



Full House Ag Committee to Begin Work on 2007 Farm Bill in Late June

...Important Change in CRP Language Approved by Subcommittee...

It now appears that it will be the last week of June before the full House Agriculture Committee begins consideration of its version of the 2007 farm bill.

Up to this point, the committee's various subcommittees have been preparing drafts of the sections of the bill over which they have jurisdiction. Thus far, draft sections have been approved by the Conservation Credit, Energy and Research Subcommittee; Horticulture and Organic Agriculture Subcommittee; Livestock, Dairy and Poultry Subcommittee; and Specialty Crops, Rural Development and Foreign Agriculture Subcommittee.

But consideration of the major section of the bill – the one that addresses farm program commodity and food stamp provisions – is not scheduled to occur until the third week of June by the General Farm Commodities and Risk Management Subcommittee. House Agriculture Committee Chairman Rep. Collin Peterson, D-Minn., has set a goal of completing full committee consideration of the bill before Congress recesses for the July 4th holiday, and to have it considered on the House floor during the second or third week of July.

CRP Language Improved: Once the full committee does begin consideration of the farm bill, one important revision that will be on the table is one made by Peterson – and approved by the Conservation, Credit, Energy and Research Subcommittee – that would require the secretary of agriculture to allow Conservation Reserve Program (CRP) participants to opt out, penalty-free, once the land has been enrolled five years. The current farm law provides that flexibility only for land that has been enrolled prior to Jan. 1, 1995. The new language simply deletes that date. Exempt from this flexibility language would be filterstrips, grassed waterways, strips adjacent to riparian areas, windbreaks, shelterbelts, land with an erodibility index greater than 15 and “other land of high environmental value, as determined by (USDA).” Currently, CRP participants confront heavy economic penalties for bringing CRP acres into production prior to contract expiration, including forfeiture of all past CRP payments received under the contract.

NGFA Country Elevator Committee on Capitol Hill



Twenty members of the NGFA's Country Elevator Committee, many shown above, made visits on June 6 to 15 different congressional offices, and met with key staff of the House and Senate Agriculture Committees, during their two-day meeting in Washington. During the congressional visits, the Country Elevator Committee reiterated the NGFA's positions on the 2007 farm bill, supported legislation to modernize the locks on the Upper Mississippi-Illinois Waterway, and opposed the Bush administration's proposed user fee taxes on grain standardization and futures market trading. A key focus of the committee was to reiterate the importance of amending current law to provide more flexibility under the Conservation Reserve Program to make additional non-environmentally sensitive, tillable acres available to the market to meet expanding grain demand.

Peterson has indicated a willingness to tap into at least a portion of a \$20 billion “reserve” fund set aside under the congressional budget resolution to enable more spending on conservation programs for the 2007 farm bill. Shortly before Congress left for its week-long Memorial Day recess, Peterson said some of the reserve funds – the use of which may require offsetting budget cuts from some other portions of the bill – might be used to finance expansion of the Wetlands and Grassland Reserve Programs, as well as to provide some funding for the Conservation Security Program (CSP) that finances conservation improvements on working farmlands. When first unveiling a draft of the farm bill's conservation

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New Agroterrorism-Prevention, Facility Security Committee Established

The NGFA, North American Grain Association (NAEGA) and Grain Elevator and Processing Society (GEAPS) have established a new joint committee to address their expanding leadership role for the grain, feed, grain processing and export industries in addressing government policy and industry best practices concerning agroterrorism and facility security.

The new **Agroterrorism-Prevention and Facility Security Committee** was envisioned in the NGFA's new Long-Range Plan, adopted by the Board of Directors in March 2007. The committee, which currently stands at 15 members, consists of top industry experts from each of the three organizations. GEAPS members to the committee were selected from NGFA-member companies, as is the case with other NGFA/GEAPS joint committees.

The new committee, chaired by W. Jerry Cotter, director of operations for the Port of Corpus Christi (Texas) Authority, will have overarching responsibility for addressing the following major areas that previously had been parceled out to other committee's within the NGFA, GEAPS and NAEGA structure:

► **Legislative and Regulatory:** Respond to government legislative and regulatory proposals, as well as guidance documents, concerning agroterrorism-prevention and facility security matters. Such issues include the U.S. Department of Homeland Security's development of the National Infrastructure Protection Plan and chemical security rules; the Food and Drug Administration's regulations and activities emanating from the Bioterrorism Act; and regula-

tions issued by the U.S. Coast Guard for port and waterborne transportation security.

► **Industry Best Practices:** Develop new and update existing industry guidance and best practices to enhance facility and product security. In this capacity, the new committee will serve as a "go-to" source for the industry on potential vulnerabilities – real and perceived – and inquiries concerning agroterrorism prevention.

► **Involvement in Joint Government-Industry Partnership Initiatives to Enhance Food, Feed Security:** The committee will monitor the activities of the joint government-industry Food and Ag Sector Security Coordinating Council, on which the NGFA serves. This body provides for joint government-industry collaboration on policy, communications and research needs to enhance food and feed security. The committee also will provide a pool of top industry talent to participate in the joint government-industry Strategic Partnership Protection Agroterrorism (SPPA) initiative that uses a science- and risk-based approach to assess the vulnerability of various industry sectors to further harden protection against real, versus perceived, agroterrorism risks.

The NGFA this summer will be sponsoring two such SPPA vulnerability assessments – one in June at a feed manufacturer and one in late July at a country elevator. The NGFA and NAEGA also sponsored such an assess-

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Agroterrorism-Prevention and Facility Security Committee Members

As of today, the following 15 members have accepted NGFA Chairman Ron Olson's invitation to serve as charter members of the new committee:

- **W. Jerry Cotter**, director of operations, Port of Corpus Christi Authority, Corpus Christy, Texas, chairman
- **Wayne Bauer**, safety and security director, Star of the West Milling, Frankenmuth, Mich.
- **Mark Daniels**, director of health and safety, CHS Inc., Inver Grove Heights, Minn.
- **Judy L. Fadden**, global security manager, U.S. operations, General Mills Inc., Minneapolis, Minn.
- **John Fletcher**, general manager, Central Missouri AGRI-Service, Marshall, Mo.
- **Nick Friant**, grain handling coordinator, Cargill Inc., Wayzata, Minn.
- **Arvid L. Hawk**, NAEGA consultant, Minneapolis, Minn.
- **Paul A. Luther**, environmental, health and safety leader, Land O'Lakes Purina Feed LLC, St. Louis, Mo.
- **Jim Mendlik**, vice president, operations, Hansen-Mueller Co., Omaha, Neb.
- **Tom Miller**, vice president, operations, grain and agronomy, Farmers Cooperative Co., Farnhamville, Iowa
- **William Monroe**, manager, feed operations, Southern States Cooperative Inc., Bowling Green, Ky.
- **Thomas F. Rider**, project manager, Bunge North America Inc., St. Louis, Mo.
- **Rich Ryan**, assistant deputy director, corporate security, ADM, Decatur, Ill.
- **Rick Treeman**, vice president and safety and environmental manager, Johnston Enterprises, Enid, Okla.
- **Anthony Yount**, director of safety, health and environment, ConAgra/Peavey Co., Omaha, Neb.



ment at an export grain elevator in December 2005, which at the time was just the second done under the SPPA initiative.

- ▶ **Facility Security Website:** Oversee and update, as appropriate the existing NGFA/GEAPS Facility Security Website portal that contains valuable information on government regulations and industry best practices.
- ▶ **Interaction with Other Agricultural Groups:** The committee also will serve a vital role in fostering a better understanding

among other plant and animal agriculture and food organizations about industry best practices being utilized by the grain, feed, processing and export sectors to enhance food and feed security.

It also will interact with organizations such as the North American Millers Association and National Oilseed Processors that also have established committees focusing on facility security and agroterrorism.

Heidi Chapman, Cherlyn Thompson Join NGFA Staff



NGFA President Kendell W. Keith this week announced two new appointments to the NGFA staff.

Heidi Chapman (left photo) is NGFA's new meetings manager, while **Cherlyn Thompson** (right photo) is NGFA's new member services assistant.

"We're extremely pleased to have these two professionals join our staff team," Keith said. "Heidi and Cherlyn have already demonstrated great dedication

and have the strong commitment to personal, membership service that are a hallmark of the NGFA. They are filling key positions within the NGFA's structure, and we look forward to introducing them to the membership in the months to come."

Prior to joining the NGFA, **Ms. Chapman** managed events and operations at Pre-K Now, an early education advocacy non-profit. She also worked for the Local Initiatives Support Coalition where she managed communication strategies and web site development. She moved to Washington in 1993, when she joined the Clinton administration at the U.S. Department of Housing and Urban Development (HUD). During her tenure at HUD, she filled a variety of positions, including White House liaison, departmental events planner, communications and web specialist, special assistant in community planning and development and congressional liaison.

She is a native of Clinton, Iowa, and has spent much of her life in Arkansas. Her family still operates a corn and soybean farm in Low Moore, Iowa. Ms. Chapman currently is pursuing a bachelor of science degree in business administration and

marketing. She has been active in the meeting and events industry since 1988, and currently is an active member of the Leadership Development Committee of Meeting Professionals International and a member of the American Society of Association Executives. She is active in her church and community in Northern Virginia, where she lives with her husband and two children.



Her responsibilities with NGFA will include managing the selection of meeting sites and hotels for NGFA conventions, conferences, seminars and committee meetings. She also will provide executive support for the NGFA president.

Ms. Thompson, a Maryland native, joins the NGFA after working for the past six years as coordinator of membership services and information specialist for the National Association of Student Personnel Administrators, based in Washington. Prior to that, she was executive secretary for human resources and assisted the director at the District of Columbia's Department of Parks and Recreation for five years. She currently is pursuing a degree in business administration from Prince George's County (Md.) Community College.

Her responsibilities at NGFA will include managing the association's membership database and assisting the director of marketing/treasurer in membership recruitment and retention efforts. She also will serve as registrar for NGFA conventions, conferences and seminars, and assist in coordinating the NGFA Trade Show.

More Biotech Companies Pledge Adherence to BIO Policy on Introduction of New Biotech-Enhanced Traits

Four more biotechnology providers have notified the NGFA of their pledge to abide by the Biotechnology Industry Association's (BIO) new policy that encourages its member companies to obtain authorization in key countries that have functioning, science-based biotech-approval systems before commercializing new biotech-enhanced traits.

Biotechnology providers notifying the NGFA of their adherence to the new BIO policy as of June 7 were **Bayer Crop Science LLP**, Research Park Triangle, N.C.; **Dow AgroSciences**, Indianapolis, Ind.; **DuPont** and its subsidiaries, including **Pioneer Hi-Bred International Inc.**, Johnstown, Iowa; and **Syngenta Seeds Inc.**, Golden Valley, Minn. **Monsanto Co.**, St. Louis, Mo., previously had notified the NGFA of its intent to do so.

BIO announced its "Product Launch Stewardship Policy" on May 21, stating that its Food and Agriculture Section had developed the policy in an effort to "minimize the number of asynchronous authorizations" that occur in key export markets that are "most likely to produce or import the seed or products derived from new biotech-enhanced plant products." Asynchronous authorizations refer to situations in which different countries approve, deregulate or authorize biotech-enhanced crops at different times.

Among the aspects of the voluntary BIO policy is a commitment to meet applicable regulatory requirements in key markets – at a minimum it states these include the United States, Canada and Japan – before commercializing new biotech-enhanced products in commodity corn, soybeans and canola in the United States and Canada. The BIO policy states that Mexico will be added to this list of countries from which regulatory approvals should be obtained once that country establishes a "pattern of regularly authorizing biotech-enhanced events under defined timelines and processes." The BIO policy does provide an exception in instances where the biotech provider determines such regulatory approvals are not needed after consulting with the "value chain" for the given commodity or crop. Complete information on the BIO policy's other provisions was published in the May 24 edition of the *NGFA Newsletter*, which can be accessed by [clicking here](#).

Biotech Company Responses: Affirmative responses from biotech providers of their intention to adhere to BIO's new policy were requested in a May 25 letter from the International Grain Trade Coalition (IGTC), of which the NGFA and North American Export Grain Association are members. IGTC requested that "all (biotechnology) developer companies that are working with the Global Adventitious Presence Coalition" provide a public commitment by June 8 of their intent to "fully implement and comply" with BIO's new policy.

The following are excerpts from each of the biotech providers' separate letters to NGFA, each of which is available in its entirety on the NGFA website by [clicking here](#):

- ▶ **Bayer Crop Science LLP:** "We...are committed to implementing and complying with the (BIO) policy, which we actively helped develop...In addition, we plan to follow up with you in the near future."
- ▶ **Dow AgroSciences:** We "support(ed) its (BIO's policy) creation, and more importantly (are) commit(ted) to launching new products in a manner consistent with this policy. It also happens that this policy is consistent with our past practices. We respect the importance of the entire food chain when biotech crops are commercialized and recognize that all of us have a stake in the successful introduction of new and beneficial technologies...[W]e will be visiting with you shortly to discuss our own internal position, which will be consistent with, if not more detailed, than the BIO launch policy, and that will be shared with you."
- ▶ **DuPont/Pioneer Hi-Bred International Inc.:** "...DuPont and its subsidiaries, including Pioneer Hi-Bred International Inc., endorse the (BIO) policy and are complying with its objectives. The company has been developing and commercializing biotechnology products under its own strict guidelines for over six years, and our protocol aligns well with the new BIO policy. In addition, DuPont relies upon a Biotech Advisory Panel made up of scientists, ethicists and educators to provide counsel for our biotechnology research and commercialization efforts. And, our Bioethics Guiding Principles provide our roadmap for product development and commercialization."
- ▶ **Monsanto Co.:** "... While the long-term solution to meet the need for products of agricultural biotechnology to sustain a growing population and growth in renewable fuels is to harmonize regulatory systems and establish appropriate tolerances, Monsanto strongly supports the BIO policy as an approach to balance grower access to important new technologies with grower ability to serve their key export markets...Monsanto is hereby notifying you that we will fully implement BIO's new Product Launch Stewardship Policy. In the near future, we will provide more specific information on our implementation of that policy, which will be as or more rigorous than the BIO policy."
- ▶ **Syngenta Seeds Inc.:** This is "to confirm...that we support the (BIO) policy and that we will implement it within Syngenta. Over the coming weeks, we will further develop our process for implementing the policy specific to products in our pipeline. As these products move forward with regulatory approvals, we look forward to the opportunity of an open and productive dialogue with you."





"Farm Bill" continued from page 1

provisions, Peterson had proposed saving \$1.1 billion by not allowing new enrollments in the CSP. But Peterson has made it clear he did not favor any additional funding for the commodity price and income support section of the bill, saying that any "reform" of the commodity section would need to be done within current budget caps.

Subcommittee Approves Provision Restoring Ag Import Inspections to USDA: Meanwhile, the House Agriculture Committee's Horticulture and Organic Agriculture Subcommittee approved a provision that would restore to the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) the responsibility for inspecting imported agricultural products. That authority – and the personnel at APHIS who previously conducted those import inspections – were vested in the U.S. Department of Homeland Security's (DHS) Customs and Border Protection unit when it was created in 2002. But members of the congressional agriculture committees, buttressed by a Government Accountability Office (GAO) report showing a decline in agricultural import inspections and discontent among former APHIS inspectors now housed at DHS, increasingly have called on this inspection function to be returned to USDA. The language is expected to create a jurisdictional tussle with the congressional committees with oversight of homeland security.

Information on House Ag Committee Website: House Agriculture Committee staff members told the NGFA this week that they hope to post on its website the latest markups of all sections of the farm bill completed by the subcommittees on June 8 or early next week. That section of the House Agriculture Committee website may be accessed by [clicking here](#).

Senate Agriculture Committee Farm Bill: Meanwhile, Senate Agriculture Committee Chairman Sen. Tom Harkin, D-Iowa, plans to unveil his draft version of that chamber's farm bill sometime this month, also with a stated goal of achieving committee passage prior to the July 4th recess.

During public statements this week, Harkin reiterated his intent to include in his draft bill a mechanism to reduce direct

payments – the NGFA subsequently learned that this may occur by updating farm program base acres for the various commodities – and implement some form of payment limit, perhaps through an adjusted gross income test for farm program benefits similar to that contained in the USDA's farm bill proposal. Reducing direct payments and/or expenditures under the Federal Crop Insurance Program appear to be the only methods to gain substantial-enough savings to fund increases in food stamps, bioenergy and other priorities that Harkin wants to address. Consideration also is being given to "rebalancing" commodity loan rates in the Senate version of the bill to address disparities for wheat and soybeans.

Before leaving for the Memorial Day recess, Harkin also indicated he may favor some form of revenue-based approach to counter-cyclical payments and repeated his desire to reduce direct payments to producers and use those savings to finance expansion of renewable fuels. Harkin also said he'll propose establishing a Conservation Stewardship Incentives Program (CSIP) that combines under one umbrella the current CSP, Environmental Quality Incentives Program (EQIP) and Wildlife Habitat Incentives Program. He also will propose combining the Grasslands Reserve Program and the Farm and Ranch Lands Protection Program. The goal, he said, is to provide a "one-stop shop" for producers seeking to tap into USDA conservation programs. Harkin also proposed to eliminate the cap on the Wetlands Reserve Program (with a goal of expanding it by 1.25 million acres over five years) and to expand the Conservation Reserve Enhancement Program (CREP).

For the Conservation Reserve Program (CRP), Harkin said he will propose maintaining – but not expanding – the current 39.2-million-acre cap, while placing more focus on enrolling acres in the CRP's continuous sign-up program, such as filter strips and grassed waterways. Harkin said he projects that his conservation proposals will cost \$6 billion more over five years than allocated under the Congressional Budget Office "baseline."

Congressional Staff Meeting to Craft Final Version of Major Waterways Bill

Congressional staff members used the weeklong Memorial Day recess to begin resolving some of the differences between the House- and Senate-passed versions of the legislation (H.R. 1495) that includes the all-important authorization to rebuild the dilapidated locks on the Upper Mississippi and Illinois Waterways.

The Senate approved its version of the bill on May 16 by an overwhelming 91-4 margin, while the House approved its version by a 394-25 vote on April 19. The NGFA has learned that the congressional staff members have completed consideration of the Upper Mississippi and Illinois Waterway renova-

tion projects, and are recommending that they all be authorized. That would entail authorization to spend funds to construct seven new 1,200-foot locks at locks 20, 21, 22, 24 and 25 on the Upper Mississippi River, as well as at LaGrange lock and Peoria lock on the Illinois Waterway. Additional federal funds would be authorized to construct mooring facilities at locks 12, 14, 18, 20, 22, 24 and LaGrange, as well as to provide switchboats at locks 20 through 25 to expedite barge movements. The bill also authorizes funds for ecosystem restoration on the Upper Mississippi-Illinois Waterway.

Now, the efforts of the NGFA and other advocates of
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the legislation are focused on three troubling provisions of the two bills designed to "reform" the process used by the U.S. Army Corps of Engineers to evaluate and prioritize waterway development projects:

- ▶ The House-passed bill contains a section that directs the secretary of the army to revise the principles and guidelines used by the corps to formulate, evaluate and implement water resource projects to encompass environmental restoration costs and benefits when developing economic models to determine the costs and benefits of such projects. The concern is that the House provision is skewed toward giving environmental issues disproportionate weight when compared to commercial economic benefits. Advocates of the bill will be seeking to include other principles in this language to balance the environmental considerations.
- ▶ The Senate-passed bill would require the president to establish a Water Resources Planning Coordinating Committee to revise the principles and guidelines used by the corps to determine which waterway projects should be undertaken, as well as to prioritize projects. While similar to

the aforementioned House provision, the Senate version is considered to be more onerous because it would add another layer of bureaucracy by including Cabinet-level officers unfamiliar with waterway issues; the coordinating committee would be comprised of the secretaries of agriculture, interior, health and human services, housing and urban development, transportation, energy, homeland security, and commerce, as well as the administrator of the Environmental Protection Agency and the chairman of the White House Council on Environmental Quality.

- ▶ The Senate bill includes a provision adding yet another layer of bureaucracy by mandating independent peer review of waterway projects valued at \$40 million or more. The House version of the bill authorizes – but does not require – such peer review, and even then only for projects exceeding \$50 million.

House members have not yet named their conferees to a joint House-Senate conference committee that will resolve differences between the two measures.

Hill Highlights

▶ House Subcommittee Approves New Animal Disease Research

Center: The House Homeland Security Committee's Subcommittee on Emerging Threats, Cybersecurity, Science and Technology on June 6 approved legislation (H.R. 1717) that would create a new National Bio- and Agro-Defense facility to study livestock and poultry diseases on the U.S. mainland.

The new facility would replace the badly outdated research facility located on Plum Island, just north of Long Island, New York. The U.S. Department of Homeland Security (DHS) currently is in the process of selecting from among 18 sites for a new facility, with a goal of selecting the finalist by October 2008. A draft homeland security spending measure for fiscal year 2008 would earmark \$11 million for construction of the facility, which would be required to be a biosafety level three or four – the two highest risk-contamination levels.

The subcommittee-passed bill would require the director of the new center to conduct research and development on a range of highly communicable foreign animal and zoonotic diseases, including foot-and-mouth disease. DHS would be empowered to determine the physical parameters of the new research facility, although the U.S. Department of Agriculture's Animal and Plant Health Inspection Service still would have the authority to direct the research work – as it currently does on Plum Island.

- ▶ **Agricultural Disaster Assistance Package Becomes Law:** The \$120 billion emergency supplemental appropriations bill providing funds for the wars in Iraq and Afghani-

stan signed into law by President Bush on May 25 also includes \$3 billion for agricultural disaster assistance.

In its final form, the bill authorizes producers to apply for disaster assistance for crop or livestock losses for one – but not more than one – of the following years: 2005, 2006 or 2007, provided the crop was planted or the livestock losses occurred before Feb. 28, 2007.

To be eligible, crop producers will be required to demonstrate at least a 35 percent loss in production, and must have purchased federal crop insurance for eligible commodities. For non-insurable commodities, the producer will be required to file the required paperwork and pay an administrative fee. For crop producers, compensation would be based on 42 percent of the established price for the commodity (determined by an Olympic five-year average of prices from 2001-05, discarding the high- and low-price years). That's a reduction from the 65 percent disaster payment rate provided under previous bills. Total payments – disaster assistance, crop insurance payments and the value of any crop sold – could not exceed 95 percent of the crop's market value.

For livestock producers, indemnity payments would be based on at least 26 percent of the market value of livestock deaths. To be eligible, livestock producers will be required to be located in counties declared natural disaster areas or in a contiguous county. The bill also includes \$16 million for dairy producers who sustained lost production in disaster counties or contiguous counties.





U.S. Ingredient Suppliers Implicated in Melamine Incident

During an afternoon press conference on May 30 monitored by the NGFA, the Food and Drug Administration (FDA) announced that a recall had been initiated by U.S. feed ingredient manufacturer and distributor – **Tembec BTLRSR Inc.**, based in Toledo, Ohio – after two of its products were found to contain melamine and melamine-related compounds.

Tembec's principal business is as a manufacturer of plastics and resins, in which melamine is approved for use. But it is not approved for use in feed or food. It was not immediately clear how long Tembec had been using melamine in its two ingredients.

Importantly, FDA repeatedly said the case was **not** linked to contaminated imported ingredients from China. FDA officials said the incident came to light late on May 18, after it was alerted by a feed manufacturer – **Uniscope Inc.**, based in Johnstown, Colo. – which on its own volition tested one of its pelleted feed ingredient products (Xtra-Bond) at a private laboratory, which uncovered the presence of melamine. FDA said Xtra-Bond is manufactured from ingredients supplied by Tembec, a contract manufacturer for Uniscope that distributes the two products implicated in the melamine contamination – AquaBond and Aqua-Tec II. Tembec BTLRSR is a division of the Canadian wood products company Tembec Inc., which is headquartered in Montreal. FDA said that based on its investigation thus far, it does not believe Tembec was adding melamine to falsely enhance protein levels – the motive attributed to the two Chinese suppliers of melamine-contaminated wheat gluten/flour and rice protein concentrate – but rather to enhance the binding properties of the pellet binders used in the two ingredients.

FDA said **no recall** was warranted on **finished feeds** containing **Xtra-Bond**, since the estimated levels of melamine and melamine-related compounds would be less than 50 parts per million (p.p.m.) – well within the safe range as determined previously by a multi-federal-agency risk assessment. However, Uniscope has initiated a voluntary recall of any Xtra-Bond still in distribution. Uniscope's website states that Xtra-Bond, which FDA said is sold in 50-pound bags, is a low-inclusion formaldehyde binder manufactured for use in wild game feeds; as a base/premix pellet primarily for cattle, sheep and goats; as a calf creep feed; and as range cubes, blocks and urea feeds. The recommended inclusion rate is two to four pounds per ton.

However, FDA advised feed companies to **recall any finished feed containing AquaBond or Aqua-Tec II** because those ingredients are used to manufacture fish and shrimp feed, and melamine levels are estimated to be present at higher levels in the finished feed (233 p.p.m. and 465 p.p.m., respectively). FDA said it believed most of the fish feed containing

these two ingredients is exported, rather than used domestically, and it is alerting foreign governments. FDA said melamine had been detected at up to 31,000 p.p.m. in the original binding agent used in the two ingredients, with cyanuric acid present at levels ranging from 17 to 20 p.p.m.

Canada, States React: In the aftermath of this first-known case in which melamine was added to feed ingredients by a domestic ingredient manufacturer, both Canada and individual states reacted by increasing inspections. Several state feed regulatory agencies said they would begin tracing the delivery of products from Uniscope and testing ingredients and feed for the presence of melamine.

Meanwhile, the Canadian Food Inspection Agency (CFIA) on June 4 initiated a sampling and testing program similar to FDA's to examine for melamine and melamine-related compounds (cyanuric acid) imported plant-based protein concentrate products intended for use in food or as livestock feed. CFIA's action applies to wheat gluten, wheat protein and wheat protein concentrate; rice gluten, rice protein and rice protein concentrate; corn gluten, corn protein, corn protein concentrate and corn byproducts; soy protein concentrate and soy protein isolate; mung bean protein; protein hydrolysates; and amino acids.

CFIA's procedures state that products imported from countries other than China – including the United States – will be allowed to enter Canada if accompanied by a certificate of analysis from a CFIA-authorized laboratory that shows the presence of melamine and cyanuric acid is 10 parts per million or less. The certificate of analysis is required to show: 1) the product, lot number and quantity that match the import documents; 2) the identity of the laboratory conducting the test; 3) the method of analysis used; 4) the analytical results for melamine and cyanuric acid; 5) the date of analysis; and 6) the name and signature of the laboratory analyst. CFIA said it still reserves the right to randomly sample and test products accompanied by an acceptable certificate of analysis to verify the lab's test results. Unfortunately, CFIA is recognizing only five categories of laboratories – those that are part of FDA's Food Emergency Response Network; FDA labs or labs operated by the U.S. Department of Homeland Security's Customs and Border Protection, in addition to CFIA laboratory in Calgary and Canadian private-sector labs accredited by the Standards Council of Canada.

In the absence of an acceptable certificate of analysis, CFIA said the imported product may be detained, sampled and tested by the agency at a higher frequency. Once two lots of an imported product from a manufacturer have been tested and found to be within tolerance, future imports from that manufacturer will be tested at a lower frequency, CFIA said.



Two New CFTC Nominees Awaiting Senate Confirmation

...Chairman of CFTC's Ag Advisory Committee Details Future Plans...

President Bush has nominated two persons to fill vacancies at the Commodity Futures Trading Commission (CFTC).

The first nominee is **Jill Sommers**, originally nominated last year to serve the balance of the term (through April 2009) vacated by former commissioner Sharon Brown-Hruska. Sommers' confirmation by the Senate was derailed in the waning hours prior to congressional adjournment last December. Sommers began her Washington career on the staff of Sen. Bob Dole, R-Kan., and has served in several government affairs and trade association positions in Washington, including with the Chicago Mercantile Exchange. Most recently, she has been with the International Swaps and Derivatives Association.

Meanwhile, Bush nominated **Bart Chilton** to serve the unexpired term – through April 2008 – of former commissioner Fred Hatfield. Chilton has served on the staffs of several members of Congress, including most recently as senior advisor to then-Senate Democratic Leader Tom Daschle, D-S.D. In addition, Chilton served in the U.S. Department of Agriculture, most recently as deputy chief of staff to then-Secretary of Agriculture Dan Glickman. Currently, Chilton is vice president for strategic development and government relations for the National Farmers Union in Washington.

Both nominees require Senate confirmation. The Senate Agriculture Committee has not scheduled a hearing on either nominee thus far. Yet another CFTC vacancy will occur once current Chairman Reuben Jeffery is confirmed to fill the post of undersecretary of state for economic, energy and agricultural affairs.

CFTC Agricultural Advisory Committee: Meanwhile CFTC Agricultural Advisory Committee Chairman Mike Dunn outlined his future plans for the advisory body in a May 22 letter to NGFA First Vice Chairman Tom Coyle, general manager of Chicago & Illinois River Marketing LLC, Chicago, Ill., who is NGFA's representative on the CFTC's Agricultural Advisory Committee (AAC). Commissioner Dunn noted his keen interest in the role that U.S. commodity markets are playing in the global marketplace and his desire to use the AAC as a window into the ongoing changes.

In addition, Dunn noted that part of the CFTC's charge from Congress is to work to promote the competitiveness of U.S. markets, and the importance of markets continuing to serve as effective price-discovery and hedging tools. As areas for future discussion, Dunn detailed the following: 1) an update of the CFTC's recent changes to its Commitments of Traders Report and the role of hedge funds in U.S. commodity markets; 2) discussion of the role of U.S. futures and options markets in global commodity markets; and 3) an update on "basis" in U.S. grain complexes.

Dunn also listed several new areas he would like the AAC to explore, including: 1) the significance of emerging markets like ethanol and carbon markets for agriculture; 2) reviewing experiences since the CFTC last revised speculative position limits in 2005; and 3) reviewing experiences with agricultural trade options and hedge-to-arrive contracts. Dunn's letter referenced the vacancies at the CFTC, and expressed his intent to schedule an AAC meeting once new commissioners are confirmed by the Senate and are sworn into office.



DHS Chemical Facility Security Rule Takes Effect June 8

...But Industry Advised to Wait on Registering Until Chemical List Finalized...

While the U.S. Department of Homeland Security's (DHS) new chemical facility antiterrorism regulations take effect June 8, grain, feed and processing firms are being advised to wait on registering and completing a preliminary screening assessment tool until after the agency issues a final list of chemicals and threshold trigger levels that will determine whether the regulations apply.

Congress last year passed a law directing DHS to regulate the security of "high-risk" chemical facilities, and required that it issue regulations establishing risk-based performance standards for security of chemical facilities. Under the regulations issued by DHS on April 9, the agency would evaluate a facility's risk, in large part, by classifying it based on the particular chemicals it stores or handles. The regula-

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tions require that a facility must complete and submit an on-line preliminary screening assessment – dubbed “Top Screen” – if it possesses or comes into possession of any chemicals listed in an accompanying “Appendix A” at specified threshold levels.

DHS solicited comments on that Appendix A list, which drew significant opposition in a joint statement submitted by the NGFA and Grain Elevator and Processing Society, as well as others filed by farm, farm chemical suppliers and food organizations. The NGFA subsequently learned that during a May 29 meeting of a joint government-industry advisory council, DHS officials indicated that in response to about 4,000 public comments, the list of chemicals on Appendix A is undergoing significant changes and will **not** be issued until late June or early July. DHS officials said they now realize the draft Appendix A would cause a much greater number of agricultural facilities and producers to register and complete the Top Screen analysis than the agency had intended. They also indicated that five or six of the chemicals listed in the draft Appendix A may be deleted entirely – DHS did not indicate which ones – while the threshold levels for others will be increased, some significantly.

DHS officials later told the NGFA that until the final version of the Appendix A chemical list is issued, they would advise

that agricultural companies wait to register with DHS or undertake the “Top Screen” web-based analytical process. They noted there is **no** regulatory requirement to complete the DHS chemical facility security registration process until **after** the final version of Appendix A is issued. Further, they advised that once that chemical list is issued, the DHS interim final rule provides 60 calendar days for facilities that may be covered to register and complete the Top Screen assessment process.

In fact, the DHS official told the NGFA there is a very good reason **not** to register until the final version of the chemical list and threshold trigger levels are issued. Why? Once a company begins the registration process, the DHS computer software will **require that the entire Top Screen evaluation-tool process be completed**, even if the end-result is that the facility is not covered by the regulation because of actions subsequently taken by DHS with respect to the chemicals listed in Appendix A.

The NGFA will be attending a June 26 meeting of the Food and Agriculture Sector Coordinating Council, on which the NGFA serves, at which additional discussions will be conducted with DHS officials on this topic. The NGFA will provide further updates as information becomes available.

EPA Extends Compliance Dates for Oil Spill-Prevention Rule

The U.S. Environmental Protection Agency (EPA) on May 10 extended the compliance dates until July 1, 2009 for owners and operators of facilities preparing or amending and implementing Spill Prevention, Control and Countermeasure (SPCC) plans.

As reported in the Dec. 20 *NGFA Newsletter*, EPA’s regulations established spill-prevention procedures, methods and equipment requirements for non-transportation-related facilities with above-ground oil storage capacities greater than 500 gallons in a single container. EPA finalized its most recent amendments to the SPCC regulations on Dec. 12, 2006. Those revisions, among other things, provided facilities the option to self-certify SPCC plans in lieu of review and certification by a professional engineer for facilities that have above-ground oil storage capacity of 10,000 gallons or less, and which meet other qualifying criteria. When initially issuing this rule, EPA established a compliance date of Oct. 31, 2007.

In announcing the extension, EPA stated that the action will allow the agency to evaluate further revisions to the SPCC rule before owners and operators are required to prepare or amend, and implement their SPCC plans. EPA also stated that the extension will allow the agency to issue revisions to its *SPCC Guidance for Regional Inspectors* that will help facilitate a better understanding of the rule’s applicability and clarify

inspectional issues associated with the review and evaluation of performance-based SPCC requirements.

Of major importance to the grain and feed industry, EPA intends during the extension period to examine and determine the appropriateness of amending its current regulatory scheme to differentiate the SPCC requirements for animal fats and vegetable oils from the requirements for petroleum and other oils. In response, the NGFA, in cooperation with other organizations, will continue to ask EPA to develop specific regulations applicable to the grain, feed and grain processing industry that reflect the limited environmental risk posed by animal fats and vegetable oils compared to petroleum-based oils. Such an action would be consistent with the Edible Oil Regulatory Reform Act passed by Congress in 1995, which directed EPA to distinguish animal fats and vegetable oils from petroleum-based oils when developing SPCC regulations.

EPA expects to propose any modifications to the SPCC requirements later this year, and to finalize any such amendments by the summer of 2008.

Members receiving the *NGFA Newsletter* electronically may [click here](#) to access the EPA website for more information about the extension of the compliance dates for SPCC plans and the rule’s current requirements.





Membership Matters

by Todd Kemp
Director of Marketing/Treasurer

Save the Date 'Postcard'

In this era of instantaneous communication, who uses postcards any more?

Well, regardless of the technology, all NGFA members should **TAKENOTE OF THE FOLLOWING DATES!!!**

Sunday, Dec. 9 through Tuesday, Dec. 11: NGFA's annual Country Elevator/Feed Industry Conference and Trade Show.

Where: Marriott Magnificent Mile Hotel, Chicago, Ill. For the first time, this top-notch conference visits the Windy City! Fabulous restaurants, shops and nightlife will supplement this year's business agenda.

The NGFA's Country Elevator Committee met this week and began planning their segments of this popular, business-focused program. The NGFA's principal feed-related committees also will meet in late July to focus on feed-related topics. And of course, there are always several general session topics chock-full of business relevance for both sectors.

To aid in planning your attendance, here is a thumbnail sketch of events:



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

TIME SENSITIVE

NGFA Country Elevator/Feed Conference Schedule At-A-Glance

Sunday, Dec. 9

4 p.m.: Trade Show Opens!

5:30 p.m.: Welcome Reception

Monday, Dec. 10

8 a.m. to 5:30 p.m.: Conference programming (breaks for lunch and refreshments)

Early Morning, Mid-Day Luncheon, Evening Reception:
Trade Show

Tuesday, Dec. 11

8 a.m. to Noon: Conference programming

Noon: Conference adjourns; plan to stay for the final session before traveling! It's always a big topic!

Watch Your Mailbox!

...Whether it's snail mail or the new-fangled kind. Program details and registration information will be arriving later this summer!