Comments Regarding the 2014 National Trade Estimate Report on Foreign Trade Barriers

Docket Number USTR-2013—0027

U.S. Grains Council

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On behalf of the U.S. Grains Council, we offer the following submission with respect to the request of the Office of U.S. Trade Representative request for public comments regarding the National Trade Estimate Report on Foreign Trade Barriers. As prescribed in this notice, this request is limited to specific trade barriers that do not include Sanitary and Phytosanitary Measures and standards-related measures, which will be submitted through separate notices in the Federal Register.

We believe that resolution of the broad range of barriers outlined in this report could bring about a correction in the coarse grain trade trends of the last decade, restore market access and allow U.S. producers and agribusinesses to effectively explore and capture new markets and business opportunities.

The Council has worked cooperatively with USTR on a number of these issues. We look forward to continued collaboration.

Sincerely,

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The Americas

Argentina

Export Challenges

Export restrictions reduce market transparency allowing exporters who hold export licenses to "set" prices well below international prices, increasing their profit margins in Argentina. Argentine corn exporters have been able to "out compete" U.S. corn, soybeans and wheat in other markets due to the limited pool of exporters in Argentina able to set prices devoid of international price trends. Furthermore, export restrictions create a "cheap" grain pool for Argentine poultry producers thereby making Argentine poultry more competitive in the international marketplace from this indirect subsidy.

These export restrictions have similarly created a loop-hole for blended grain products (95% soybeans and 5% corn) to be exported Chile. This blended product pays only a 5% tax versus 20% for corn and 35% for Soybean meal. In 2012, almost 700,000 MT of "premixes" were imported by truck from Argentina into Chile. These imports have a FOB value of $500 million. By avoiding Argentinean export restrictions these "pre-mixes" are approximately $40-50/MT cheaper than if imported as whole grains. Chile has imposed a duty of 10 percent on these pre-mix imports from Argentina, however this has not slowed down the demand.

Such "pre-mixes" compete directly with U.S. corn, soybeans and DDGS. Because the Argentinean farmer is avoiding export taxes, he/she can afford to sell at a price below the international marketplace. As a result, U.S. corn and soybean meal exports have virtually disappeared in the Chilean market since 2008. Distillers grains and corn gluten meal continue to be imported from the U.S., however their volumes are not a robust as in years past due to the less volume of imports coming from the U.S.

Brazil

The government of Brazil has a number of internal programs which support and enhance their export position for feed grains which need to be monitored to ensure that they do not incentivize exports.

A recent study conducted for the Council provides strong analytical information regarding the level of agricultural subsidization in Brazil and the extent to which it exceeds Brazil's WTO limit has gone largely unrecognized by the U.S. government and in the WTO. This is due in part due to the complexity, and in some cases overlapping nature of the programs, and in part to the fact that Brazil's most recent domestic support notification to the WTO was for the 2005/2006 marketing year. The Council urges immediate USTR attention to this matter so that Brazil is up to date on notifications and held to its amber box bindings.

Furthermore, in that 2005/2006 marketing year notification and previous notifications to the WTO, Brazil understated the level of support provided to individual commodities under its price support programs. The Brazilian government uses four different programs to provide price support to producers of major commodities: the Federal Government Acquisition program (AGF), the Acquisition from Public Option Contracts (POC) program, the Premium for Product Outflow (PEP) program6, and the Private Option Risk Premium (PROP) program.

Under the AGF and POC, the Brazilian government purchases commodities in order to maintain domestic prices at the level of the minimum guaranteed price. Under PEP and PROP, processors receive a government payment in return for purchasing commodities from growers at the minimum guaranteed price. The programs are used in various combinations for different crops, but the cumulative effect is to ensure that growers receive no less than the government-mandated support price for their products.

According to a July 2010 report from the FAS Agricultural Counselor in Brazil, the Brazilian government will make available Real (R) 75.6 billion (about $64 billion) in subsidized or mandated agricultural credits in the 2010/11 crop year. This compares with just R17.9 billion in 2001 (about $7.5 billion at the 2001 exchange rate). The report also indicated that the Brazilian Congress was considering legislation to provide US$14 billion in direct supports to its agricultural producers and to allow rescheduling of US$50 billion in farm debts.

Brazil has notified its credit subsidies under several URAA provisions. It notifies some under Article 6.2 of the URAA, which exempts certain credit programs from inclusion in the amber box for developing countries. In its submission for 2005/2006, it notified $764.7 million in this exempt category, including both the subsidy element of the programs and debt rescheduling that was provided that year.

Brazil notifies other credit programs as non-product specific amber box. As a developing country, Brazil's non-product-specific threshold is 10 percent of the value of total agricultural production. Brazil notified its value of production in 2005/2006 at $57.9 billion, providing for a threshold of $5.79 billion. Non-product-specific subsidies below this level are not required to be notified in Brazil's AMS. Brazil notified the subsidy element of these credit programs plus debt rescheduling in 2005/2006 at about $1.3 billion, well below its threshold at that time.

The use of credit programs and debt rescheduling in Brazil has increased substantially since 2005/2006, but without more information from Brazil on precisely how the programs operate and how it calculates the subsidy elements of each program, it is impossible to determine how the programs should be categorized and how much support should be counted against Brazil's AMS limit in more recent years. USDA estimates that the credit programs notified under the non- product-specific category have almost doubled in size since 2004/2005.

Export Challenges - Premium for Product Outflow (PEP)

The Premium for Product Flow Program (Prêmio para Escoamento de Produto, or PEP) offers a payment through an auctioning system to purchasers of certain agricultural commodities including corn, wheat, and rice, from a rural producer or cooperative, based on the difference between the minimum price set by the government and the prevailing market price. Each PEP auction notice specifies the commodity to be tendered and the approved destinations for that product, including export destinations

Earlier this year the Council contracted a study to evaluate Brazil's Premium for Product Flow (PEP) program which is designed to support producer prices by facilitating the flow of eligible commodities from areas of excess supply to either designated food- or feed-deficit areas or for export. The research indicates that in recent years the PEP have been used predominantly, in the case of corn, particularly in 2009 and 2010, for exports.

Corn in Brazil is consumed primarily by the pork and poultry industries. The ten eligible states collectively accounted for about 2.5% of Brazil's total production of pork and poultry meat in 2010, the year PEP for corn was most active. USDA estimated Brazilian corn consumption for 2010 at 49.5 million MT. Assuming that corn consumption in the eligible states is in proportion to their share of pork and poultry production, total demand for corn in those states in 2010 was 1.2 million MT. According to Brazilian government statistics, corn production in the ten states was 2.6 million MT.

Moreover, according to FAS-USDA/Brasilia, transportation from corn-producing areas in southern Brazil, where PEP programs were active, to Northern and Northeastern regions is prohibitively expensive. Therefore, it seems safe to assume that most, if not all, of the product subsidized under the program in 2010 was exported. Separately, interviews with private sector traders in Brazil indicated the PEP program has been used exclusively in recent years for the export of corn.

While the PEP was not used for corn in 2011 and 2012, the March 28, 2013 Brazil Grain and Feed Annual GAIN REPORT projects that current corn prices in Mato Grosso are already below the minimum price, the trade industry is expecting the GOB to use PEP to auction private corn to ensure producers receive the minimum price. Without PEP support, a significant quantity of corn in the Center-West will not be exported at current market prices, as at that price neither would producers sell nor trader buy for export, given the transportation costs.

The PEP premium benefits both the producers and the traders, thereby making more corn competitive for the export market. PEP quantities are estimated at 2-7 mmt, and would likely be announced in June for export in July. It is currently estimated that 20% of the 2012/13 second corn crop is forward contracted.

The PEP analysis suggests that the program's operations exceed the maximum quantity and level of export subsidy for corn under Brazil' commitments under the WTO Agreement on Agriculture. Another provision in the Agreement that permitted developing countries to subsidize transportation and handling costs on export shipments expired in 2004.

The analysis suggests there is a strong case to be made that the PEP program for corn operates as a WTO-illegal export subsidy program. Similar studies were conducted for both wheat and rice with similar conclusions. The Council, along with The US Wheat Associates and USA Rice Federation has approached the Administration to provide this analysis and press for a formal investigation.

Panama

Free Trade Agreements

On September 27, 2013 the Panamanian government published the regulations governing quota administration for three products (powdered milk, rice and corn) governed by the auction system as part of the Panama – US Free Trade Agreement (FTA). **Unfortunately the Panamanian government decided to alter the procedures for the auction system and closed the imports of US corn for three and a half months (January through April 15, 2014) in a move that is counter to the spirit of the FTA agreement.** This time period coincides with the harvest of the local corn crop and is an obvious effort to subvert the FTA in order to protect local corn producers and force the Panamanian feed industry to buy local corn.

Panama produces about 85,000 metric tons of corn annually. Meanwhile imports total over 350,000 metric tons of corn annually, valued at over $87.5 million. In 2013, when the FTA was implemented, the market was not closed for US corn imports. However, in 2014, the government chose to single out corn imports and announced the closing of the market.

This action restricts trade and is burdensome to trade between Panama and the United States and counter to the spirit of the Free Trade Agreement. It is singles out US corn for special treatment that does not apply to any other commodity and did not apply to corn in 2013 during the 1st year of the treaty. It puts unfair and unnecessary burden on local importers by forcing them to buy excessive quantities of US corn for long-term storage or buy local corn which is projected to be $100 per metric ton above international prices.

In order to comply with the treaty requirements to import 60% of the quota by July 1, 2014, Panama is forcing local industry to import 7 months of corn needs in a 45 day period with no storage capacity available for all this grain. Under the quota management procedures announced by the Panamanian government, US corn has intrinsically become more expensive and complicated to import than prior to the FTA. In fact, Panamanian importers are now looking for alternative ingredients, specifically *feed wheat* to substitute for US corn as a result of the quota management procedures. US soybean and Distiller Dried Grains (DDGS) are also affected as they are typically included in shipments with corn. As a result, the cost of importing and storing these products will increase.

Finally, the Panamanian livestock industry faces competition with livestock producers in Canada, the US, Colombia and Costa Rica which export finished products to Panama without the restrictions on feed supply that the Panamanian government is imposing on their own industry.

All of this is not necessary, if the Panamanian government simply allows the market for corn imports to be the full twelve months of the year as intended when they signed the Free Trade Agreement.

Ecuador

Import Policy

The Ecuadorian government protects local corn production through the use of the Price Band mechanism of the Andean Community. The Price Ban levies additional duties on the 10 percent basic duty when the reference prices are higher than the ceiling price. The Price Ban Mechanism operates as a protective policy when the reference price is lower than the floor price by increasing the import basic duty.

Import Challenges

Local Crop Absorption: The Government of Ecuador does not provide any formal subsidy or economic assistance program to promote yellow corn production. However, the Ministry of Agriculture aggressively encourages corn production by implementing mandatory buying of all domestic production by corn importers and banning imports during the domestic corn harvest season. The Government of Ecuador also sets a minimum price in accordance with feed producers and animal processing plants. These interventions seek to guarantee the complete purchase of local production at higher prices.

Restriction on Sorghum Imports: The Government of Ecuador restricts imports of sorghum through a license system to protect local corn producers. Imports of grains, volumes and origin, have to be authorized by Consultative Committees. Members of these committees include the government, domestic producers, and importers. COMEX's resolution 585 requires some products to receive an import license. Wheat, corn, soybeans, soybean meal, barley, coffee are included in this resolution.

Venezuela

Venezuelan government interference in the grain market makes it a very complex and non-transparent environment and open to abuse or corruption. It is estimated that Venezuelan policies suppress feed demand by 600,000 metric tons per year. If they liberalized imports most of this growth in demand would benefit US grain exporters.

Import Policy

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Import Challenges

Local Crop Absorption: The main problem affecting the corn trade with the United States is the import license system. Proof of domestic grain purchases has sometimes been required in order to obtain corn imports licenses, which is not currently the case since domestic grains production is not enough to cover the demand. The system is not transparent however the government has claimed for many years that this system, along with implementation of tariff rate quotas, is valid within Venezuela's WTO commitments.

Under its WTO commitments, Venezuela is entitled to administer tariff rate quotas (TRQ's) for up to 62 HS code headings. The TRQ's are administered through an import license scheme that is managed by the Ministry of Food (MINAL). Issuance of import licenses for TRQ's is neither transparent nor automatic. A combination of foreign exchange restrictions, discretionary issuance, and cumbersome procedures restrict trade. The Government does not publish data regarding the import level of TRQ's nor information about over-quota quantities. The Venezuelan Government renews the TRQ's for each product annually.

The local sorghum crop is protected through price controls and no imports are allowed by a government policy which restricts import licenses for sorghum.

Currency Control and Import Licensing: Importers had been facing some problems due to rising international prices and the limitations on the access to foreign exchange and import licenses. Venezuela has a fixed exchange rate system with foreign exchange sales to importers subject to control by a government commission. Strict rules govern applications for foreign currency transactions. In addition to being registered with the government, importers must obtain a "certificate of non-domestically produced food product" and the "certificate of "not-sufficient domestically produced food product" in order to have access to foreign exchange. Access to foreign exchange via the Foreign Exchange Administration Commission is limited. All these factors cause market disruptions as a result of government interference.

Colombia

Free Trade Agreement

The recent US-Colombia FTA implementation provides for immediate duty-free access through a 2.1mmt TRQ that will grow by 5% annually. This is a welcome development given the reduced 20% U.S. market share experienced over the last four years. However the 2.1mmt TRQ was negotiated in 2006 when the size of the Colombian coarse grain import market was significantly smaller. This FTA was not ratified and implemented until this past year.

In the nearly 6 years period between signature and ratification Colombia has grown into a 4mmt market for corn imports. Colombia remains a key growth market for corn in the Americas. The United States enjoys a competitive freight advantage over other South American competitors into Colombia.

Based on the FTA any corn purchased above this 2.1mmt would be faced with a prohibitive 25% out-of-quota tariff (phased out over 12 years) effectively capping the ability of the United States to recover lost market share. **We would request assistance of USTR to increase the size of this TRQ as it oversees implementation of the US-Colombia FTA.**

Mexico

Intellectual Property Rights

Pirated products can be found in "trade marked" seed for corn and sometimes for sorghum.

Services barriers

A regulation (NOM #28) was issued by SARGARPA (Mexico's Department of Agriculture) in 2006 that restricts the entry of certain agricultural products at the Port of Dos Bocas, located on the Gulf in the southern State of Tabasco. Corn and sorghum are feed grain commodities that are restricted, however barley is not. Furthermore, the NOM is specific to the United States and South Africa origination, so technically originations from Brazil and Argentina could enter through the Port. USGC understands that the port was designed to service the oil and gas industry; therefore, it lacks storage capacity to handle bulk grain commodities and personnel to carryout phytosanitary inspections. The port of Dos Bocas is located within 200 miles east of the Port of Coatzacoalcos and 200 miles N.E. of the Port of Veracruz, both of which have full-service capability to handle feed grain imports for the State of Tabasco.

Europe, Middle East, North Africa

Algeria

Algeria is the second largest importer of agricultural products in Africa. In 2012, Algeria imported 9.738 mmt of grains, an 11 percent decrease over 2011, mainly due to a reduction in wheat imports. Corn imports reached 3.04 mmt in 2012 due to strong import programs implemented by most of importers and strong demand from the poultry sector. Of the 3.04 mmt, there were no imports of U.S. corn, due to the high prices of U.S. corn and strong competition from mainly Argentina, followed by Brazil and Ukraine. High import duties on corn co-products used to prohibit consistent purchase of U.S. coarse grains.

Import Policies
For coarse grains, the assigned import duties had been as follows:

- Sorghum: 15% import duty, VAT of 7%
- Barley: 15% import duty, VAT of 7%
- Corn: 5% import duty, VAT of 7%
- CGM: 30% duty and 17% VAT
- CGF: 30% duty and 17% VAT
- DDGS: 30% duty and 17% VAT

With the notable exceptions of sorghum and barley, Last year, Algeria (September 1st, 2012) exempted custom and VAT import duties on the following products until December 31, 2012. That exemption was extended recently through August 31, 2014:

- Corn: 0% import duty, VAT of 0%
- CGM: 0% duty and 0% VAT
- CGF: 0% duty and 0% VAT
- DDGS: 0% duty and 0% VAT

USGC in cooperation with FAS/Algiers and the Algerian feed industry worked for several years to successfully influence the removal of the VAT and import duty in Algeria for DDGS, as well as CGF. USGC has been directly involved in the process, providing information and support documents and reports, to make sure that DDGS and CGF were included in the list of proposed feed ingredients that were to have the import duties and VAT reduced to zero. Without these collective efforts over the last 3 years, there is no way that products like DDGS and CGF would have been included in the list of feed ingredients that have had their duty and VAT reduced to zero.

After August 31, 2014, the import duties are expected to be harmonized at the following:

- Corn: 5% import duty, VAT of 7%
- CGM: 5% duty and 7% VAT
- CGF: 5% duty and 7% VAT
- DDGS: 5% duty and 7% VAT

U.S. sorghum and barley will remain at 15% import duty and 7% VAT and their competitiveness in this market will be severely limited. The Council requests USTR work to help ensure further reduction and permanence of these efforts.

Government Procurement

The Algerian government sets a floor price for domestic wheat and barley, and subsidizes imported wheat to keep bread, couscous, and pasta prices low. The Office of Cereals is responsible for procuring all imports of wheat and barley for domestic use. Import of feed wheat is allowed but subsidized wheat flour made with imported or domestic wheat has been known to make its way into feed channels in Algeria.

Morocco

Moroccan trade policies have restricted imports from the U.S. even though there is an FTA in place, with zero duty parity for all corn imports; the U.S. no longer has any trade advantage in this market slipping from a high of 1.2 MMT in 2005/06 to nearly zero in 2012/13. **Barley market access still faces a prohibitive 35% import duty and 7% VAT however.**

Import Challenges

The following import tariffs apply to feed grains and their corresponding value added products and can be a deterrent to trade:

- Sorghum: 0% import duty for U.S. origin, others origins are subject to a minimum import duty of 2.5%, VAT of 7% on all imports
- **Barley: 35% import duty on the first 800 Moroccan dirham (MAD) value and 2.5% on remaining (CIF-800) MAD value, VAT of 7% on all imports**.
- Corn: 0% import duty for U.S. origin, others origins are subject to a minimum import duty of 2.5%, VAT of 7% on all imports
- CGM: 2.5% duty and 7% VAT
- CGF: 2.5% duty and 7% VAT
- DDGS: 2.5% duty and 7% VAT

The Council, in cooperation with AFAC (Morocco's Feed Miller Association) was able to convince the Moroccan government to reduce the VAT from 20% to 7% on all corn co-products imports in August 2012. AFAC held direct discussions with the Custom Department within the Ministry of Finance to argue the case of why was there two Customs 'circulars'; one specifying that all feed ingredient products should pay 7% VAT, and the second that sets a 20% VAT on DDGS, CGF and other corn co-products.

AFAC members are losing money due to the fact that they are forced to pay a 20% VAT on imported DDGS and CGF, but only pass along a 7% VAT on finished feed products. As a result, for every kilogram of DDGS or CGF used they lost 13% on VAT recovery that had added up to over $50 million loss industry wide over the last 2 years. This reduction in VAT on corn co-products will lead to increase of corn co-product imports by at least 100,000 MT in 2013.

The Council urges that USTR learn from the Council's experience of the impact of high coarse grain prices and tight market conditions to urge for VAT and Duty reform around the world as a way to help mitigate high food and feed prices. Such added costs are typically passed on to consumers and alleviating them will help facilitate increased trade, lower food costs and increase food security.

Asia

China

VAT Policy

The current in quota duty on corn is 1 percent, but the GOC also applies a VAT of 13%, adding up to a total border tariff of 14 percent. While the application of a 14 percent border protective fee is in itself an issue, a larger issue is China's continued practice of applying a differential VAT to imports and domestic produced crops. Domestic crops pay zero VAT through a complex rebate system. At the time of China's WTO accession, this was WTO legal since China taxed agricultural producers. However, China has since rescinded agricultural taxes and indeed extends subsidies to agricultural producers. Therefore, the continued VAT on imported but not domestic products likely violates WTO rules.

Article III of the GATT explicitly states, "WTO members shall not be subject, directly or indirectly to internal taxes or internal charges of any kind in excess of those applied directly or indirectly to like domestic product." This directly affects trade and the competitiveness of U.S. coarse grains and other agricultural goods. China has begun to explore VAT reform and make reforms in other sectors. **The Council urges USTR to pay special attention to this issue as it does not allow the U.S. or other international suppliers to compete on a level playing field and is in likely violation of China's WTO commitments and should be enforced.**

TRQ Administration

There remains a lack of transparency with regard to the administration of China's 7.2 MMT TRQ for corn imports. Officially 60% of the quota is allocated for state purchases and the remainder for private purchases. WTO regulations stipulate that any unused TRQ for state corn purchases, is to be rolled over for use by the private sector at the end of the year. This policy has not been enforced.

China's corn import regime would benefit from greater transparency in the TRQ regime, specifically making information on who receives the privately-held quotas, and how much quota each entity receives, available to the public. This would help facilitate the process of pooling quotas, which are typically allocated in amounts too small to import on bulk carriers. Increasing concentration in China's feed and livestock industry, however, is helping to mitigate this problem over time.

There are numerous requirements for importing corn under the TRQ, these are cumbersome and can also serve as a deterrent, including import license and CIQ import permit. And the exporters need to meet with the requirements accordingly.

Government procurement restrictions

COFCO is the only state grain trading company in China. It handles state purchasing with the state quotas so far for import and export of paddy, wheat and corn. China's Sino Grains could contract with the exporters and establish a buying price, but it must go through COFCO to sign import contracts for corn. COFCO functions as a grain monopsony.

India

India is not corn deficient and continues to be a net grain exporter. However, India could become a net grain importer in the future based on demand and consumption patterns and the lack of new crop technology.

Even if India were to become a net importer of coarse grains, the U.S. would not be able to access this enormous market opportunity due to the ban on the import of BT grain, high tariffs, and prohibitive requirements for weed seeds stipulating zero tolerance.

TRQ and Tariffs

India has a TRQ of 500,000 for corn, for which the duty is 15%, though TRQ procedures are onerous and restrictive. Outside the quota, the duty is 50%. Imports of bulk grains are only possible through State Trading Enterprises.

For sorghum, an import tariff of 50 percent exists. Duties remain high on other coarse grains and co-products. They are as follows:

- Malt – 30%
- Corn gluten feed – 30%
- DDGS – 30%

With the addition of taxes (CESS), the duty on all of these products ends up closer to 40%.

Government Procurement

The Indian government maintains a procurement system that includes a set Minimum Support Price (MSP) for nearly all grain. The recently passed National Food Security Bill is estimated to procure over 69 mmt of food grains (wheat, rice, coarse grains) at minimum support prices for distribution to over two-thirds of the Indian population at subsidized rates. Studies suggest that several advanced developing countries, including India are already exceeding their domestic support levels agreed to in the Uruguay Round negotiations. Procurement is linked to the Public Distribution System (PDS) which has been blamed in the past with distribution problems and corruption and that there is diversion of stocks that are later dumped at subsidized prices onto the world market.

Philippines

Import Challenges/Minimum Access Volume System

Until 2001/2002 the U.S. had maintained strong market share and continuous exports of corn ranging from 100,000 to 380,000mt. U.S. feed grains competitiveness and U.S. market share continue to be affected by trade policy barriers that constrain feed trade flows into Southeast Asia. The most serious issue regionally, exists in the Philippines where corn imports are under a Minimum Access Volume (MAV) system with 35 percent tariff for in-quota and 50 percent for out-quota shipments. The size of the MAV quota is set annually the National Food Authority, a state monopoly in charge of strategic grain reserves and imports, with quotas ranging from 200 to 250 TMT/year. The TRQ and import tariff systems serve as de-facto market protection mechanisms to safeguard local corn production from corn imports and results in a lost market potential of 1.0 mmt.

The country's agribusiness sector is dominated by oligopolies whose private interests are intertwined with special interest groups and close ties with the government. The National Food Authority (NFA), the government agency in charge of the grain trade, has essentially been a monopoly whose practices have hurt rather than help, the Philippines achieve its food security goals. The NFA's non-market based activities have disrupted the domestic grains market, creating oversupply situations, depleting government budgets and baffling the supply and demand situation.

The Philippines needs to abolish the NFA and let private traders do most of the importing to cover local grain production shortfalls. We would encourage this approach and ask for USTR support in supporting this issue. The policies seem to work for other goods such as vegetables, pork, poultry and fish, whose prices are also stable though free from heavy state interventions readily imposed on grains.

Thailand

Thailand is the 3rd largest DDGS importer in Southeast Asia and a major importer of corn gluten meal (CGM). Thailand does not import any U.S. corn, except specialty corn for food purposes and popcorn. Thailand's government is very protective of its crop production, crushing, feed and livestock industries and has implemented measures to curb the flow of competing products into the market.

Import Policies

Tariffs – Are used heavily to protect domestic industry and restrict access and competitiveness of other global suppliers.

- U.S. corn (and other non-ASEAN) corn is subject to strict import barriers (import tariff and quota system) to protect local corn producers. Corn imports falling under the 2011 TRQ of 54,440mt is subject to a 20 percent tariff rate, while out- of-quota corn imports are subject to a 73.8 percent tariff rate for non-ASEAN origins.

- U.S. DDGS is subject to 9% import tariff imposed as measure to protect local soybean crushing sector and local corn production sector

- U.S. CGM is subject to 5% import tariff imposed as measure to protect local soybean crushing sector and local corn production sector

Government procurement restrictions (e.g. "buy national policies" and closed bidding)

Preferential treatment is provided to domestic suppliers. Thailand imposes domestic purchase requirements for several tariff-rate quota products, including corn, soybeans and soybean meal. The Thai soybean crushing sector enjoys preferential treatment by the domestic feed milling sector, which is required to give preference to domestic soybeans and soybean meal before purchasing any foreign product. This measure displaces imported U.S. DDGS and affects U.S. market share in the Thai market.