <ul style="list-style-type: none"> • Feb 25: Indonesia Segment of ASEAN Safe, Nutritious PPP Initiative Workshop, in partnership with EU-ASEAN Business Council, and CropLife Asia
News Clippings													Bi-monthly
Committee Calls/Meetings													Quarterly
Reports/White Papers													<ul style="list-style-type: none"> • Issue-based position papers • Annual FA Analysis • Corporate Social Responsibility (CSR) Projects