



NGFA

Newsletter[®]

Volume 60, Number 24, November 20, 2008

Waxman to Chair Powerful House Committee; Obama Transition Proceeds

In a decision that could have far-reaching implications for climate change and food/feed safety legislation in the next Congress, **Rep. Henry Waxman**, D-Calif., today was chosen by fellow Democrats to chair the powerful House Energy and Commerce Committee.

In a stunning rebuke of the congressional seniority system that Democrats have honored for decades, Waxman ousted long-time chairman Rep. John Dingell, D-Mich., by a 137-122 vote in the House Democratic caucus. Dingell, who will begin his 28th two-year term in January, had served as the top-ranking Democrat on the key committee for 28 of his 54 years in Congress. He has been viewed as a relative moderate on climate change and environmental issues, reflecting the interests of his U.S. auto-industry-dominated district.

Waxman, on the other hand, is a key ally of House Speaker Nancy Pelosi, D-Calif., and on many issues – particularly environmental – is considered much more liberal than Dingell. He also is one of the House's foremost critics of the Food and Drug Administration (FDA), and is expected to be a major advocate for

restructuring the federal government's approach to food and drug safety, and expanding regulatory authority over FDA-regulated products.

The House Energy and Commerce Committee has jurisdiction over major segments of U.S. business and the economy, including energy policy, environmental protection, health care and food/feed safety.

The chairmanships of other key House committees remained the same, except for **Rep. Edolphus Towns**, D-N.Y., succeeding Waxman as chair of the Oversight and Government Reform Committee. In the Senate, **Jay Rockefeller**, D-W.Va., is likely to succeed Sen. Daniel Inouye, D-Hawaii, as chair of the Commerce, Science and Transportation Committee, which oversees freight rail policy. The chairmanships of the House and Senate Agriculture Committees are expected to be retained by **Sen. Tom Harkin**, D-Iowa, and **Rep. Collin Peterson**, D-Minn., unless one of them is tapped by President-elect Barack Obama to be secretary of agriculture.

(Continued on page 3)

NGFA Responding to CME Group Request for Feedback on Variable Storage Rates for CBOT Wheat Futures Contract

As the *NGFA Newsletter* went to press, the NGFA's Risk Management Committee was preparing a response to the CME Group's request for feedback on the concept of establishing variable storage rates at warehouses regular for delivery for CBOT wheat futures contracts as a potential additional mechanism to enhance convergence.

Under the concept, which has been discussed previously by the NGFA's Risk Management and Country Elevator Committees, the exchange would calculate the percentage of full carry – as represented by the spread between the nearby futures contract and futures contract following the nearby contract – during each business day during the month prior to the futures contract delivery month. On the day prior to the first position day of an expiring CBOT wheat futures contract, the CME Group would calculate an average from each of the daily percentage of full carry calculations during the month before delivery. If the average carry was 85 percent or greater, premium (storage)

(Continued on page 6)

NGFA Country Elevator/Feed Industry Conference Hotel Alert!

Reflecting the heavy preregistration for this always well-attended event, the NGFA has been advised that sleeping rooms are sold out at the Marriott Renaissance St. Louis Grand and Suites Hotel for the NGFA's Country Elevator/Feed Industry Conference on Dec. 7-9 in St. Louis, Mo.

For attendees who have not yet secured a hotel reservation, the NGFA has secured a limited number of sleeping rooms for Dec. 6-9 at the **Roberts Mayfair Hotel**, located at 806 St. Charles St., about two blocks from the Marriott. All are standard rooms with king-sized beds and are available at a rate of \$119, plus tax, per night. Reserve by calling the Roberts Mayfair at 314-421-2500. Identify with "National Grain and Feed Association" to secure the special rate. But please act fast, as rooms are expected to go quickly!



Reinventing Government's Role in the Economy

This year will be remembered as one of the most difficult ever faced by this industry and the American economy.

The summer run-up in commodity prices stretched credit lines to the limits...and beyond, in some cases. Later in the year, the financial and equity markets proved to be just as unpredictable.

The reaction of political leadership has been to step forward with an extreme dose of Keynesian economic theory-based prescriptions. It may be the right approach – we'll likely only know for sure after another 10 years of experience – but it is disconcerting to say the least.

Keynesian economics, which forms the original intellectual basis for activist government intervention in markets, was born in the 1930s. In essence it argues that government taxation and spending can be managed so as to smooth the ups and downs of economic growth. But the main criticism of Keynesian theories has been that excessive and untimely government intervention actually can destabilize and disrupt the economy.

Then, in the 1980s, some economists came forward with the theory of “rational expectations.” In essence, this theory says that the more government intervenes, the more people expect it and then they adjust, counteracting the intent of government; thus there are practical limits on how much government actually can help manage national economic performance. The lesson for 2008 might just turn out to be that the more we rely on economic theory from the 1930s, the more we can expect our national economy to resemble the economy of that decade.

Enough of Economics 101. How does this apply to the current situation? There seem to be several risks in this environment. The urgency to spend money to bail out industry-after-industry no doubt will lead to wasting taxpayer resources. Government tends to lean strongly toward risk-avoidance behavior. And if the taxpayers' checkbook appears to be limitless with current politics, we can be fairly certain of the government's reaction to new requests for spending.

The *Wall Street Journal* published an editorial on Nov. 18 about the never-ending growth in the employment rolls of the New York state government. It happens in federal and local jurisdictions, too. Actual shrinkage in government is rare indeed. In fact, since 1980, I can think of only two “significant” reductions in government regulatory agencies pertinent to our industry: 1) the U.S. Department of Agriculture's Federal Grain Inspection Service, which shrunk its staffing by more than half in the 1980s, following leadership by the NGFA, this industry and a couple of dedicated reformers within USDA; and 2) substantial reduction in manpower when the Interstate Commerce Commission was renamed the Surface Transportation Board in 1995.

Government, just like the private sector, needs to reinvent itself from time-to-time to create more efficient operations. It should be more the rule, not the exception.

How do we encourage government agencies to avoid excessive growth and behave as if they confront the competitive pressures of private markets?

One of the strongest initiatives at the federal level in this regard was led by Al Gore when he served as vice president in the Clinton administration. Maybe it's time to dust off a few of those ideas.

It is very likely that the urgency in the current environment will generate a huge wave of “better ideas” and “new concepts” about how government should be structured. As an organization of businessmen and women, the NGFA needs to be prepared more than ever to present its ideas of what will and won't work to encourage competition and growth in this economy. You can be certain there will be plenty of people and organizations that will be “out there” actively lobbying for policies creating ever-increasing spending levels and that will detract from our national economic potential.

The business community must be ready to speak out!



"Congressional Committees" continued from page 1

Meanwhile, Obama stepped up his consideration of Cabinet secretaries. Of key interest to the grain, feed and processing industry is apparently the choice of former Senate Majority Leader **Thomas A. Daschle**, D-S.D., to be secretary of health and human services, which has oversight of FDA. Daschle was a key adviser to Obama throughout the campaign, and currently is serving as his chief adviser on health care policy. Since being defeated in a 2004 reelection bid, Daschle has been a policy adviser at the Washington office of the Atlanta, Ga.-based law firm of Alston & Bird LLP, where he advises on climate change, energy, health care, trade, financial services and telecommunications policy. Daschle served three terms in the House beginning in 1978, followed by three Senate terms. During his congressional career, he served on both the House and Senate Agriculture Committees. As HHS secretary, Daschle would be expected to play a key role in one of Obama's priority issues – expanded health care coverage.

Based upon reports emanating from the Obama transition office, other potential lead Cabinet choices include Arizona Gov. **Janet Napolitano** to serve as secretary of homeland security; **Sen. Hillary Rodham Clinton**, D-N.Y., to serve as secretary of state; and **Eric Holder**, former deputy attorney general in the Clinton administration, to be attorney general. Former Iowa Gov. **Tom Vilsack** frequently is cited as the lead prospect for secretary of agriculture. Current indications are that Obama formally will announce his picks for the secretaries of treasury and defense, as well as the national security team, before officially naming other cabinet posts.

House Leadership Little Changed

Despite another tough election outcome, House Republicans made few changes in their leadership ranks, retaining Rep. John Boehner, R-Ohio, as minority leader despite a last-minute challenge from Rep. Dan Lungren, R-Calif.

As expected House Republican Deputy Whip Eric Cantor of Virginia was approved to replace Rep. Roy Blunt, R-Mo., who relinquished the post. Meanwhile, Rep. Mike Pence, R-Ind., becomes Republican Conference Chairman, after Rep. Adam Putnam, R-Fla., stepped down from that position. The only contested race ended early, as the current chairman of National Republican Congressional Committee, Rep. Tom Cole, R-Okla, withdrew shortly before the vote, leaving Rep. Pete Sessions, R-Texas, as the only candidate.

For Democrats the only major change came as a result of the resignation of Rep. Rahm Emanuel, D-Ill., who has been named President-elect Barack Obama's chief of staff. Succeeding him as House Democratic Caucus Chairman is Rep. John Larson, D-Conn.

Senate leaders are expected to remain largely intact from the previous Congress.

Obama Transition Teams Begin Work within Federal Agencies

Teams for President-elect Barack Obama this week fanned out across federal departments and agencies for briefings and to begin the transition process, gathering information to assist in developing policies, budgets and personnel decisions prior to the inauguration.

At the U.S. Department of Agriculture, the transition effort is being led by Commodity Futures Trading Commissioner **Bart Chilton** and **Carole Jett**, recently retired associate deputy chief for programs at USDA's Natural Resources Conservation Service (NRCS). The NGFA is aware that the transition team received briefings from several USDA agencies this week, including the Farm Service Agency and Agricultural Marketing Service.

Chilton has served as a CFTC commissioner since August 2007. Prior to that, he worked briefly as chief of staff and vice president for government relations at the National Farmers Union, and as executive assistant to the U.S. Farm Credit Administration. From 2001-05, he was a senior adviser for then-Sen. Thomas Daschle, D-S.D., where he worked on agriculture, transportation and other policy matters. From 1995-2001, he was at USDA, including a stint as deputy chief of staff to then-Secretary of Agriculture Dan Glickman. For the preceding

decade, he worked in the House as legislative director for three different members of Congress, and as executive director of the bipartisan Congressional Rural Caucus. He's a Delaware native, grew up in Indiana and attended Purdue University, where he studied political science and communications.

Jett had been with NRCS for 33 years, starting as a student trainee with its Soil Conservation Service after obtaining an undergraduate degree in soil science from the University of Nevada. She headed NRCS's effort on the conservation section of the 2008 farm bill. Previously, she was the agency's point person in implementing the conservation provisions of the 2002 farm bill, was detailed by USDA to work with the House Agriculture Committee's staff during the 2002 farm bill, and co-authored the USDA-EPA strategy on confined animal feeding operations' compliance with the Clean Water Act. The Reno, Nev., native recently formed a conservation policy consulting group known as Blackwood's Group LLC.

Other agricultural transition team members include **Dallas Tonsager**, former board member of the Farm Credit Administration; **Quinton Robinson**, former House Agriculture Committee

(Continued on page 4)



On Capitol Hill

by Christopher Holdgreve
Director of Legislative Affairs
E-Mail: choldgreve@ngfa.org

staff member; **Mary McNeil**, former director of USDA's Native American Programs; **Douglas Jake Caldwell**, formerly with the National Wildlife Federation; **David Lazarus**, former staff member for Sen. Richard Durbin, D-Ill.; **Michael Taylor**, a research professor at George Washington University School of Public Health and Health Services, and a former official with the Food and Drug Administration and USDA's Food Safety and Inspection Service; **Christopher Wood**, chief operating officer for Trout Unlimited; **Carol Clifford**, a food safety lawyer; and **Karen Stuck**, former assistant administrator for FSIS's Office of International Affairs.

This group is part of Obama's Energy and Natural Resources Team, which is being led by **David J. Hayes**, former global chair of the environment, land and resources department at the international law firm of Latham & Watkins. In this capacity, Hayes oversees the transition at USDA, the Departments of Energy and Interior, as well as the Environmental Protection

Agency and Federal Energy Regulatory Commission. Hayes currently is a senior fellow at the World Wildlife Fund, where he works primarily on climate change. He also is a senior fellow at the Progressive Policy Institute specializing in energy matters. In addition, he is vice chairman of American Rivers, a national conservation group; and former chairman of the board of the Environmental Law Institute. He was deputy secretary at the U.S. Department of Interior during the Clinton administration.

Heading up the Obama transition team for the departments and agencies responsible for transportation, labor and education is **Seth Harris**, a professor and director of labor and employment law programs at New York Law School. Harris was chair of the Obama campaign's Labor, Employment and Workplace Policy Committee and co-chaired its Disability Policy Committee. During the Clinton administration, he was counselor to the secretary of labor and acting assistant secretary of labor for policy, among other policy positions.



From the Bench

by Charles M Delacruz
Counsel for Public Affairs
E-Mail: cdelacruz@ngfa.org

State Supreme Court Rules on Benefit Eligibility After Grain Warehouse Insolvency

The North Dakota Supreme Court on Nov. 19, denied a petition for rehearing on its decision last month that rejected certain grain receipt holders' eligibility for payments under the state trust fund following the insolvency of a grain warehouse.

The facts of the case date to 2001, when the North Dakota Public Service Commission ("PSC") issued a public warehouse license to Minnesota Grain of Eagan, Minn., to operate a grain warehouse in Rhame, N.D. Minnesota Grain obtained the necessary bond. Minnesota Grain also had a facility in East Grand Forks, Minn., which was neither licensed nor bonded as a warehouse under North Dakota law.

In April 2007, the district court ordered that Minnesota Grain was insolvent and appointed North Dakota's PSC as trustee of the trust fund created for the benefit of holders of warehouse receipts issued by Minnesota Grain. In June 2007, PSC filed its report that rejected the claims of certain North Dakota growers ("Brotens"), as ineligible under state law, because their grain was sold and delivered to Minnesota Grain's East Grand Forks, Minn., facility.

Specifically, the North Dakota PSC report recommended that the claims for grain purchased through the East Grand Forks, Minn., facility for delivery to that facility be denied; that these were Minnesota transactions that must be submitted to the Minnesota Department of Agriculture to be determined under Minnesota law; and that the North Dakota surety bond covered only grain purchases through the Rhame, N.D., facility that was licensed under North Dakota law. The North Dakota

PSC also reported on the lack of any grain assets in the estate, and that the \$100,000 bond was needed to redeem outstanding claims for grain purchased through Minnesota Grain's Rhame, N.D., facility. The district court agreed with the North Dakota PSC, and ruled that neither the statutes nor the warehouse bond extended coverage to sales to facilities outside North Dakota.

The Brotens appealed the district court's order, arguing that certain provisions in the statute supported their eligibility for benefits under the North Dakota trust fund. In its decision – ***Public Service Commission v. Minnesota Grain, 2008 ND 184*** – the state Supreme Court acknowledged that those terms cited by Broten were defined broadly. But the court concluded that Brotens' interpretation based upon those particular provisions "strains the clear intent of the entire statutory scheme." The Supreme Court rejected the contention that the North Dakota trust fund and bond may benefit anyone who sold grain to Minnesota Grain, irrespective of the state in which the facility was located.

In deciding that the designated location of the warehouse was "crucial," particularly where bond protection is determined based upon the warehouse that issued the receipt, the North Dakota Supreme Court concluded that the district court did not err in approving the North Dakota PSC report and in denying Brotens' claims for grain sales to Minnesota Grain's East Grand Forks, Minn., facility.

The Brotens filed the petition for rehearing on Nov. 4, which was then denied by the state Supreme Court on Nov. 19.





National Sorghum Board Adopts NGFA Proposal to Recommend Altering Checkoff Remittance, Reporting Schedule

During its inaugural meeting on Nov. 18-20 in Washington, the newly appointed national sorghum checkoff board unanimously approved a resolution recommending that the U.S. Department of Agriculture (USDA) alter its current policy regarding the schedule under which first handlers are required to remit collected checkoff funds and reports.

The board – which named itself the United Sorghum Checkoff Program – voted unanimously to petition USDA to change the schedule so that remittances of collected checkoff funds and reporting would be required on a **monthly** basis only for first purchasers operating in Kansas and Texas – identical to the remittance schedule that previously existed under the states' respective checkoff programs. Under the resolution, the remittance schedule for checkoff funds and reports in all other states – except Louisiana and Arkansas, where the determination is yet to be made – would be **quarterly**.

During the meeting, the NGFA urged the United Sorghum Checkoff Program board to adopt the recommendation, and was supported by the National Sorghum Producers organization. Currently, USDA requires that checkoff funds and reports be remitted based on the schedule that existed in states that previously had state sorghum checkoff programs – monthly in Kansas, Texas, Arkansas and Louisiana, and quarterly in Colorado, Nebraska, Oklahoma and Maryland. But USDA adopted an initial policy requiring monthly remittances from sorghum buyers in all states that previously did **not** have a checkoff program. The NGFA argued that these non-checkoff states did not have the production volume to justify the time and cost of monthly remittances and reporting by first handlers. It was not immediately known whether the remittance schedule will be able to be changed through a policy adjustment, or whether it will require a more lengthy **Federal Register** rulemaking process, as USDA officials initially indicated.

The board did state that it may want to consider in the future scheduling the sorghum checkoff remittances to coincide with the schedule that already exists for soybeans under the national soybean checkoff, particularly if some states increase sorghum production significantly. In response, the NGFA suggested that the matter be discussed with the NGFA Country Elevator Committee during its Dec. 7 meeting in St. Louis, Mo., which will be conducted in conjunction with the NGFA's Country Elevator/Feed Industry Conference.

Under the nationwide sorghum checkoff, six-tenths of 1 (0.006) percent of the net market value is assessed at the first point of sale by first handlers for all domestically produced sorghum. Such first handlers, which include grain elevators, feed mills and grain processors, are required to collect the checkoff if they purchase from producers for subsequent sale more than 1,000 bushels of grain sorghum annually. The same

checkoff is collected on imported sorghum by the U.S. Department of Homeland Security's Customs and Border Protection unit. USDA's Farm Service Agency collects the checkoff on sorghum pledged as collateral for marketing assistance loans.

Other Matters: During its initial meeting, the 13-member United Sorghum Checkoff Program board selected Bill Greeving, Prairie View, Kan., as its chairman. Bill Kubecka of Palacios, Texas, was elected vice chairman, while Jeff Casten of Quenemo, Kan., was elected secretary and Dale Artho of Wildorado, Texas, was elected treasurer. The board also developed a committee structure – with standing committees for Research, Market Development and Communications/Information. The board also began work in developing its bylaws, and approved the National Sorghum Producers organization as its principal contractor.

Among other things, the board in coming months will be tasked by USDA with developing additional regulations on checkoff implementation matters beyond those addressed in the basic final regulations issued by USDA in May. It also will be board's responsibility to administer the provisions of the sorghum checkoff order; develop research and market development proposal requests; develop a budget for USDA review and approval; develop a strategic plan; investigate complaints of violations of the checkoff law and regulations; and ensure that funds collected under the nationwide checkoff are not used for lobbying or other activities that attempt to influence legislation or government action or policy that transcend the checkoff order's scope.



Calendar

- Dec. 7, 2008:** Country Elevator Committee
Marriott Renaissance Grand Hotel, St. Louis, Mo.
- Dec. 7-9, 2008:** Country Elevator and Feed Industry Conference & Trade Show
Marriott Renaissance Grand Hotel, St. Louis, Mo.
- Dec. 9, 2008:** Membership & Marketing Committee
Marriott Renaissance Grand Hotel, St. Louis, Mo.
- Dec. 9, 2008:** Joint Agroterrorism/Facility Security Committee
Marriott Renaissance Grand Hotel, St. Louis, Mo.
- Dec. 9, 2008:** Waterborne Commerce Committee
Marriott Renaissance Grand Hotel, St. Louis, Mo.
- Dec. 17, 2008:** NGFA/GEAPS Joint Grain, Grades and Weights Committee
Kansas City Airport Hilton Hotel, Kansas City, Mo.
- March 29-31, 2009:** 113th Annual Convention
Westin Swan Hotel, Walt Disney World, Orlando, Fla.





"Storage Rates" continued from page 1

charges would be increased by 5/100ths of a cent per bushel per day beginning on the 18th calendar day of the delivery month. Conversely, if the average carry was 50 percent or less, premium (storage) charges would be decreased by the same amount. Premium (storage) charges could not be reduced to less than 16.5/100ths of a cent per bushel per day.

The CME Group provided the following hypothetical example of how the concept would work: Assume in February 2009, from the first business day in February (Feb. 2, 2009) through the day before first position day (February 25, 2009), the March to May spread averaged 90 percent of full carry and the current storage charge was 16.5/100s of one cent per bushel per day. In this example, because the 90 percent of full carry is greater than 85 percent, beginning on March 18, 2009 after the March delivery period, the storage charge would increase by 5/100s to 21.5/100s of one cent per bushel per day.

Among questions concerning the variable storage rate concept on which the CME Group is requesting feedback are these:

- ▶ Are the 85 and 50 percent of full-carry thresholds the correct trigger points to increase or lower storage rates, respectively?
- ▶ Is 15/100ths of one cent per bushel per day the appropriate incremental storage rate adjustment to use?
- ▶ Should there be a cap on how high storage charges could increase?
- ▶ What interest rate should be used to calculate full carry? In its example, the CME Group used the 30-day LIBOR + 200 basis points as the interest rate.
- ▶ Would the variable storage rate concept enhance the probability of cash-futures price convergence?

Lukken to Leave CFTC; Calls for New Regulatory Framework



Current Commodity Futures Trading Commission (CFTC) Acting Chairman Walter Lukken (*pictured*) announced that he will leave the agency shortly after the Jan. 20 inauguration of President-elect Barack Obama, even though his second term does not expire until September 2010.

Lukken also used the opportunity of a Nov. 11 keynote address to the Futures Industry Association's Futures and Options Expo in Chicago, Ill., to propose a "bold new direction" for regulating futures and financial markets under which "our current outdated regulatory system" would be "scrap(ped)" and replaced with what he termed a "radical" new regulatory framework similar to reforms previously proposed by former Federal Reserve Board Chairman Paul Volcker and current Treasury Secretary Hank Paulson.

The new three-pronged, "objectives-based" regulatory system proposed by Lukken – which would require a wholesale rewriting of existing laws and regulations governing financial and futures markets – would consist of a:

- ▶ **Systemic Risk Regulator** that would police the entire futures and financial market system to identify risks that could cause a contagion event, and which would be empowered to take preventive action to protect against such developments.
- ▶ **Market Integrity Regulator** that would focus on the safety and soundness of commercial banks, exchanges, investment firms and other key financial institutions.
- ▶ **Investor Protection Regulator** that would oversee investor protection and business conduct across all firms in the

marketplace.

Lukken said the new framework would require reporting of exchange and over-the-counter (OTC) market data to regulators, which he suggested should be triggered when such products "begin playing a public-pricing role or when their size creates the risk of a systemic event."

Under the concept, Lukken said, the resources of the CFTC, Securities and Exchange Commission (SEC) and various banking regulators would be "dispersed" among these three regulatory authorities. "This objectives-based approach would significantly improve financial market transparency across the board, but most importantly in the current unregulated OTC markets," Lukken said. "Regulation by objective, rather than function, will ensure that all products and institutions are properly overseen based on identified public risks, rather than futile and difficult determinations of whether an instrument is a security, a future or a swap contract."

He adamantly opposed a merger of the CFTC and SEC, which he said "would be ineffective and...only reinforce our outdated regulatory structure." Instead, he urged a bipartisan select congressional committee be formed to pursue the concept. In the interim, he urged creation of a unified regulatory board consisting of the heads of the Federal Reserve, SEC and CFTC that would facilitate sharing of market information and be empowered to "eliminate regulatory gaps and duplications" that exist in the current system.

Members receiving the *NGFA Newsletter* electronically may [click here](#) to access the full text of Lukken's six-page speech from the CFTC's website.



FDA Imposes Import Detention on Chinese Products Containing Milk

The U.S. Food and Drug Administration (FDA) has expanded its controls of imports of food and feed products from China after test results detected melamine and melamine-related compounds in some additional imported human food products, including candies and beverages.

FDA's expanded import alert means that Chinese dairy products, as well as specific Chinese-manufactured food and feed products that may contain milk or milk products, will be detained at U.S. ports of entry until the agency is assured that such products either: 1) do not contain milk or milk products; or 2) if they do contain milk or milk products, that they do not contain melamine or melamine-related compounds, such as cyanuric acid.

During a Nov. 14 conference call in which the NGFA participated, FDA officials said import inspectors would review the Chinese products' labeling and seek to review the product formulations. In the latter instance – proving

that milk-based products do not contain melamine or related compounds – FDA said it would accept third-party testing of representative lot samples performed by independent private laboratories using an FDA-approved testing method. Included on the Chinese import alert list are all milk-derived ingredients, including whey and casein; bakery products, doughs, mixes and icings; breakfast foods; snack foods; animal feed ingredients containing dairy byproducts; pet foods; fish food; and pet and laboratory animal food/feed.

As reported previously by the NGFA, FDA also said it was expanding its testing of protein-containing products in the United States beyond dairy and dairy-containing products for contamination with melamine and melamine-related compounds. Members receiving the *NGFA Newsletter* electronically may [click here](#) to access FDA's expanded Import Alert on Chinese products. [Click here](#) to access FDA's website for more information on the Chinese melamine situation.

Canada Detects 16th Case of BSE

The Canadian Food Inspection Agency (CFIA) on Nov. 17 announced Canada's 16th case of bovine spongiform encephalopathy (BSE), a seven-year-old Holstein cow in British Columbia.

It is the fourth case of BSE diagnosed in British Columbia, and marks the ninth involving a cow born after CFIA first implemented its feed regulations in 1997 that ban the feeding of ruminant-derived protein to ruminant animals. The 16 BSE cases involving Canadian-born cows includes the December 2003 diagnosis of BSE in Washington state that became the United States' first case of BSE. According to the World Animal Health Organization (OIE), Canada detected two BSE cases in 2003, one each in 2004 and 2005, five in 2006, three in 2007 and four thus far in 2008. Canada also had an imported case of BSE in 1993.

CFIA said it had identified the latest BSE-infected animal's birth farm, and launched a comprehensive investigation to trace its herd mates at birth and a feed investigation to determine how the animal may have become infected. CFIA stressed that no part of the animal's carcass entered the food or feed chain.

CFIA on Nov. 6 had issued a final report on its investigation of the country's 15th BSE case, involving a five-year-old Holstein cow diagnosed in June in British Columbia. That

investigation found that cross-contaminated heifer ration or a dry cow ration supplied by two of four Canadian feed manufacturers that served the cow's birth farm was the most likely source of the infectious agent.

Canada in July 2007 implemented an "enhanced" feed rule that prohibits the use of an expanded list of so-called specified risk materials from all animal feeds, pet foods and fertilizers.

Canada's feed rule now prohibits the use of the following specified risk materials in any animal feed, pet food or fertilizers: 1) the skull, brain, trigeminal ganglia (nerves attached to the brain), eyes, tonsils, spinal cord and dorsal root ganglia (nerves attached to the spinal cord) of cattle aged 30 months or older; and the distal ileum (portion of the small intestine) of cattle of all ages. Also prohibited are: 1) tissues from non-food producing animals, such as companion or zoo animals; 2) tissues from carcasses of ruminants, other than cattle, that died or were condemned prior to slaughter for human consumption; and 3) tallow, including yellow grease, from cattle, sheep, goats and other ruminant animals that contains more than 0.15 percent insoluble impurities. Proteins from swine, horses, poultry and fish, as well those from milk, blood and gelatin from any species, are not prohibited under Canada's feed rule.



Membership Matters

by Todd Kemp
Director of Marketing/Treasurer

Fall Membership Drive Generates 34 New Member Companies...Already!

...Recruiters Have Until Dec. 31 for 'Tahoe Weekend' Drawing...

Since the announcement of the NGFA's 2008 Fall Membership Drive in early September, NGFA recruiters have signed up 34 new NGFA-member firms!

That brings the year-to-date total to 73 new members, months ahead of last year's pace.

Of note, 16 of those 34 new member firms are Associate members that joined the Association for purposes of exhibiting at the NGFA Trade Show in early December – a vivid reminder that the NGFA presents an excellent business opportunity for companies marketing goods or services to the grain, feed and processing industry. Potential Associate members remain a fruitful target for recruiters!

The big news is that sponsors of these 34 new members all qualify for the major year-end prize drawing that will culminate the Fall Membership Drive. This random drawing

will award a major prize to a fortunate recruiter:

- ▶ Tahoe Weekend!
- ▶ Airfare for two to Reno, Nev.
- ▶ Two nights' luxury accommodations at the Hyatt Regency Lake Tahoe Resort, Spa & Casino.

The end of the Fall Membership Drive is close of business on Dec. 31. All successful recruiters between Sept. 6 and the end of the year are eligible to win.

Tahoe sounds good? If so, sign up a new member and you've got a shot! For help identifying prospective members and for tips on making the approach, contact NGFA Director of Marketing/Treasurer Todd Kemp at tkemp@ngfa.org, or at 202-289-0873, Ext. 16.



National Grain and Feed Association
1250 Eye St., N.W., Suite 1003
Washington, D.C. 20005-3922

TIME SENSITIVE

