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Senate Nears Passage of Energy Bill with Renewable Fuel Mandates

After nearly two weeks of debate, the outcome remains unclear for the Senate's comprehensive energy bill (S. 1419), which includes biofuels provisions that would establish a production-and-use mandate of 36 billion gallons annually by 2022 – a seven-fold increase in the current renewable fuels mandate.

A final vote is likely sometime late Friday (June 22), after the Senate voted 61-32 today to cut off debate and proceed towards final passage.

The bill would increase the current renewable fuels mandate to 15 billion gallons by 2015, primarily from corn. Starting in 2016, the bill would mandate additional 3-billion-gallon annual increases, derived from cellulosic ethanol, until reaching 36 billion gallons by 2022. The bill contains an "out" clause should cellulosic technology not keep pace with the mandate timetable. But the Senate today rejected, by a 63-31 vote, an amendment offered by Sen. James Inhofe, R-Okla., that would have allowed a mandate waiver to avoid a shortfall in corn production for livestock or human consumption. In addition, the Senate defeated by a 56-36 vote an amendment that would have repealed the 54-cent-per-gallon tariff on imported ethanol.

An amendment adopted during the first day of debate would require a 35 percent cut in projected U.S. fossil fuel consumption by 2030. While the increased ethanol mandate would contribute to some of this reduced consumption, the bill would leave to the administration the precise details on how it would be accomplished.

The Senate bill's renewable fuels mandate is somewhat less aggressive than the 35 billion-gallons-by-2017 mandate that President Bush urged in his January State of the Union address.

In other action on the bill, the Senate defeated by a 55-39 vote an amendment on "coal-to-liquids" fuel-use that would have required production of 6 billion gallons of coal-based liquid fuels. Meanwhile, Senate Energy and Natural Resources Committee Chairman Sen. Jeff Bingaman, D-N.M., has removed from consideration his proposal to impose a federal mandate

(Continued on page 3)

Talks Intended to Advance WTO Doha Round Collapse

Negotiations between the so-called Group of Four – the United States, European Union, Brazil and India – designed to advance a final agreement under the World Trade Organization's (WTO) Doha Round collapsed today in Potsdam, Germany.

The collapse occurred after Brazil and India walked out on the talks after citing an alleged lack of progress by developed countries to sufficiently reduce trade-distorting domestic agricultural subsidies. Meanwhile, the United States and EU argued that Brazil and India failed to provide substantive offers to improve market access, particularly on manufactured goods.

During a joint press briefing, U.S. Trade Representative Susan Schwab and Secretary of Agriculture Mike Johanns asserted that every time the United States and EU placed new offers on the table, Brazil and India responded by asking for more, without providing any indication of their own willingness to improve market-access offers.

While cautioning that the United States and EU still were far apart amongst themselves on several issues, negotiators had entered the Potsdam talks optimistic that differences could be narrowed further on all three pillars of the agricultural trade negotiations – reducing trade-distorting domestic supports, increasisng market access and eliminating export subsidies. The process now turns to Geneva, as WTO Director-General Pascal Lamy attempts to recast the collapse of the G4 talks to make progress on a wider front. Significant papers are expected to be issued soon by WTO committee chairmen on both the agriculture and non-agricultural market-access texts. Schwab and Johanns, reiterating their commitment to secure a successful conclusion to the Doha Round talks, headed to Geneva for negotiations with a number of important figures.

U.S.-Korea Free Trade Agreement to be Signed June 30: Meanwhile, U.S. and Korean negotiators are putting the finishing touches on an update to the U.S.-Korea Free Trade Agreement scheduled to be signed on June 30, just before the 90-day deadline to make the agreement eligible for consideration under the president's Trade Promotion Authority (TPA) process. TPA authority, which expires July 1, requires the

(Continued on page 8)

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NGFA Establishes New Biofuels Committee

The NGFA is establishing a new Biofuels Committee in response to the profound and growing impact that the biofuels industry is having on U.S. agribusiness and NGFA-member companies.

Establishment of the new committee was among the actions called for in the NGFA's new ***Long Range Plan*** adopted by the Board of Directors at its March meeting.

The Biofuels Committee will consist of volunteer industry leaders from NGFA-member biofuels manufacturing companies, marketers of biofuels and co-products, and grain and feed ingredient marketers and related service providers. NGFA Chairman Ron Olson has appointed **Mike Malecha**, NRG Development Co., Minneapolis, Minn., as the new committee's first chairman. NGFA Director of Feed Services David Fairfield and Director of Marketing/Treasurer Todd Kemp will serve as staff liaisons to the committee.

The new committee will function as a "steering committee" to:

- Identify and monitor trends in the biofuels industry significant to NGFA members of all types.
- Survey the needs of biofuels companies as they relate to the grain, feed and grain processing industry.
- Refer any identified issues not addressed by this committee to the appropriate NGFA committee for review and recommended action.
- Develop a plan for attracting biofuels companies as members and respond to their needs related to grain availability at competitive prices, co-product utilization, transportation and logistics, and safety, health and environmental compliance.

About 35 biofuels-producing companies and related businesses already are members of the NGFA, with more joining regularly. Core business services, such as the NGFA Trade Rules, NGFA contract arbitration and NGFA rail arbitration, have been key factors attracting biofuels companies to the NGFA.

Jess McCluer Joins NGFA Staff as New Director of Regulatory Affairs

NGFA President Kendell W. Keith has announced that **Jess McCluer** has joined the staff as the new director of regulatory affairs.

Prior to joining the NGFA's staff on June 11, McCluer was a program analyst at the Occupational Safety and Health Administration's (OSHA) Office of Outreach Services and Alliances from April 2003-May 2007. During that time, he worked with trade associations, professional societies, academia, unions and government agencies to coordinate implementation of national alliances and development of compliance-assistance resources, such as Web-based training tools. While at OSHA, McCluer was twice honored as recipient of the Secretary of Labor's Exceptional Achievement Award, in 2003 and 2005. The awards were in recognition of exceptional accomplishments in the development and implementation of outstanding compliance-assistance materials and programs.

"We're extremely pleased to have someone of Jess's strong government and trade association background join our team," Keith said. "His experience in working with government and industry in addressing government policy matters with a diverse array of agencies will help him provide valuable service to NGFA members."

At the NGFA, McCluer will be responsible for directing and managing the association's wide-ranging operations programs for grain elevators, feed mills and grain processing plants. He also will oversee the NGFA's activities regarding employee safety and industrial health, environmental issues, grain-handling facility design and equipment, grain inspection and weighing issues, and grain and feed quality. He will serve as staff liaison to the NGFA-GEAPS Joint Safety, Health and Environmental Quality Committee; Grain Grades and Weights Committee; and the newly formed NGFA-GEAPS-NAEGA Joint Agroterrorism-Prevention and Facility Security Committee.

Before joining OSHA, McCluer served from 1999-2003 as manager of government affairs for the Shipbuilders Council of America, overseeing the association's Safety, Environmental and Human Resources Committees. During that time, he worked with the U.S. Environmental Protection Agency to develop best management practices for shipyards; oversaw the production of safety and health training videos through OSHA grants; and developed and organized semi-annual training seminars for the association's members.

Prior to that, McCluer served as staff assistant for both the Dole/Kemp '96 presidential campaign and the 1996 Republican National Committee convention in San Diego, Calif.

He is a native of Dallas, Texas, and was graduated from Texas A&M University with degrees in political science and international studies. He also received a masters degree in political management from The George Washington University in Washington, D.C.

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"Energy Bill" continued from page 1

requiring utility companies to produce 15 percent of their electricity from renewable sources by 2020. Supporters of the Bingaman mandate plan to marshal forces to encourage the House to adopt the measure during its consideration of energy legislation.

Livestock and Food Processors Call for Caution on Biofuels Mandate: A coalition that includes the American Meat Institute, National Cattlemen's Beef Association, National Pork Producers Council, National Chicken Council and Grocery Manufacturers/Food Products Association sent a letter to Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., voicing major concerns over the bill's increased ethanol mandate. The letter warned that if safeguards are not provided, much of the new mandate "will inevitably be met by corn ethanol, and it is likely to have a significant impact on food and feed production, public health, and land, air and water resources."

In their letter, the livestock, poultry, meat and food groups cautioned that while they support the advancement of renewable fuels, the limits on corn-based ethanol have been nearly reached and any new mandates should focus on other forms of renewable energy, such as cellulosic ethanol, and provide additional time to "review, understand and address the implications of this policy on public health, the environment, and the livestock and food industries. Rising food prices, coupled with the rising energy prices we are seeing throughout the country, pose a threat to the health of our national economy," they said.

Energy Tax-Incentive Amendment: Meanwhile, the Senate failed by three votes to cut off debate and proceed to a final vote on an amendment to the energy bill offered by Senate Finance Committee Chairman Max Baucus, D-Mont., that would provide $32.1 billion in biofuels tax incentives. Adopted recently by the Senate Finance Committee by a 15-5 vote, the tax breaks – which ballooned from a starting point of $13.7 billion – would be financed largely by reducing tax breaks for the traditional oil and gas industry.

As approved by the Finance Committee, the amendment language includes a **new tax credit of 50 cents per gallon for cellulosic ethanol production**. This would be **in addition to** the 51-cent-per-gallon tax credit for ethanol and the 10-cent-per-gallon small producer tax credit for those with less than 60 million gallons of annual capacity, the latter of which would be extended for two years. Additional renewable fuels-related tax incentives included in the measure are: 1) a three-year extension of the 30 percent credit for alternative refueling stations; 2) a two-year extension of the 54-cent-per-gallon tariff on imported ethanol; 3) a two-year extension in the $1- and 50-cent-per-gallon tax credits for biodiesel; 4) a four-year extension in the 10-cent-per-gallon small biodiesel producer tax credit; and 5) a three-year extension of the 50 percent bonus depreciation for the cost of constructing new or operating existing refineries that process "non-conventional feedstocks." The measure would reduce the ethanol tax credit by 5 cents per gallon in the year after ethanol production reaches 7.5 billion gallons, which is expected to occur over the next couple of years.

The measure also provides numerous other tax incentives for such things as renewable electricity, energy conservation, and fuel-efficient and advanced technology vehicles, such as plug-ins.

Consideration of the larger energy bill will continue without the tax-incentive package, but it could be revived as situations on the floor change.

The Road to Senate Passage: Despite already exceeding the amount of floor time allocated to the energy bill, other contentious provisions only now are beginning to be debated. Sources have indicated that a potential deal is in the works on another of the controversial issues – a proposed increase in the auto corporate average fuel economy (CAFÉ) standards. Currently, the bill would impose a 35-mile-per-gallon fleet average by 2020, and make cars and "light trucks," such as sport utility vehicles, subject to the same requirements, which would increase 4 percent annually thereafter unless the administration declared the standards were not cost effective. The proposed compromise would eliminate the provision that subjects carmakers to the 4 percent annual increases after 2020.

The nearly 280-page Senate legislation is an amalgamation of four separate energy-related bills that had been introduced previously, several of which already passed the House. In addition to the biofuels provisions, cosponsored by Bingaman and ranking member Sen. Pete Domenici, R-N.M., the combined bill also includes provisions on energy efficiency, carbon sequestration and a ban on gasoline price-gouging if the president declares a "national energy emergency."

The White House has threatened to veto the bill if the final version contains several provisions the administration opposes, such as the gas price-gouging and OPEC provisions, which would subject the oil cartel to U.S. anti-trust laws. Senate Democratic leaders are stressing that the current bill won't be the last chance to consider energy legislation during the current Congress, saying that a comprehensive climate-change bill will be considered later.

Meanwhile, in the House, Speaker Nancy Pelosi has indicated she plans to combine the bevy of House energy bill into an "energy independence" package for floor consideration after Congress returns from its July 4th recess.

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House Ag Subcommittee Reverts to 2002 Farm Law Commodity Provisions

The House Agriculture Committee's Subcommittee on General Farm Commodities and Risk Management on June 19 unanimously approved a straight extension of the 2002 farm law's commodity title as a replacement for language drafted by Committee Chairman Collin Peterson, D-Minn.

Peterson's draft would have reduced direct payments to pay for "rebalancing" target prices and marketing assistance loan rates for certain commodities, although the fluidity of the funding situation clouded some of the details.

The full House Agriculture Committee now will use the 2002 farm law's commodity provisions as the starting point when it convenes shortly after the July 4th congressional recess. Consideration of each subcommittee draft of its section of the 2007 farm bill originally was scheduled for next week, but was delayed to provide time for further work on the individual sections and by delays in House floor consideration of appropriations bills. Peterson projected that the farm bill now will be considered on the House floor during the last week of July.

Commodity Section Strategy: Simply adopting the 2002 farm bill's version of the commodity provisions became the most politically expedient outcome given the lack of clear consensus on changes. One of the concerns of Democratic members of the subcommittee was the volume of amendments that would be offered to change Peterson's commodity section language. In fact, Rep. Jerry Moran, R-Kan., the subcommittee's ranking member, was poised to offer an amendment of his own to the Peterson language that would have reverted most of it to the 2002 farm law's version, with a few minor tweaks. But subcommittee Chairman Bob Etheridge, D-N.C., beat Moran to the punch by introducing a straight reauthorization of the 2002 language. The commodity provisions from the 2002 farm law have been termed a "placeholder," and major changes still could occur. But until the budget situation becomes clearer, only minor changes are expected.

The subcommittee did adopt amendments that would:

- Establish a single nationwide marketing assistance loan rate for corn and sorghum. While adopted, both the subcommittee chairman and ranking member warned the cost of the proposal had not been estimated yet by the Congressional Budget Office, which could cause it to be reconsidered.
- Express the sense of Congress that funds used to finance programs under the Subcommittee's jurisdiction should not be transferred to fund programs under other sections of the farm bill, such as conservation.
- Create a pilot program in Indiana to allow for the planting of tomatoes grown and contracted for processing on up to 10,000 base acres. The subcommittee defeated a broader amendment that would allow planting flexibility nationally. But since this issue involves U.S. compliance with the WTO cotton case, it is unlikely to be the last word on the topic.
- Adjust cotton loan premiums and discounts, and to recalculate the adjusted world price of cotton based upon Far East markets.
- Establish separate marketing loans, loan rates and target prices for long grain and medium/short grain rice.
- Make "technical corrections" to the target price and loan rate for rice.

In approving this version of the commodity title, the subcommittee also unanimously defeated three proposals that would drastically change or eliminate farm program payments: 1) the Bush administration's farm bill proposal; 2) a Citigroup proposal for a "buyout" of producers' base acres; and 3) the bill offered by Rep. Ron Kind, D-Wis., and Jeff Flake, R-Ariz., that would scale back farm program payments while creating risk management accounts and infusing more funds into conservation. Several members warned that the Kind-Flake bill could be introduced as an amendment to the farm bill crafted by the House Agriculture Committee once it reaches the House floor.

Under the Kind-Flake bill, cosponsored by Reps. Joe Crowley, D-N.Y. and David Reichert, R-Wash., existing farm program payments would be restructured dramatically. Supporters contend that the bill, which would phase out commodity payments and create risk management accounts for producers, would reduce the incentive to overproduce and make U.S. farm programs more compliant with U.S. obligations under the World Trade Organization. The bill would replace counter-cyclical payments, loan deficiency payments, income loss and direct payments with risk management accounts, as well as crop- and revenue- insurance tools.

The risk management accounts would be held jointly by the producer and USDA at a lender of the producer's choosing. Traditional payments would be phased out over seven years, with increasing sums directed into the new accounts. Producers could tap those funds to make up for losses too small to be covered by traditional crop insurance, make additional investments and pay for crop- and revenue-insurance premiums. The accounts would resemble traditional IRAs, with producers allowed to invest their own funds into the account tax-free, which also could be used as a pension upon retirement. Any farmer and rancher would be eligible to open a risk management account, but only those who have received subsidy payments in the past would be entitled to government contributions. Beginning farmers would be eligible for

(Continued on page 5)

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payments if they farm land now eligible for farm program payments. Under the proposal, counter-cyclical and direct payments would expire in 2009 and 2014, respectively, at which time the goal would be to have multi-billion dollars invested in the new risk management accounts. Farmers could sell those accounts to others who purchase their land, so long as the buyer intends to continue farming those acres.

The measure is a comprehensive farm bill proposal that also would provide $6 billion in new conservation funding, including $2 billion to bolster the Environmental Quality Incentives Program (EQIP) over five years. The measure includes an additional $1 billion in funds for renewable energy research and programs, as well as $5 billion in loan guarantees for energy development on farms, ranches and forest lands over five years. The bill's sponsors claim it would reduce farm program spending by $5 billion by 2012, and by more than $20 billion over 10 years.

Senate Ag Committee Farm Bill Still Pending: Senate Agriculture Committee Chairman Tom Harkin, D-Iowa, still is writing his version of the bill, with many provisions currently in the process of being "scored" by the CBO to determine their budget impact. The Senate committee is much less unified than the House, as committee member Sen. Richard Lugar, R-Ind., favors his version of a farm bill that is similar to the Kind-Flake bill. Consideration by the Senate committee is unlikely until late July. And with a long list of bills in line for floor consideration, it is unclear when the full Senate may consider a farm bill. That continues to lead to speculation that some type of 2002 farm law extension will be needed, as final passage may not be possible before the current law expires on Sept. 30.

Hill Highlights

Negotiations on Waterways Bill Continue; Energy and Water Appropriations Measure Delayed: The committee staffs of the House Transportation and Infrastructure Committee and Senate Committee on Environment and Public Works continue to meet to resolve differences between the separately passed versions of legislation that include authorization for lock replacement and renovation on the Upper Mississippi and Illinois Waterway.

Congressional staff negotiations on the so-called Water Resources Development Act (WRDA) could be completed by the July 4th recess. While negotiations are ongoing, there are encouraging signals that the final bill is leaning toward the House version of provisions providing independent review of U.S. Army Corps of Engineers waterway projects – the version supported by the NGFA and other waterway advocates. There also are indications that the Senate-passed provision that would create a separate Water Resources Council to deliberate waterway projects could be modified to ensure that projects are not unduly burdened by further reviews and bureaucratic hurdles. Supporters continue to press for completion of the conference committee as soon as possible so the final bill can be approved by early summer.

Meanwhile, the House has begun considering fiscal year 2008 appropriations measures. But progress has been slowed by partisan differences over how budget earmarks would be added to the bill. House floor consideration of the energy and water appropriations bill, originally scheduled during the week of June 11, finally began this week after an agreement after House leaders agreed that a final vote will be delayed – likely into July – until the contentious earmarks issue is resolved.

The current version of the House energy and water appropriations bill would provide $5.58 billion for the U.S. Army Corps of Engineers. While still short of full funding for agency operations, it is $713.4 million more than the administration's budget proposal.

The bill would include the following financing: 1) Construction, $2.008 billion (compared to $1.523 billion in the administration's proposal); 2) Operations and Maintenance, $2.655 billion (a $184 million increase); 3) Mississippi River and Tributaries, $278 million (up $18 million); 4) Investigations, $120.1 million (up $30 million); 5) Regulatory, $180 million (no change); 6) Flood and Coastal Emergencies, $40 million (no change); 7) Expenses, $171 million (down $6 million); and 7) Office of the Assistant Secretary of the Army for Civil Works, $6 million. No new projects are authorized in the House appropriations bill, but three new studies are.

House Committee Rejects Giving STB Authority over Freight vs. Passenger Rail Disputes: The House Transportation and Infrastructure Committee rejected a provision included in an energy security and climate-change bill (H.R. 2701) that would have given the federal Surface Transportation Board (STB) the power to settle right-of-way access disputes between freight railroads and commuter rail systems, such as Amtrak.

Opponents of the provision, including the NGFA, argued that it would likely further strain an already tight freight rail capacity situation and cut across private industry rights trhough government-dictated agreements. See the attached edition of NGFA Issues and Actions for more details on the NGFA's statement.

The committee did approve substitute language that would give passenger rail carriers the right to apply to the STB for nonbinding arbitration if an agreement regarding right of access or other related disputes of track usage had not been reached after 12 months.

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NGFA Task Force to Address Futures Market Performance Issues

The NGFA's Executive Committee has directed that a joint task force comprised of members from the NGFA's Risk Management Committee and Country Elevator Committee examine futures market performance and recommend potential solutions on cash/futures convergence and hedging efficiency.

The task force will be chaired by NGFA First Vice Chairman Tom Coyle, immediate past chairman of the Risk Management Committee.

Establishment of the task force comes in the aftermath of recently approved changes to the Chicago Board of Trade's (CBOT) wheat contract. While those changes may improve contract efficiency and help with the process of convergence, concern still has been expressed by a number of NGFA-member firms that they will not resolve futures contract performance issues in a timely manner. The Country Elevator Committee, in particular, has been vocal in advocating that additional action may be needed in a changed environment driven by ethanol's expansion and growing involvement of large funds and institutional investors in agricultural futures markets. Concerns have been expressed that performance problems now are being experienced with the CBOT soybean contract, and could spread to other contracts, potentially creating financing challenges and hedging inefficiencies for traditional hedgers.

The task force's work is expected to commence immediately, with task force assignments and an initial conference call possible as soon as the week of June 25. The task force's work will include close consultation with the CBOT and the Commodity Futures Trading Commission. The group's ultimate goal will be a document presenting alternative solutions to the CBOT and outlining an education strategy in response to a new futures market environment.

KCBT Wheat Contract Changes Submitted to CFTC

The Kansas City Board of Trade (KCBT) today (June 21) submitted to the Commodity Futures Trading Commission (CFTC) a package of proposed changes to its wheat futures contract.

Absent CFTC action to the contrary, the proposed changes will become effective in 45 days (Aug. 6). In that event, the KCBT said the changes would be implemented starting with the July 2008 contract.

The proposed changes submitted to the CFTC mirror recommendations of the KCBT's Wheat Contract Committee, which were approved by the exchange's Board of Directors on April 24. They are as follows:

- Add Salina/Abilene, Kan., and Wichita, Kan., as delivery points, with a location differential of 12 cents per bushel under contract price for Salina and 6 cents per bushel under contract price for Wichita.
- Establish contract grades of U.S. No. 2 hard red winter or better, with a maximum of 10 insect-damaged kernels per 100 grams. U.S. No. 1 hard red winter wheat would be deliverable at a 1.5-cent-per-bushel premium, while U.S. No. 3 hard red winter wheat would be eliminated as a deliverable grade.
- Establish a loadout fee of 8 cents per bushel (up from the current 7 cents per bushel).
- Establish a storage charge of approximately 4.5 cents per month (up from approximately 4 cents per month currently).
- Establish the following rail load-out rates: 1) up to 3 million bushels, 30 per day/150 per week; 2) 3.005 million to 4 million bushels, 40 per day/200 per week; 3) 4.005 million to 5 million bushels, 50 per day/250 per week. For each additional increment, add 10 per day/ 50 per week.

Submitting Comments: The CFTC has asked interested parties to submit comments on the proposed changes by July 6, although the agency will continue to accept input until the review period ends. Comments should be addressed to: Eileen A. Donovan, Acting Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st St. N.W., Washington, D.C. 20581.

The NGFA's Risk Management Committee will be reviewing the KCBT proposal and determining the NGFA's response.

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GIPSA to Seek Comments on Biofuel Co-Product Testing Methods

The U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration (GIPSA) soon plans to issue a request for comments on whether the agency should play a role in standardizing the testing of inputs and outputs of ethanol co-product processing.

During the June 12-13 meeting of USDA's Grain Inspection Advisory Committee, GIPSA officials noted the widely varying quality characteristics of ethanol co-products, principally distillers dried grains with solubles (DDGS), attributable to differences in the processes used to manufacture ethanol. Among the questions GIPSA is likely to pose are whether the agency should develop reference methods, rapid quality-determination methods or offer testing for various co-product quality traits under the official grain inspection system.

The Grain Inspection Advisory Committee responded by approving a resolution – one of three adopted during the meeting – recommending that the agency provide its "expertise" to the ethanol industry in developing "standardized methods for testing appropriate qualities" in corn and ethanol co-products.

During the advisory committee meeting, GIPSA officials also said they soon would issue a final rule concerning changes to the U.S. grain standards for sorghum. While not indicating what, if any, changes will be made, GIPSA noted it had proposed to: 1) delete references to tannin from the definitions of sorghum classes; 2) revise the definition of nongrain sorghum; 3) reduce the grade limits for broken kernels and foreign material (BNFM) and foreign material (FM); 4) insert a total count limit of 10 for other material used to determine sample grade factors; and 5) report test weight in tenths of a pound.

GIPSA also updated the advisory committee on its pilot program that is utilizing independent third parties to perform official grain inspections at various export ports. The pilot program currently is operating in California; Milwaukee, Wis.; Toledo, Ohio; Chicago/Portage, Ill.; Milwaukee/Chicago; and Corpus Christi, Texas. The advisory committee adopted a resolution recommending that GIPSA continue the pilot program, with periodic reviews on progress and a clearer definition of the parameters of the program for full implementation.

In addition, GIPSA officials reviewed the expanded volume of export container shipments, challenges in issuing phytosanitary certificates, and in-transit vessel fumigation. The agency said expanded export container volumes are challenging the official system in terms of monitoring such shipments under the current 15,000-metric-ton threshold rule; registering export shipping companies; increasing the number of scales to weigh such containers; and increasing the number of locations where official service for containers is needed. GIPSA also said it was taking several actions to address what it called the inconsistent efficacy of in-transit fumigation. Such actions include implementing short-voyage fumigation procedures, increasing employee training, reviewing and improving local fumigation procedures, and evaluating fumigation application methods and minimum dosage rates.

The advisory committee meets twice annually to receive reports and advise GIPSA on programs and services provided under the U.S. Grain Standards Act. Its next meeting is being planned for the first or second week of November at a yet-to-be-determined location.

Calendar

July 25, 2007: NGFA Feed Manufacturing and Technology Committee
Chase Suite Hotel, Kansas City, Mo.

July 26, 2007: NGFA Feed Legislative and Regulatory Affairs Committee
Chase Suite Hotel, Kansas City, Mo.

July 31-Aug. 1, 2007: NGFA/GEAPS Grain-Quality Management Seminar
Marriott St. Louis Airport Hotel, St. Louis, Mo.

Sept. 10-11, 2007: NGFA Board of Directors
Fairmont Chateau Frontenac, Quebec City, Canada

Dec. 9-11, 2007: NGFA's 36th Annual Country Elevator and 11th Annual Feed Industry Conference
Chicago Marriott Miracle Mile Hotel, Chicago, Ill.

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"Free Trade" continued from page 1

House and Senate to vote to approve or reject trade agreements as a whole, without opportunity for amendment. The current phase of U.S.-Korea talks was precipitated by an agreement reached between the Bush administration and congressional Democrats to address certain labor concerns before any agreement would be considered by Congress. Neither side expects major changes or any issues that would threaten the June 30 scheduled signing date.

The U.S.-Korea FTA would represent the largest trade accord since the North American Free Trade Agreement. It is expected to provide duty-free access for more than 90 percent of U.S. exports to South Korea within three years. International trade between the two countries already amounts to more than $75 billion annually, with some projecting that the agreement could add $29 billion. A significant hurdle to final passage is the continuing impasse related to the South Korean ban on certain U.S. beef cuts, but U.S. negotiators recently expressed optimism that those issues will be resolved soon. Several members of Congress already have signaled that without an agreement on beef, which is separate from the FTA, they will oppose the trade accord.

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TIME SENSITIVE