



# NGFA Newsletter

*Volume 51, Number 26, December 29, 1999*

## **CN, BNSF to Seek Approval of Rail Combination ...Surface Transportation Board Expands Scope of Agency Review...**

Officials of the Canadian National and Burlington Northern Santa Fe Railroads say they anticipate it will take until mid-2001 to gain regulatory approval of their proposed end-to-end rail combination that would create North America's largest rail system.

The two carriers announced their intentions on Dec. 20 to create North American Railways Inc., as a new parent company for BNSF and as a companion company for the CN to operate the 50,000-route mile system. The combination has received the approval of the boards of directors of both companies, but still is subject to approval by their respective shareholders, as well as the U.S. Surface Transportation Board and Canadian regulatory officials.

Under the arrangement, North American Railways would be based in Montreal, Canada, while BNSF would

remain headquartered in Forth Worth, Texas. Upon the closing of the transaction, current CN President and Chief Executive Officer Paul M. Tellier would become president and chief executive officer of North American Railways, as well as CN. Current BNSF Chairman and Chief Executive Officer Robert D. Krebs would become non-executive chairman of North American Railways and CN. Current CN Executive Vice President and Chief Operating Officer Hunter E. Harrison would become chief operating officer of North American Railways and CN. Thomas N. Hund, currently senior vice president, chief financial officer and treasurer of BNSF, would become chief financial officer of North American Railways and CN. Mathew K. Rose, current president and chief operating officer of BNSF, would become president and chief executive officer of BNSF.

*(Continued on page 4)*

## **WTO Meeting Ends with Some Progress on Agriculture**

While the initial round of World Trade Organization negotiations were recessed on Dec. 3 without reaching agreement on an agenda, there were indications of some tentative progress in discussions involving agriculture.

When the negotiations were recessed, negotiators were at work on an agricultural text that called for continued fundamental reform of international trade in agriculture through "substantial, progressive reductions" in export subsidies and domestic supports, as well as greater market access. The objective, according to the working draft, was to correct and prevent "restrictions and distortions in world agricultural markets" leading to the "progressive establishment of a fair and market-oriented agricultural trading system...."

Among other things, the document contained the following elements:

- ▶ **Market Access:** "Comprehensive" market access negotiations leading to the "broadest possible liberalization, particularly...for products of export interest to developing country members";
- ▶ **Export Competition:** Substantial reductions in export subsidies, "in the direction of progressive elimination of all forms of export subsidization";

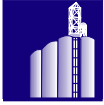
▶ **Domestic Supports:** "Substantial progressive reductions" in domestic supports.

The working text on agriculture also said "special and differential treatment for developing and least-developed countries" (as provided for in relevant WTO provisions), particularly concerning exports of such countries, should constitute "an integral and effective part" of the results of the negotiations.

The document also said the agricultural negotiations should "take into account" non-trade concerns, "in particular the need to protect the environment, food security, the economic viability and development of rural areas, and food safety." But the document said these concerns should be addressed in conformity with the WTO's already-established sanitary and phytosanitary agreement, which base such decisions on sound science in an effort to prevent countries from erecting non-tariff trade barriers.

During the Seattle event, WTO delegates were to reach an agreement setting the parameters for negotiations on trade liberalization in a host of industries. But what emerged were significant differences between individual nations and entire regions on how trade

*(Continued on page 2)*



(“WTO” continued from page 1)

should grow, and whether issues such as labor and environmental protection should be included in the talks. In the end, these differences, coupled with large and sometimes violent demonstrations by those opposed to trade and the WTO, resulted in a stalemate.

U.S. negotiators followed through on their commitment to make agriculture a top priority in Seattle, with goals that included the elimination of export subsidies, improved disciplines for state trading enterprises, improved administration of tariff-rate quotas, and an approval process for products derived from biotechnology that was “transparent, predictable, and timely.” During the negotiations, delegates from the European Union seemed to be amenable to discuss reductions in agricultural export subsidies,

for which the EU currently accounts for about 85 percent of the world's total.

Although a framework for negotiations on agriculture was not agreed to, the General Agreement on Tariffs and Trade – which created the WTO and which Congress passed in 1994 – obligates member nations to begin discussions in early 2000 on new reductions in agricultural trade barriers. It now will be up to WTO Director-General Mike Moore and U.S. Trade Representative Charlene Barshefsky to set a time for resumption of agricultural trade negotiations. However, because of the lack of agreement on a framework document for negotiations on agriculture, there is some question as to whether the tentative progress made in Seattle will be the starting point for the Geneva talks, or whether negotiators would have to start anew.

## Beneficial Interest Rules Waived for 1999-Crop LDPs, Marketing Loans

In a Dec. 17 notice, the U.S. Department of Agriculture’s Farm Service Agency generally has waived the beneficial interest requirements applying to loan deficiency payments (LDPs) and marketing loan gains for eligible 1999-crops of grains, oilseeds and cotton.

The notice implements a change mandated by Congress in the agricultural appropriations bill for fiscal year 2000. That change amended the Agricultural Market Transition Act to allow producers to receive an LDP or marketing loan gain even though they already may have marketed (e.g., lost “beneficial interest”) for a quantity of otherwise-eligible 1999-crop. The agricultural appropriations bill also increased the payment limit for marketing loan gains and LDPs from \$75,000 to \$150,000 per person for eligible 1999 crops.

As is the case with the payment limit increase, the beneficial-interest rule changes apply **only to the 1999 crop year**. Under the changes, producers who otherwise would be eligible to receive a payment will be allowed to receive an LDP or marketing loan gain on any eligible crop produced in 1999, even though the producer already has marketed the commodity (e.g., relinquished title or risk of loss or damage to the commodity). The payment rate the producer will receive is as follows:

► **LDP:** The payment rate will be the rate in effect **on the date the producer marketed the commodity and in the county where the commodity was delivered**. **Importantly, the notice defines the date the commodity was sold as the date beneficial interest (e.g., title) was lost.** For quantities sold, the FSA county office will be required to obtain production evidence (which may include self-certification by the producer). For producers who fed the production to livestock, or who planted the quantities as seed, the payment rate will be the rate in

effect on the date the commodity was fed or seeded. Such producers will be allowed to request an LDP using the CCC-666 LDP form, which will include the following certification statement: *“I understand that I am allowed to request an LDP for a quantity of 1999 otherwise-eligible commodity which has been marketed, fed or used as seed, for only the 1999 crop year.”*

► **Marketing Loan Gains:** The payment rate will be the rate in effect on the date the producer redeemed the loan.

The only restrictions are that the producer: 1) may not have already received a LDP or marketing loan gain for the same commodity; 2) must have been the actual producer of the commodity; and 3) must have had beneficial interest in the commodity at the time it was marketed or at the time the loan was redeemed.

The change was conveyed by FSA in Notice LP-1716 for grains and oilseeds, and Notice CN-905 for cotton.

► **Payment Limit Increase:** In the same notices, FSA instructed county offices on procedures to use to implement the increase in the payment limit for LDPs and marketing loan gains for 1999 crops. Producers who already had filed an LDP request that is pending, but subsequently marketed the otherwise-eligible commodity, will be paid the LDP rate in effect on the date and in the county where the commodity was sold and delivered. If beneficial interest has not been lost, the payment rate will be the LDP rate in effect on the date the original LDP request was made by the producer.

FSA county offices were directed to notify affected producers of the change and the opportunity to now apply for LDPs or earn marketing loan gains of up to \$150,000 per person.

## **USDA Reviewing PCP Terminals, Differentials for 2000 Crop Year ...Members Encouraged to Notify NGFA about Anomalies in PCPs...**

The U.S. Department of Agriculture's Farm Service Agency is in the midst of a wholesale review of the terminal markets and differentials used to determine posted county prices (PCPs) under the marketing loan program in preparation for the 2000 crop year.

At a recent meeting of the NGFA's Country Elevator Committee, FSA Warehouse and Inventory Director Steve Gill said the agency would complete its review of terminal markets and differentials used for wheat by March, and would share any planned changes with the industry, farm organizations and other interested parties prior to implementation. FSA then will conduct a similar review of the terminals and differentials used for corn and oilseeds, he said.

FSA's review assumes USDA will retain its current localized PCP-based approach for determining LDPs and marketing loan gains for the 2000 crop year, and will not change to the national uniform LDP rate concept that it informally proposed earlier this year. USDA has not yet

obtained approval from the White House Office of Management and Budget to issue a notice seeking comment on a national uniform LDP rate. It is the NGFA's understanding that OMB believes USDA has not justified the need for such a fundamental change.

**Input from NGFA Members Encouraged:** Importantly, the NGFA is seeking data and information from member companies that have experienced cases in which local PCPs have been significantly out-of-line with local cash values, particularly instances in which such disparities have affected grain flows or normal marketing patterns. When doing so, identify the counties, the commodities, the price disparities and the time frames involved. This information will be compiled and submitted to USDA for its consideration as part of its analysis. Please send your comments in writing to Randy Gordon at the NGFA by fax [(202) 289-5388] or by e-mail to [rgordon@ngfa.org](mailto:rgordon@ngfa.org). Please give Randy a call at (202) 289-0873 if you would like to discuss your individual situation.

## **UGRSA Contract Renewal Documents Due by Jan. 14**

Jan. 14 is the deadline for warehouse operators to return the documentation and schedule of rates to USDA's Commodity Credit Corporation to retain their Uniform Grain and Rice Storage Agreements for the 2000/2001 contract year.

As it has in previous years, CCC is providing warehouse operators with the option to continue their UGRSA contracts at current storage and handling rates, or to offer different rates. While USDA does not announce the level of acceptable rates until after all rate offers are received and analyzed, the rate criteria it has used for the past decade has allowed warehouse operators to:

- ▶ increase storage rates by 1 cent per bushel for storage, providing the resulting rate does not exceed the maximum 38-cent-per-bushel rate ceiling; and
- ▶ increase handling rates by one-half cent per bushel, provided the resulting rate does not exceed the maximum ceiling of 10 cents per bushel receiving and load-out, respectively.

In addition, CCC's previous criteria have allowed warehouse operators who have decreased their storage or

handling rates at some point during the previous contract year to recoup an amount equivalent to the amount of the reduction, plus the amount of the permitted increase.

Warehouse operators who wish to change their rate offers – or offer a rate for additional commodities – are to complete form CCC-25-2, the schedule of rates. If the warehouse offers oilseed rates, CCC-25 addendum 1 also is to be returned with the form CCC-25-2. Warehouse operators who wish to retain their current rates are to sign and return the STORR18W (“Warehouse Approved Rates on File Report”) shown on the back of the form CCC-25-2. Those who wish to terminate their UGRSAs are to send a written request to the FSA Kansas City Commodity Office.

**Lobbying Form:** USDA officials told the NGFA that it is **not** necessary for warehouse operators to return the lobbying report form (Standard Form LLL) unless they make direct payments for lobbying activities to benefit the company. The portion of dues paid to the NGFA for lobbying activities is **not** considered to be direct lobbying since the NGFA's activities are designed to benefit the entire industry, not individual companies. Thus, the form is not required to be submitted if this is the only lobbying activity engaged in by the company.



*("Rail Combination" continued from page 1)*

A five-person implementation committee consisting of each of the aforementioned executives is to begin work immediately to direct preparation of the application for the Surface Transportation Board and to direct integration planning to bring about interim voluntary coordination agreements between the CN and BNSF in such areas as information systems, purchasing, operations and marketing.

CN and BNSF officials said they expected the combination would "significantly benefit shippers across Canada and the United States with faster and more dependable rail service and with more routing and gateway choices. They said it would add three more "strategically located, single-line north-south rail corridors for the movement of goods between Canada, the United States and Mexico to the one created by CN's 1998 acquisition of the Illinois Central Railroad and its marketing alliance with the Kansas City Southern Railway. CN and BNSF officials said shippers west of Chicago would have single-line, double-stack cleared access to the Port of Halifax, the North American deep water port closest to Europe, "trimming days of transit time to points on the BNSF." Meanwhile, BNSF would become part of a system with single-line access to Detroit, Mich., and to key Canadian markets.

Specifically, CN and BNSF officials cited the following benefits they said would result from the combination:

- ◆ "Unprecedented" single-line service with access to new markets throughout North America that will "capitalize on fast-growing north-south trade flows while providing a fluid east-west network." CN and BNSF currently have principal interchanges at Chicago, Ill.; Memphis, Tenn.; Duluth/Superior, Minn.; and Vancouver, British Columbia.
- ◆ Improved asset utilization and service scheduling that the carriers said would enable them to achieve new levels of transit consistency and velocity, and on-time performance.
- ◆ Better data exchange because both carriers use the same operating information system.
- ◆ Improve economies of scale required to support electronic business initiatives to increase efficiency and productivity of both customers and the railroads.

**STB Responds Quickly:** Only eight days following the CN-BNSF announced, the Surface Transportation Board (STB), on Dec. 28, took the highly unusual action of expanding the scope of public review of the proposed combination beyond that normally applying to such mergers. The STB decision waives the "one-case-at-a-time" rule, which provides that "consideration (of the merger) will be limited to the impacts of transactions which have already been approved and are, therefore, reasonably certain to occur."

The STB reasoned: "In the past several years, the leading North American railroads have undertaken a series of major transactions that, when taken together, have dramatically reconfigured the entire North American railroad industry. .... The BNSF/CN transaction, if approved and implemented, may trigger yet another full round of major transactions, as other railroads seek to position themselves and their customers to meet the competitive effects of a unified BNSF/CN."

In waiving the rule, the STB specifically opens the door to rail users, other railroads and other interested parties to present evidence and views on what may subsequently occur in a rapidly consolidating industry. The STB stated: "Applicants and other interested persons can submit, and the board can consider, evidence respecting the 'cumulative impacts and crossover effects' that are likely to occur in the wake of a BNSF/CN transaction. Similarly, parties should address the effect of the proposed transaction and any likely subsequent transactions, that would produce further significant consolidation in the industry.... with particular attention to those aimed at fostering sound and competitive economic conditions in the U.S. railroad industry."

## Conrail Transaction Council to Host Shippers' Forum Jan. 11

The Conrail Transaction Council has scheduled an open meeting on Jan. 11 in Philadelphia, Pa., to assess the state of rail service following the acquisition of Conrail by the Norfolk Southern Corp. and CSX Transportation Co.

Shippers, railroads, government officials and the media are invited to attend. The agenda includes presentations by officials from CSX and Norfolk Southern on current operations and operating performance measures; presentations by Conrail Transaction Council member associations (including the NGFA) concerning shippers' experiences; and an open forum with audience interaction.

The meeting will be conducted in the Liberty Ballroom of the Downtown Philadelphia Marriott Hotel, 1201 Market St., beginning at 9:30 a.m. and concluding by 3 p.m. Registration will open at 8 a.m., and the registration fee is \$70 per person, which includes lunch. A registration form is available on the NGFA's web site at [www.ngfa.org](http://www.ngfa.org), or by fax by calling Jackie Congress at the NGFA at (202) 289-0873.

**NGFA Requests Member Input:** As it has prior to previous Conrail Transaction Council meetings, the NGFA solicits information from rail users located on lines served by the former Conrail concerning their recent customer-service experiences that can be used in the association's report. Please send your written input to NGFA Counsel for Public Affairs David C. Barrett Jr. on or before Jan. 7 by e-mail [[dbarrett@ngfa.org](mailto:dbarrett@ngfa.org)] or fax [(202) 289-5388].

### STB Permits Shipper to Proceed Against CP Rail on Car-Allocation, Service Claims

The Surface Transportation Board on Dec. 8 issued a decision that permits Minnesota-based Grain Land Cooperative to proceed on its main claims asserted against Canadian Pacific Ltd. over its car allocation practices and common carrier service during the 1995-96 shipping season.

The claims involve the Canadian Pacific's "corn lines" in northern Iowa and Minnesota. Grain Land filed for damages amounting to more than \$3 million over allegations that the Canadian Pacific:

- ▶ breached its common-carrier obligation to provide transportation or service on reasonable request and failed to provide adequate car service;
- ▶ engaged in unreasonable practices in violation of federal law [49 U.S.C. Section 10702] by misleading the shipper as to the availability of cars; and
- ▶ undertook actions that constituted unlawful discrimination that violated federal law [49 U.S.C. Sections 10741 and 10709(g)].

Grain Land's complaint, among other things, alleged that the Canadian Pacific shifted cars, locomotives and crews to other parts of its system, causing an operational failure on its "corn lines." Grain Land said that it was

unable to complete certain transactions because it did not receive cars in a timely manner. Likewise, Grain Land contended that "other shippers were favored, to its detriment, with respect to car supply and rates."

In its decision, the STB said that a "[c]arrier's car-allocation practices, including those published in tariffs, can be found to be unreasonable car-service practices under several statutory provisions....[Grain Land's] factual allegations...could show that CP engaged in an unreasonable practice in its car-allocation policies and its alleged misrepresentations as to when cars were to be delivered."

In addition, the STB addressed Grain Land's allegations that unreasonable rates imposed by the Canadian Pacific "show that the surcharges, along with the failure to deliver cars, were part of a plan to embargo its traffic so that it could not move in CP cars to points beyond Chicago and Kansas City." The STB said that "evidence of an intent to improperly embargo Grain Land's traffic could be used to support Grain Land's common-carrier obligation claim or its discrimination claim....We will not preclude Grain Land from presenting any relevant evidence about the alleged embargo in connection with its other claims." The STB's decision means that rates or surcharges that might not otherwise be unlawfully high could be relevant to the other issues raised by Grain Land.

### STB Launches Study of Buffalo Rates

The Surface Transportation Board announced Dec. 20 that it is launching its three-year study to examine line-haul end switching rates for rail freight movements into and out of the Buffalo, N.Y., area.

Prior to the acquisition, Conrail's switching fees had been \$450 per car within its Buffalo switching district and \$300 at other points in the Niagara, N.Y., frontier area. As part of the acquisition, the Norfolk Southern and CSX agreed to maintain an inflation-adjusted switching fee of no greater than \$250 per car in this region for the first five years. The STB extended the switching charge agreement to apply to situations in which shortline carriers paid switching charges to Conrail and where Conrail received switching services from the Norfolk Southern or CSX.

The Buffalo rate study was one of the conditions imposed by the STB when granting the petition of the Norfolk Southern Railway and CSX Transportation Co. to acquire Conrail. During its initial phase of the study, the STB said it will examine rates that existed during the first six months following the split date (June 1-Nov. 30, 1999). For the six-month study, the STB said it will review the carriers' rail 100 percent waybill files for the

period June 1, 1997 through Nov. 30, 1999. The carriers are to make these data available by Dec. 30. Comprehensive filings by the CSX and Norfolk Southern are due by Jan. 14. Comments by other parties are due by Feb. 14, and replies from the two carriers are due by Feb. 29.

The study of the initial six months' rates will be followed by a review of the first year (from June 1, 1999 through May 31, 2000), the STB said. As part of this review, the STB said it will require the carriers to submit by June 30, 2000 their 100 percent waybill files for the period ending May 31, 2000. Comprehensive responses from the CSX and Norfolk Southern will be due by July 14. Comments from interested parties will be due by Aug. 14, with reply comments from the two carriers due by Aug. 29.

**Submitting Comments:** Those wishing to submit comments are to send an original and 25 copies, as well as a 3.5-inch diskette containing the comments, to: STB Finance Docket No. 33388 (Sub.-No. 90); 1925 K St., N.W., Washington, D.C., 20423-0001. Copies also are to be forwarded to the counsels for the respective railroads. Additional details on the rate study were published in the Dec. 20 edition of the *Federal Register*.



## FDA to Sample Feed, Feed Ingredients for Dioxin

The NGFA has learned that the Food and Drug Administration, at the request of the Environmental Protection Agency, will undertake a limited sampling program to measure the levels of dioxin that may exist in feed and feed ingredients.

FDA officials told the NGFA that, as part of a cooperative agreement with EPA, they will obtain about 40 samples nationwide during the next few months. FDA said its sampling will focus primarily on feed ingredients, such as oilseed and milk products, processing distillates and animal fats. EPA is attempting to determine sources of dioxin that may exist in foods as part of an ongoing risk assessment on the substance, which is a suspected carcinogen.

On Oct. 15, FDA's Center for Veterinary Medicine issued a guidance document advising the feed industry not to use any mined clay products contaminated with dioxin in animal feed or feed ingredients. Mined clay products have been used as an anti-caking agent in feed.

FDA's guidance document advised that all mined clay products intended for use in feeds – not just ball clay – be “carefully monitored for dioxins, without regard for how remote or pristine the source.” In the guidance document, FDA/CVM recommended that analyses for dioxins include the entire congener group that contributes to the toxicity equivalent measurement for dioxins.

FDA/CVM based its recommendations on tests of 15 samples of anti-caking, flow and pelleting aids collected in late 1998, nine of which were found to contain detectable levels of dioxins ranging from less than 1 part per trillion to more than 20 p.p.t. toxicity equivalents. Unexpectedly, the agency said, the dioxin congener contributing to the toxicity levels was different than the congener found in the widely reported incident involving mined ball clay that occurred in 1997. Further, FDA/CVM said, none of the samples collected in 1998 appeared to be ball clay, but were labeled as “montmorillonite,” “bentonite,” “ground clay” and even “silicate” and “lime.”

## EPA Proposes Lower Reporting Threshold for Lead, Lead Compounds

In a development that could affect many feed mills, the Environmental Protection Agency has issued a proposed rule that would dramatically reduce the threshold for reporting lead and lead compounds under the so-called “community right-to-know” (Form R) standard.

Specifically, EPA is proposing to reduce the reporting threshold for lead and lead compounds to 10 pounds per year, down from the current reporting threshold of 25,000 pounds for “manufactured” or “processed” lead and 10,000 pounds for lead that is “otherwise used.” EPA's proposal states that the agency expects the reduced threshold limits will significantly increase the number of “toxic release inventory” (TRI) reports submitted for lead and lead compounds, as well as trigger first-time reports from many facilities that have not been affected by the higher limits.

Several feed ingredients, such as mineral products, contain natural, unavoidable levels of lead. For example, common levels of lead exist in: zinc oxide (100 to 500 parts per million); copper oxide, manganese oxide and manganese sulfate (10 to 100 p.p.m.); copper sulfate (10 to 50 p.p.m.); and dicalcium phosphate (1 to 10 p.p.m.). The Food and Drug Administration classifies these ingredients as generally recognized as safe (GRAS) for use in animal feed. Further, the Association of American Feed Control Officials has established guidelines for contaminant levels permitted in mineral feed ingredients, specifically listing maximum allowable levels of lead at 30 p.p.m. in complete feeds.

The NGFA joined with seven other agricultural organizations in a Dec. 15 statement to EPA that urged the agency to categorically exempt naturally occurring lead and lead compounds found in agricultural commodities – including raw grain, as well as food, feed products and ingredients – from the Form R threshold calculation and reporting requirements. In addition to the NGFA, other groups signing the letter were the Corn Refiners Association Inc., Grocery Manufacturers of America, Institute of Shortening and Edible Oils, National Cotton Council, National Cottonseed Products Association, National Food Processors Association and the National Oilseed Processors Association.

### ***NGFA Calendar***

- Jan. 12-13:** **Feed Quality Assurance Workshop,** New World Inn, Columbus, Neb.
- Jan. 13:** **Food and Feed Safety Committee,** NGFA's Conference Room, Washington, D.C.
- Jan. 18-19:** **Safety, Health and Environmental Quality Committee,** NGFA's Conference Room, Washington, D.C.
- Feb. 2:** **Grain Grades and Weights Committee** NGFA's **New** Office Location at 1250 Eye St., N.W., Suite 1003, Washington, D.C.
- March 29-31:** **NGFA's 104th Annual Convention,** Hotel Del Coronado, San Diego, Calif.

## Fumonisin Risk Assessment Workshop Scheduled for Jan. 10-12

Three governmental organizations – the Food and Drug Administration, the U.S. Department of Agriculture and the World Health Organization of the United Nations – are sponsoring a fumonisin risk-assessment workshop on Jan. 10-12 at the University of Maryland in College Park, Md.

Organizers state that the purpose of the workshop is to provide an open forum “for discussion of issues related to the occurrence in corn and the toxicity of fumonisin mycotoxins.” The workshop is to explore risk-assessment methods; obtain information needed for risk assessments, including data gaps; and review risk-management implications and options.

The workshop is a follow-up to an international conference on the toxicity of fumonisin conducted in June by the International Life Sciences Institute. At the

January workshop, international scientists are to review previous risk/safety assessments and build on the data presented at the June conference. Topics to be covered will include the levels of fumonisins found in corn and corn products, toxicity data on the impact of fumonisins on various animal species, human epidemiology studies and the toxicity mechanisms of fumonisins. The final day of the workshop will feature discussions by a risk-assessment and toxicity panel, a session on controlling the formation of fumonisins and reducing contamination, and a panel discussion on risk-management implications and options.

It is widely expected that FDA will use the information generated at this conference, as well as other scientific studies, to develop industry guidance – or perhaps action levels – for fumonisins in food and feed sometime during the year 2000.



### NGFA to Conduct Feed Quality Assurance Workshop

**Jan. 12-13:** The NGFA has scheduled the 12<sup>th</sup> in an ongoing series of its Feed Quality Assurance Workshops for Jan. 12-13 in Columbus, Neb.

The workshop, which is being conducted in cooperation with the Nebraska Grain and Feed Association, will unveil the new edition of the NGFA's widely acclaimed Model Feed Quality Assurance Program, which contains new, updated information. The program covers each step in the feed manufacturing process, from purchasing and receiving of grain and feed ingredients to delivery of finished feed to the farm or feedlot. The workshop is particularly timely given the Voluntary Self-Inspection Program pilot project expected to be launched by FDA during 2000, in which participating medicated feed establishments generally will be exempted from biennial inspections if they have implemented quality-assurance programs that comply with the agency's current good manufacturing practices (CGMPs).

Complete program and registration information for the day-and-a-half workshop is available by fax by contacting Jackie Congress at the NGFA at (202) 289-0873, or by visiting the NGFA's web site at [www.ngfa.org](http://www.ngfa.org).

### NGFA Member Wins Pennsylvania Award for Environmental Excellence:

Congratulations to NGFA member company **Wenger's Feed Mill Inc.**, Rheems, Pa., for recently winning the Pennsylvania Governor's Award for Environmental Excellence.

Wenger's received the honor for technological innova-

tion for producing and developing reduced-phosphorus feeds through the use of phytase in its customized feeds for poultry and swine. Wenger's was recognized by Pennsylvania Gov. Tom Ridge for being the first Mid-Atlantic feed producer to offer feeds containing the naturally occurring phytase enzyme, which the company said has decreased the phosphorus content by more than 30 percent in feed and by more than 20 percent in the manure produced by swine and poultry that consume the feed.

Wenger's is a family owned and operated company founded in 1994. Joe Garber, Wenger's, nutritionist and analytical service coordinator, serves as vice chair of the NGFA's Feed Industry Committee.

### FDA Issues Final Rule Implementing Feed Mill Licensing:

The Food and Drug Administration has issued its final rule implementing the medicated feed mill licensing requirement that was approved by Congress as part of the Animal Drug Availability Act of 1996. The licensing regime replaces the former system in which a medicated feed establishment was required to obtain FDA approval of individual medicated feed applications (MFAs) for each specific medicated feed manufactured. The NGFA strongly supported the change to a licensing approach.

The law itself provided for transitional licenses for all medicated feed establishments that had one or more MFAs at the time the law was enacted, which were continued for a three-year period that began on Oct. 31, 1997. The final rule, which was published in the Nov. 19 *Federal Register*, will permit such licenses to remain in place uninterrupted.



## USDA Continues Work to Implement Farm Storage Subsidies

At year's end, the U.S. Department of Agriculture's Farm Service Agency continues to develop the criteria under which it will reinstitute the on-farm storage facility loan program.

Under the program, which previously was in effect from 1949-81, USDA would provide subsidies – most likely through loans at less-than-market rates of interest – to producers who wish to construct new, or renovate existing, on-farm storage facilities. The administration has officially approved the policy decision as part of an interagency review conducted this summer. The details of the program still are being developed within FSA's Price Support Division. The NGFA has learned that FSA currently is planning to include the following elements in the program, each of which still is subject to review and approval within USDA and by the White House Office of Management and Budget:

- ▶ FSA is considering seeking authorization to operate the loan program for **seven-years**.
- ▶ FSA plans to propose that loan requests be approved in amounts that would finance on-farm storage for **up to two years' crop production** on an individual farm (including existing storage).
- ▶ The interest rate charged for the loan subsidies likely will be **1 percent more than the CCC interest rate**, which was 5.5 percent for December 1999.

- ▶ To address problems encountered with grain quality in the previously offered program, FSA is considering including equipment requirements (e.g., aeration, drying) for facilities constructed with the loan subsidies.
- ▶ To address problems with loan delinquencies experienced under the previous program, FSA is considering requiring loan payments to be made quarterly, and to subtract such payments automatically from commodity loan or LDP payments.

Yet to be decided by FSA is: 1) the total funding level for the program; and 2) whether the program will be issued as a notice or as a proposed rule (the latter of which would be subject to public comment). Both of these elements will require OMB approval. The funding level does not require congressional approval, although Congress is required to be notified of the amount by the administration.

### *In Memoriam*

**Thomas P. (Pat) Hall** of Akron, Colo., passed away on Dec. 26. Hall, co-owner and manager of The Hall Grain Co. in Akron, was active in both the Colorado Grain and Feed Association and the NGFA. He served as a director of the NGFA from 1971 to 1977. His son, Thomas P. Hall Jr., also has served on NGFA's board and remains active in The Hall Grain Co. Our sympathies are extended to the Hall family.

