Food & Agriculture Trade Update

September 22, 2020

By Michael Anderson

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Highlights

- U.S. - China: China continued another series of U.S. corn and soybean purchases last week as U.S. officials expressed their continued commitment to the phase one trade deal.
- U.S. - U.K.: U.K. Foreign Secretary Dominic Raab met with U.S. officials and lawmakers to assuage concerns that U.K. considerations to change the Brexit deal with the EU would not adversely impact the Good Friday Agreement, undermining the potential for Congressional approval of a U.S.-U.K. trade deal.
- USMCA: The U.S. dairy industry and several lawmakers raised concerns with Canada's implementation of its dairy commitments under the USMCA.
- WTO: The WTO pool of Director-General candidates narrowed to five last week. The remaining candidates are, Amina Mohamed (Kenya), Ngozi Okonjo-Iweala (Nigeria), Yoo Myung-hee (Korea), Liam Fox (UK) and Mohammed Al-Tuwaijri (Saudi Arabia).

Quote of the Week

"Yes, we want change. But change by design -- not by destruction."

(*EC President Ursula Von der Leyen, commenting on status of WTO reform*)

China Trade

- Last week three U.S. importers of vinyl products filed a complaint at the Court of International Trade (CIT) challenging Section 301 tariffs imposed against Chinese imports under List 3 ($200 billion in Chinese imports) and List 4 (originally $300 billion in Chinese imports) as unlawful, marking the first such challenge. The complaint (CIT 20-00177) challenges both rounds of tariffs, contending that the tariffs violate time limits and procedures under the Trade Act of 1974, as well as key provisions in the Administrative Procedures Act. The importers are urging the CIT to find against the List 3 tariffs and require the U.S. government to refund duties paid under List 3.

- Senate Agriculture Committee ranking member Debbie Stabenow (D-MI) stated that the reimbursements to farmers who faced unfair trade practices by China, known as the Market Facilitation Program, "has been unfair," largely benefitting Southern states. The GAO report showed that cotton growers received 40% of 2019 project prices while soybeans received 25% and wheat, hogs, rice, and corn each only received less than 10%. Southern states comprised over half of the top 20 average per-individual payments with Georgia and Mississippi receiving the highest average payment per individual at $42,545 and $35,532, respectively. Stabenow added that the funds should, " go to the folks that need it the most."

Debbie Stabenow, U.S. Senator

- The CBP put the broader withhold-release order that covered all cotton and tomatoes from Xinjiang on hold, while moving forward on a withhold-release order on apparel, hair, cotton and computer products from specific companies. The pause was likely due to concerns over the effect on supply chains raised by U.S. Trade Representative Lighthizer, Treasury Secretary Steven Mnuchin, and Agriculture Secretary Sonny Perdue.

- China will extend the existing tariff exemptions for 16 products from the U.S. until September 16, 2021. These products were originally exempted from the retaliatory tariffs by China on U.S. goods in 2019 to counter the U.S. Section 301 tariffs. Shrimp and prawn seedlings, lubricants, alfalfa meal, whey for fodder, Iso-alkane solvent and lubricating base oil are among the list of exempted products.

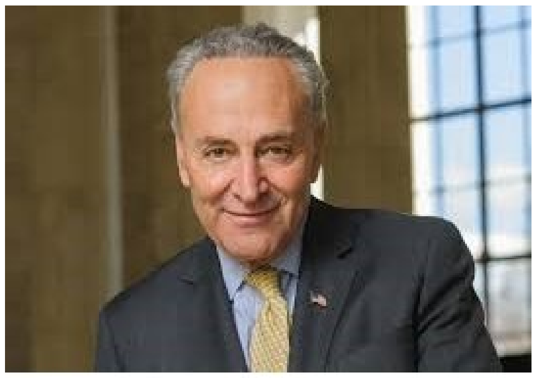
- Senate Democrats introduced a bill, The America Leads Act, addressing concerns related to China and Chinese trade enforcement. According to the summary, the bill includes, "investing in American competitiveness; supporting American alliances and partners; restoring and advancing a values-centered foreign policy; and ensuring China pays a price for its predatory actions." Senate Minority Leader Chuck Schumer (D-NY), who backed the bill along with Senate Foreign Relations Committee ranking member Bob Menendez (D-NJ), stated that The America Leads Act, "turns the tables by making essential investments in our workers, entrepreneurs, and manufacturers to ensure 'Made in America', not 'Made in China,' defines our future." However, unless the Democrats gain control in the Senate, the bill is unlikely to become law.

Phase One Agreement

- The steady drumbeat of corn and soybean purchases by China continued last week. USDA announced exports sales of 210,00 metric tons of corn and 132,000 metric tons of soybeans for delivery to China during the 2020/21 marketing year. China's 2020 agriculture purchases through July totaled $7.7 billion and are significantly below (44%) the $13.8 billion year-to-date level that is needed to meet the phase one commitments based on the target value, the historical pace, and the baseline year in the agreement.

USMCA

- Senators Schumer and Gillibrand are urging USTR to ensure Canada fulfils its commitments on dairy market access under the USMCA. In a letter to Amb. Lighthizer and Secretary Perdue the Senators stated, “We write urging you to ensure that both Canada and Mexico are held accountable to their dairy trade obligations in the agreement.” “It is of particular importance that dairy farmers in New York and across the country – many of whom are struggling as a result of this unprecedented economic crisis – fully benefit from the expanded market access opportunities and the elimination of unfair practices under USMCA.” The letter expressed concern with Canada’s dairy tariff-rate quota (TRQ) allocation, disadvantaging the U.S. dairy exporters and a lack of transparency in the process.



Charles Schumer, U.S. Senator

- As reported earlier, the AFL-CIO announced plans to file the first USMCA labor complaint against Mexico this month. Richard Trumka, AFL-CIO President stated, “We have tremendous concerns with Mexico’s ability to enforce their own laws.” “We will file a case within the next 30 days,” Trumka said during a webinar hosted by the *Christian Science Monitor.* The complaint could utilize the USMCA’s facility-specific rapid-response mechanism, a mechanism inserted as an annex into the USMCA after intense negotiations between House Democrats and USTR. The other filing mechanism is via the USMCA labor chapter provision. “We think that when we do the rapid-response, and if we’re able to block products from coming in, it will get their attention real fast and they will understand that they will have to change and comply with the law.”

U.S.-U.K. Trade Agreement

- Last week U.K. officials attempted to calm U.S. concerns regarding the Boris Johnson government’s potential modification of the Good Friday agreement. Regarding the current U.S. – UK trade talks, U.K. Foreign Secretary, Dominic Raab met with Secretary of State Pompeo and said, “I think there’s huge opportunity for a win-win deal and we’re confident that we can get that.” Pompeo expressed optimism on the U.S. – U.K. trade talks stating, “I’m particularly pleased with the status of the US-UK free trade negotiations,” Pompeo continued, “Dominic and I are cheering everyone on and driving these to what I anticipate to be a successful conclusion before too long. The fourth round started now a little over a week ago, and I think our teams are working diligently to make good progress on that important mission.”

Dominic Raab,
UK Foreign Secretary

- Secretary Raab also met with members of Congress, including Speaker Nancy Pelosi and Ways and Means Committee Chairman Richard Neal, to assure them that the U.K. is committed to the Good Friday accord for peace in Northern Ireland, despite the specter of the U.K. leaving the EU without an agreement or a modified agreement without EU consent in December.

- Raab's meeting follows Pelosi's redline on the U.K.'s contemplated revisions to the Brexit accord with the EU, warning that there would be "no chance" of a U.S.-U.K. trade deal if the U.K. were to undermine the 1998 Good Friday Irish peace accord. "Whatever form it takes, Brexit cannot be allowed to imperil the Good Friday Agreement, including the stability brought by the invisible and frictionless border between the Irish Republic and Northern Ireland," Pelosi said in a statement. "The U.K. must respect the Northern Ireland Protocol as signed with the EU to ensure the free flow of goods across the border."

- Presidential candidate Joe Biden faced backlash from U.K. politicians after warning of the implications of threatening peace in Ireland on a potential U.S.-U.K. free trade agreement. On September 15, House Foreign Affairs Committee Chair Representative Eliot Engel (D-NY) sent a letter to UK Prime Minister Boris Johnson indicating that Congress will not support a free trade agreement if the UK violates the Good Friday Agreement. Biden then tweeted, "Any trade deal between the U.S. and U.K. must be contingent upon respect for the Agreement," which was ill-received by Johnson supporters who thought Biden was out of place.

- As reported earlier, Prime Minister Boris Johnson has pushed for amending the current Brexit agreement, which EU officials say would break international law. Recently British Ministers proposed the changes in a draft Internal Market Bill. Johnson defended the Internal Market Bill, claiming it would "ensure the integrity of the UK internal market" and ensure there are no barriers to trade within the U.K. after the country leaves the EU's economic framework at the end of the year.

- The fourth round of U.S. – U.K. trade negotiations concluded last week, with a fifth round likely starting in mid-October, the last round prior to the U.S. election.

COVID-19 Developments

- The U.S. current-account deficit swelled to $170.5 billion last quarter, the largest since the financial crisis in 2008, with the global economy disrupted by the COVID-19 pandemic. Exports of goods and services, and income received from, foreign residents plunged to $209.3 billion to $688 billion. Imports of goods and services from, and income paid to, foreign residents decreased $150.2 billion, to $858.5 billion. The current account deficit, the broadest measure of trade, which includes goods, services, and financial flows, is equivalent to 3.5% of gross domestic product, the largest since the fourth quarter of 2008. The widening gap demonstrates the U.S. dependency on capital inflows from abroad to finance its deficit, according to several economists.

- COVID-19 has stalled efforts by the E.U., U.S., and Japan to change the WTO's Agreement on Subsidies and Countervailing Measures. Former Trump administration trade official Kelly Ann Shaw said, "…so many countries have really been forced to resort to subsidization in different forms to counteract the economic slowdown. In that type of environment, I think countries will be a little bit more reticent [and ask] 'Is now really the right time to try to increase disciplines on subsidies when we might find ourselves in a position of having to expand our subsidies program?" The main obstacle to negotiating strong disciplines on industrial subsidies remains getting China on board, as they have very little incentive in doing so, according to Shaw.

Section 232 Tariff Actions

- The U.S. and Canada reached a resolution on the 232 aluminum spat, averting a cross-border tariff battle. USTR issued a statement that it will "modify the terms of the 10 percent tariff imposed in August on imports of Canadian non-alloyed unwrought aluminum." The U.S. will resume duty-free treatment of the Canadian aluminum retroactive to September 1, 2020, based on the expectations that trade will "normalize" in the last four months of 2020 after earlier import surges. USTR noted that if shipment volumes exceed 105 percent of the stated volumes within the next few months, tariffs might be re-imposed.

- The announcement comes as Canada was set to impose retaliatory measures against $2.7 billion of imports of U.S. aluminum and aluminum-containing products. According to USTR, the announcement establishes acceptable monthly target volumes of aluminum imports from Canada without a tariff, and the USTR noted that it will monitor export volumes six weeks after the end of every month through December 2020 to ensure duty-free treatment remains warranted.

- The acceptable U.S. level imports from Canada is set not to exceed 83,000 tons this month, 70,000 tons in October, 83,000 tons in November and 70,000 tons in December, USTR said. "Based on these expectations, the United States will resume duty-free treatment of non-allowed, unwrought aluminum retrospective to September 1, 2020," according to USTR. "Six weeks after the end of any month during this period, the United States will determine whether actual shipments met expectations."
- As reported earlier, in August, President Trump issued a Presidential Proclamation re-imposing the 10% tariff on imports of non-alloyed unwrought aluminum products from Canada, noting such imports "increased substantially" and were "principally responsible for the 27 percent increase in total aluminum imports from Canada during June 2019 through May 2020.

Ongoing 232 Investigations

- The three ongoing investigations are progressing at the Department of Commerce under "threat to national security" provision contained in section 232 of the Trade Expansion Act of 1962. The investigations involve transformer parts, vanadium, and mobile cranes. The initial comment period on Vanadium has closed and rebuttal comments were due on August 17th.

- The Department of Commerce has 270 days to provide a report to President Trump determining whether the imports in question threaten to impair U.S. national security, along with a recommendation for action. President Trump will then have 90 days to determine whether or not to impose restrictions so that imports no longer threaten national security.

U.S.-Japan Trade Developments

- No significant updates on potential phase two U.S. - Japan trade talks since Prime Minister Shinzo Abe's resignation and the new Prime Minister, Yoshihide Suga, establishes a new cabinet. As reported earlier, Amb. Lighthizer conceded that the coronavirus has delayed phase two negotiations with Japan. During Congressional testimony, Amb. Lighthizer said he would expect the phase two talks to start “in the next couple of months.” Prior to the outbreak of COVID-19, commencement of negotiations on a phase two or a comprehensive trade deal were expected no earlier than May according to sources.

Yoshihide Suga, Prime Minister of Japan

U.S.-EU Trade

- EU Director-General for Trade Sabine Weyand stated this week that a free trade agreement between the U.S. and the EU should not be prioritized because, “what would a bilateral FTA between the EU and the U.S. do to deal, for instance, with the challenge posed by China?” Instead, of a “repeat of TTIP”, she advocated for working within the WTO to overcome issues in international trade.

- The European Commission announced the selection of Valdis Dombrovskis to fill the Trade Commissioner role after Phil Hogan’s resignation. Mr. Dombrovskis, a former prime minister of Latvia, was acting trade commissioner earlier this year as well, when Phil Hogan was considering a run at the WTO director-general position. Phil Hogan resigned abruptly last month over breaches to coronavirus guidelines during a recent dinner with EU lawmakers.

Civil Aircraft Disputes

- As noted earlier, USTR indicated it seeks a “new process” to resolve the longstanding EU civil aircraft dispute. The U.S. said it was “committed to obtaining a long-term solution to this dispute” and emphasizing it “recently showed great restraint in its review of WTO-authorized countermeasures for the EU’s WTO-inconsistent launch aid subsidies.” As reported previously, USTR announced modest adjustments to the product list covering $7.5 million in EU products under the WTO Civil Aircraft case regarding illegal launch aid by Airbus. USTR removed list certain products from Greece and the U.K. and adding an equivalent amount of trade from France and Germany on the tariff list. The other tariffs remained unchanged at 15% for aircraft and 25% for all other products.

- EU officials have complained the U.S. is reluctant to negotiate a broader solution after repeated EU solicitations. EU officials are eagerly awaiting announcement of the award amount in the EU civil aircraft counter suit regarding Boeing, expected in October or November. EU officials remain skeptical that until the counter-tariffs under the Boeing award are initiated, the U.S. is locked in to the current $7.5 billion in tariffs on EU goods under the Airbus case.

French Digital Services Tax

- The OECD and the EU continue to move forward with the digital services taxes, aiming for a proposal by the year end. A draft policy paper by EU Finance ministers indicates their common ground as they seek to “redouble efforts” for a global tax from their G-20 ministers. The ministers are likely to sign the policy paper at the October 6th Ecofin Council. Meanwhile, the OECD is likely to reveal two blueprints in the coming month to advance efforts for a global digital tax. Although suspicious of the prospect of an OECD tax by the end of the year, Finance Minister La Maire said, “If in the course of 2021, there is a new position from the U.S. administration," then "we would accept this OECD solution."

- France is urging the European Commission to make a formal proposal for a digital tax in the first quarter of 2021 anticipating unsuccessful OECD talks. According to France's Finance Minister Bruno Le Maire the Commission may propose a digital tax by the end of 2020 as an optional measure should international talks hosted by the OECD fail by year-end. "We have significant disagreements that I don't expect to be resolved by the end of the year," Le Maire said. "If the U.S. obstruction is confirmed by the end of the year, we are counting on the European Union to make a formal proposal on digital tax in the first quarter of 2021." France suspended imposing the digital tax 180 days to promote a solution through OECD talks on a broader digital tax accord.

- Earlier in the year USTR threatened section 301 tariffs on French goods before both sides agreed to pursue OECD talks aimed at securing an international agreement. The pending USTR tariff list covers $1.3 billion worth of French goods. The potential tariffs result from a Section 301 investigation in which USTR concluded and announced it had found France's tax would discriminate against U.S. companies.

- The list of goods from France facing potential 25% tariffs include soap, handbags and cosmetic products (fashion tariffs). Other sensitive products, like French wine and cheese, were not included. The tariffs are delayed up to 180 days (i.e. Jan. 6, 2021) – as long as France continues to defer imposition of the tax.

U.S.-Brazil

- In praising the USTR's negotiation with Brazil to extend the TRQ for U.S. ethanol for 90 days, Senator Joni Ernst (R-Iowa) said, "Tariff-free access to Brazil helps provide our corn farmers and producers with a much-needed market for Iowa-made ethanol. This is a good step by the administration, and something Senator Grassley and I have been urging them to do, now we just need a long-term solution to continue this market access."

- Brazil and the U.S. recently negotiated an understanding to extend the ethanol TRQ for a further 90 days starting on September 14. Under the agreement, Brazil will extend its duty-free quota for U.S. ethanol for the next 90 days while the two countries discuss how to improve market access for ethanol, sugar and corn. "The discussions should aim to achieve reciprocal and proportional outcomes that generate trade and open markets to the benefit of both countries," the U.S. and Brazil said in a joint statement. Brazil will maintain a "pro-rata" tariff-rate quota for ethanol "proportional to the total annual volume of the TRQ" that was in force through August 30," the statement noted.

- Some industry groups raised concerns that the 90-day TRQ extension would inject greater uncertainty in the ethanol market. The Renewable Fuels Association, U.S. Grains Council, Growth Energy and National Corn Growers Association, said the 90-day extension of the TRQ would lead to "greater uncertainty" for U.S. exporters. It "serves neither Brazil's consumers nor the Brazilian government's own decarbonization goals, especially while Brazil's ethanol producers continue to receive virtually tariff-free access to the U.S. market," the groups said in a September 14 joint statement. The statement further noted that, "The U.S. ethanol industry actively sought, through repeated dialogue with local industry and government, to illustrate the negative impacts of tariffs on Brazilian consumers and the Brazilian government's own decarbonization goals. However, it seems Brazil's government has left its own consumers to pay the price through higher fuel costs once again.

U.S.-Kenya Trade Developments

- The U.S. is demanding that a Free Trade Agreement (FTA) with Kenya should discourage politically motivated actions to boycott, divest from, and sanction Israel as well as eliminating and politically motivated non-tariff barriers for Israeli goods and services. These stipulations to a free trade agreement are being perceived as too risky by Kenya, who rarely endorses either Palestine or Israel and may hinder progress on a U.S.-Kenya FTA.

- A third round of U.S.-Kenya trade talks are anticipated to start in October but details on dates are presently unavailable. Trade talks were slowed earlier this year as some members of the Kenyan delegation were exposed to COVID-19 during the initial virtual round of negotiations.

Seasonal Produce

- In response to USTR's announced seasonal produce plan, Vice President of the National Agricultural Council of Mexico Juan Cortina, indicated that industry stakeholders in Mexico are closely watching the development of the global safeguard investigation and other announced activities. Cortina noted that private sector industry officials have engaged with Mexican government officials (e.g. Economia and Sader) on a potential response. "It is important that Mexico sends a clear signal to the northern neighbors that this is not valid, we can respond with retaliation to many products that they export to Mexico, such as corn, soybeans, dairy, pork and beef, wheat, chicken, egg, apple and high fructose, which together represent a value of around 10 billion dollars," Cortina stated in a report by *El Financiero*.

- As reported earlier, USTR, the Agriculture Department, and the Commerce Department released the seasonal produce plan last Tuesday that outlined several actions, including requesting a global safeguard investigation, yet stopped short of undertaking a section 301 investigations as repeatedly urged by lawmakers and produce groups from Florida and Georgia over the two days of virtual hearings. In a statement, USTR, USDA, and the Department of Commerce announced a series of policy actions to address Southeastern growers' concerns including:
  - Initiate a global safeguard investigation (section 201) on blueberry imports
  - Consultations with Mexico over the next 90 days to address U.S. industry concerns regarding U.S. imports of Mexican strawberries, bell peppers, and other seasonal and perishable product
  - Explore possible expedited section 201 investigation on strawberries and bell peppers
  - Work with U.S. producer growers to maximize existing USDA programs
  - Outreach program to Southeaster growers to understand applicable trade remedy laws (i.e. anti-dumping and countervailing duty investigations)

- The action plan culminates several months of efforts by USTR, USDA, and Commerce to follow through on a January 9, 2019 letter from Amb. Lighthizer to the Florida congressional delegation to review and determine options regarding "trade-distorting policies that may be contributing to unfair pricing in the U.S. market for seasonal and perishable products, and to "implement effective and timely remedies necessary to address any trade distorting policies" affecting U.S. growers.

U.S.-India Trade Developments

- No significant developments on a potential U.S – India mini-trade deal. The U.S. reaction to Indian officials' push for a deal by year-end has remained muted.

- As previously noted, India's Commerce Minister Piyush Goyal in a tweet last week said that he and Amb. Lighthizer aim to complete a limited trade deal by the U.S. Presidential election. Goyal said, "India is open to signing on what we have agreed on." "I've left it to [Lighthizer] to make the final call," he added. Goyal had previously noted that after two years of negotiations a deal is in reach. "We are almost there," Minister Goyal said at an event hosted by the U.S.-India Business council in July. Goyal emphasized that the U.S. and Indian leaders should also look at a preferential trade pact with 50 to 100 products and move to a comprehensive free trade pact in the long term.

- Amb. Lighthizer told lawmakers in June that the U.S. is currently in trade negotiations with India. Ambassador Lighthizer previously said negotiations with India are taking longer than he expected. "They are dogged and insistent on keeping their tariffs and we are dogged in insisting that we are going to get a fair deal. So we are working on it very much. And hopefully we'll get a good outcome," Amb. Lighthizer added.

WTO

- The WTO ruled that U.S. section 301 tariffs of more than $350 billion worth of Chinese goods violated global trade rules. The WTO dispute panel found against U.S. tariffs on several points, including, that the Trump administration did not provide a convincing explanation of why the tariffs were allowed under a provision that lets countries take emergency trade actions "to protect public morals." The panel also found that the additional duties the U.S. imposed violated the WTO's key "most-favored nation principle," which requires the countries to apply the same tariffs on imports from all other members. The WTO panel also rejected the U.S. argument that the WTO had no justification to rule on the tariffs because the U.S. was conducting trade talks with China to resolve the dispute.

- Ambassador Lighthizer responded to the decision focusing not on the unfavorable ruling, but as a confirmation of the WTO's inadequate tools to deal with China's non-market economy and the Trump Administration's unilateral approach to China's trade and industry policies. "This panel report confirms what the Trump Administration has been saying for four years: The WTO is completely inadequate to stop China's harmful technology practices," Lighthizer said in a statement. Lighthizer emphasized the decision "has no effect on the historic Phase One Agreement between the United States and China, which includes new, enforceable commitments by China to prevent the theft of American technology."

- Trade observers noted the ruling was not unexpected and will have limited impact as the appeal process is broken in the absence of a functioning appellate body. "It comes as no surprise that the United States lost this case in a big way," Wendy Cutler, a former senior U.S. trade official, said. Cutler argued that a more concerning outcome is the loss of U.S. credibility at the WTO on reform and other trade priorities.

- Several observers noted that the practical impacts of the WTO decision are muted as China has already retaliated on more than $100 billion worth of U.S. exports, the U.S. – China phase one deal partially addresses some U.S. issues, and lacking a functioning Appellate Body the appeal process and adoption of the panel report appears blocked.

WTO Leadership

- The WTO Director-General candidate pool narrowed to five candidates. The candidates from Kenya, Nigeria, Korea, the United Kingdom and Saudi Arabia are moving on to the next round. Candidates from Mexico, Moldova and Egypt were asked to withdraw their bids, according to an announcement by David Walker, WTO General Council Chair.

- Among the five remaining candidates, Amina Mohamed of Kenya, Ngozi Okonjo-Iweala of Nigeria, Yoo Myung-hee of Korea, Liam Fox of the UK and Mohammed Al-Tuwaijri of Saudi Arabia, Mohamed, Okonjo-Iweala and Yoo are considered the frontrunners, setting the stage for potentially the first female WTO Director-General.

- Members consider all [candidates] highly qualified and respected individuals," Walker said, according to the WTO statement. "Their willingness to engage, especially at these challenging times, has been greatly appreciated, and the Organization is in their debt. Their expertise and high professional and personal qualities are highly valued and respected by all Members. I am sure I speak on behalf of all of you in wishing them well in their future endeavors."

- Walker said on Friday the next round of candidate consideration will run from Sept. 24 to Oct. 6, during which members will further narrow the pool from five to two. Following a third round of consultations, Walker will name the consensus candidate.
- Notably, all five of the remaining candidates have ministerial-level political experience. The final list of candidates and their professional backgrounds are provided below.

WTO DG Candidates - Round 2

Candidate	Country	Experience
Ngozi Okonjo-Iweala	Nigeria	World Bank executive, Minister of finance, economy, and foreign affairs for Nigeria | Biography
Yoo Myung-hee	South Korea	Trade Minister for the Republic of Korea | Biography
Amina C. Mohamed	Kenya	Former Foreign Affairs and International Trade Minister for Kenya | Biography
Mohammad Maziad Al-Tuwaijri	Kingdom of Saudi Arabia	Minister advising royal court on international and local economic strategic matter, former Minister of Economy and Planning for Saudi Arabia | Biography
Liam Fox	United Kingdom	Former United Kingdom Trade Secretary | Biography

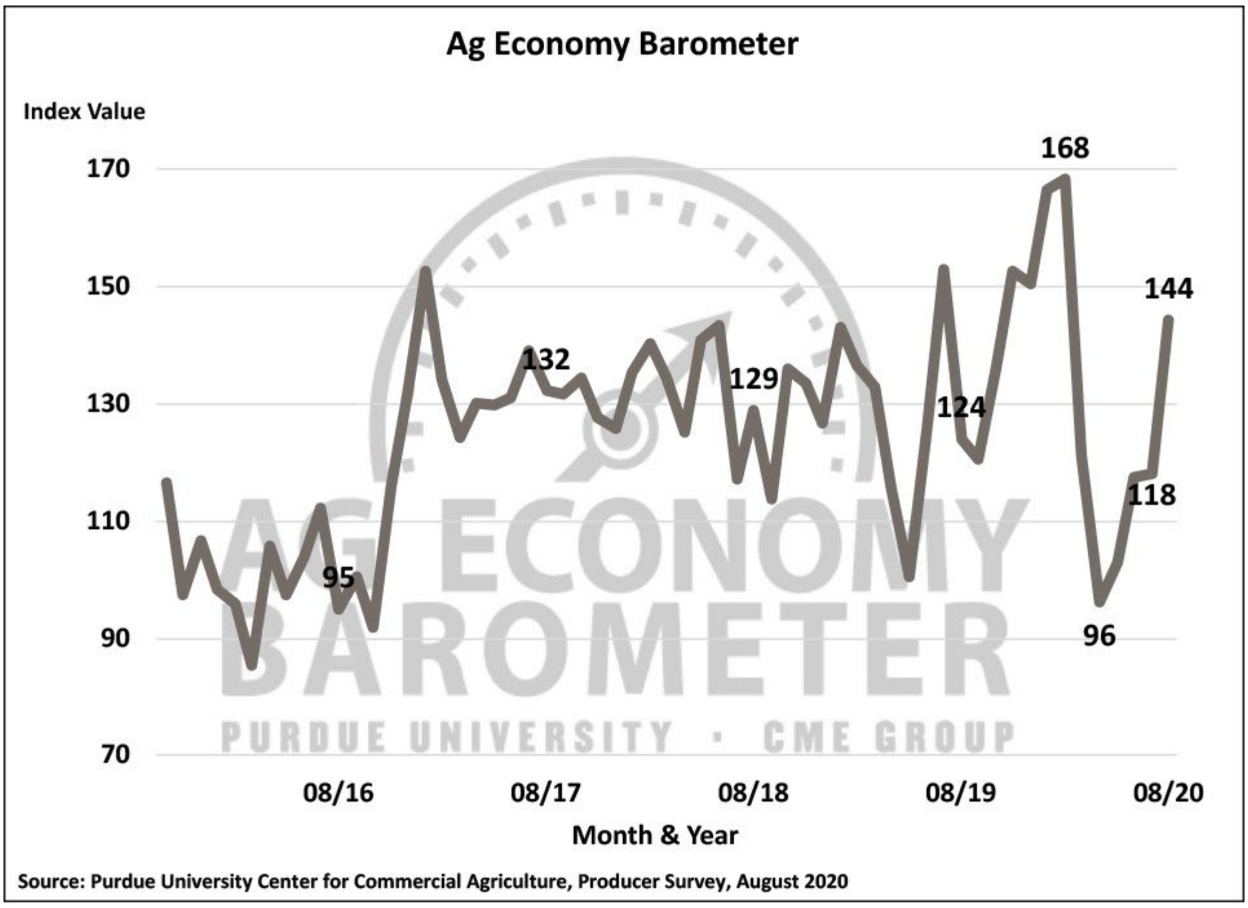
WTO Reform

- European Commission President Ursula von der Leyen said the EU needs to take the mantle of WTO reform and criticized other large trading partners of holding the WTO hostage, rather than working constructively for reform. "The truth is also that the need to revitalise and reform the multilateral system has never been so urgent," Von der Leyen said in an annual state of the union speech. "Our global system has grown into a creeping paralysis. Major powers are either pulling out of institutions or taking them hostage for their own interests." Von der Leyen continued, "Neither of these approaches "will lead us anywhere." "Yes, we want change. But change by design -- not by destruction. And this is why I want the EU to lead reforms of the WTO and WHO so they are fit for today's world."

Ursula Von der Leyen, European Commission President

Ag Economy Barometer

- The Ag Economy Barometer rebounded in August, climbing to an index value of 144, 26 points higher than the previous month. The improvement in sentiment was in part propelled by an amelioration in concerns over COVID-19's impact on farm, combined with expectations for robust crop yields as indicated in USDA's August *Crop Production* report, and increasing prices for in key commodities in August.



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