



Glickman Reiterates Call for Supplemental Income Assistance

Secretary of Agriculture Dan Glickman used his keynote address today at the U.S. Department of Agriculture's annual Outlook Forum as an opportunity to renew his call on Congress to approve the administration's plan to provide "supplemental income assistance payments" to eligible farm program crop producers for the 2000 and 2001 crop years.

"It's amazing how the farm crisis can turn everyone into a prairie populist," Glickman said, criticizing some members of Congress who have called the administration's \$3.1 billion proposal inadequate. Glickman said that while the total amount of the aid package was negotiable, the administration believed the supplemental income assistance should be targeted to "smaller producers and those who actually grew the crops."

Under the administration's proposal, the supplemental income payments would be provided to producers if projected gross income for the crop declined to less than 92 percent of the preceding five-year average. Gross income would include gross market revenues for the crop plus governmental payments, including the direct fixed AMTA payments, marketing loan gains and loan deficiency payments. The payments would be based upon a producer's current production, not historical crop base acres, and would be subject to a separate \$30,000 payment limit, adjusted to reflect all AMTA payments received.

Glickman said future farm bills should take "a more holistic approach to farm policy," and proposed five "basic principles" that he said should guide future farm policy:

- ◆ Farm policy should support farm income rather than commodity prices. Current policies have "encouraged massive consolidation in production agriculture, particularly row crops," he said.
- ◆ Farm programs should be more "comprehensive and national in scope," covering more specialty crops.
- ◆ Crop insurance should be revamped to be more inclusive; he specifically cited livestock.
- ◆ The farm law should contain economic incentives to encourage conservation.
- ◆ Farm policy should better integrate rural development initiatives.

During the question-and-answer period following his speech, Glickman was challenged by an official of the Washington Association of Wheat Growers, who opposed the administration's proposal to increase the size of the Conservation Reserve Program to 40 million acres. "Farmers, particularly young farmers, can't compete with the CRP lease (rental) rate," she said, criticizing USDA's implementation of the existing program. "You're forcing young farmers off the land!"

Boxer Introduces Senate Biotech Labeling Bill

Sen. Barbara Boxer, D-Calif., on Feb. 22 introduced legislation (S. 2080) that would require labeling of all foods containing or produced with biotechnology-enhanced material. The bill is similar to legislation introduced in the House last November by Rep. Dennis Kucinich, D-Ohio, with 18 cosponsors.

In a statement submitted when introducing the bill, Boxer maintained that "[w]e don't know whether genetically engineered food is harmful or whether it is safe."

Among other things, Boxer's bill would require products that contain or were produced with a "genetically engineered material" to bear a label stating: "GENETICALLY ENGINEERED. THIS PRODUCT

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STB Extends Hearing on Rail Consolidations, Structure to March 7-10

The federal Surface Transportation Board this week extended – to four days – its public hearing focusing on major rail consolidations and their impact on the future structure of the North American rail industry.

The hearing now is scheduled for March 7-10 in Washington. The NGFA's Rail Shipper/Receiver Committee met Feb. 23-24 in Washington to develop the Association's testimony for the hearing. The STB said more than 160 entities requested to participate in the hearing.

The hearing [*STB Ex Parte No. 582*], which is separate and distinct from the STB's review of the proposed consolidation of the Burlington Northern Santa Fe and Canadian National Railways, could frame the legislative and regulatory debate for a wide range of rail policy issues.

The hearing announcement came on the heels of a Jan. 14 letter from House Transportation and Infrastructure Committee Chairman Bud Shuster, R-Pa., and Ranking Democratic Member James L. Oberstar, D-Minn., urging the agency to "explore all options to ensure an early and vigorous debate" on whether the "downstream" effects of the proposed BNSF/CN transaction are in the public interest.

The STB outlined several issues on which the agency is seeking comment from railroads, rail shippers and other users, rail employees, and other elements of the rail sector during the public hearing. The issues include the following:

- ▶ What the evolving structure of the North American railroad industry is and should be.
- ▶ Rail shipper and other user views on the timing of any proposed large railroad consolidation.
- ▶ Whether further consolidation would be good for large and small railroads, and for their customers and employees, and, more broadly, whether it would be in the public interest.
- ▶ Effects of railroad consolidations on the financial condition of the railroad industry and the industry's ability to provide responsive service at reasonable prices.
- ▶ Whether the railroad industry has or will have the necessary infrastructure, capacity and configuration to meet expected demand for freight service now and in the future.

Appeals Court Upholds STB Decision on Bottleneck Rates

A U.S. appeals court on Feb. 15 issued a unanimous ruling denying a petition filed by Union Pacific Railroad regarding the shipper-favorable portion of the Surface Transportation Board's 1997 "bottleneck" rate decision.

In a rail bottleneck case, more than one railroad may be involved in providing service from an origin to a destination, but only one – the "bottleneck" carrier – can serve either the origin or the destination.

In its "bottleneck" rate decision, the STB addressed the desire of certain shippers to break up through movements into pieces so that they could obtain a separate rate quote for the small, bottleneck portion of the movement, and combine it with a rate set by head-to-head rail competition for the larger, non-bottleneck segment. While rail users had sought an absolute right to obtain separately challengeable rates from railroads on bottleneck segments, the STB found that a shipper only is entitled to a separate common carrier rate where another railroad – the non-bottleneck carrier – has agreed to enter into a contract with the shipper on the non-bottleneck segment of the route.

In the case at issue, FMC Corp. was able to enter into a contract with the CSX Transportation Co. for the destination portion of a route, but was unable to reach agreements with the Union Pacific Railroad on rates for the bottleneck segment of a route. The Union Pacific

then refused to establish rates that could be used by FMC in conjunction with its CSXT contract rates. The STB subsequently ordered the Union Pacific to establish common carriage rates that could be used by FMC in conjunction with its CSXT contract rates.

It should be noted that even though the decision – issued by the U.S. Court of Appeals for the District of Columbia Circuit – upholds the STB's ruling requiring the Union Pacific to establish a rate for the bottleneck segment, the relatively high burden for challenging a rate through a maximum rate case still would remain if FMC believes the actual rate quoted was excessive. The court also left open the question of whether the STB's contract exception on bottleneck rates could be at odds with the statutory objective of maintaining railroad revenue adequacy.

Previously, the U.S. Court of Appeals for the Eighth Circuit affirmed the STB's decision not to require separately challengeable local rates for bottleneck segments absent a contract over the non-bottleneck segment.

Obtaining a Copy: The court decision can be accessed on the NGFA's web site at www.ngfa.org. Click on the "Reference Desk" heading on the NGFA's home page. Then click on the "Transportation" icon to access the document. Members without Internet access may obtain a copy by contacting Jackie Congress at 202-289-0873.



Congress Examines Waterways Budget in Aftermath of Allegations

Congress has begun what is expected to be a series of intense hearings spawned by widespread media reporting of a U.S. Army Corps of Engineers economist's allegations of wrongdoing concerning the agency's \$50 million study assessing needed improvements to the locks and dams on the upper Mississippi and Illinois River Systems.

In a series of stories published in major daily newspapers on Feb. 13, U.S. Army Corps of Engineers Economist David Sweeney II alleged that the agency reassigned him after he refused to increase the estimated benefits that would result from the enlargement of the locks and dams. High-level corps officials deny the allegations. Environmental groups, which distributed the corps' economist's allegations to the media, have called for a complete halt to any further lock extensions or other large-scale measures on the upper Mississippi.

Today (Feb. 24), the Senate Environment and Public Works' Committee's Subcommittee on Transportation and Infrastructure, chaired by Sen. George Voinovich, R-Ohio, conducted a hearing to review the corps' project-evaluation process and the budget for fiscal year 2001. Also discussed was the substantial backlog of construction and deferred maintenance projects at the nation's ports and inland waterways.

The House Transportation and Infrastructure Committee's Water Resources and Environment Subcommittee has scheduled a hearing on March 8.

At the Senate hearing today, Voinovich complimented the U.S. Army Corps of Engineers for being an agency with "a high degree of integrity." But he expressed frustration over the lack of adequate funding for new and pending corps water infrastructure projects, noting there was a \$30 billion backlog in projects, not including the projects approved in 1999 or the ones that will be approved in this year's Water Resources Development Act. Voinovich noted that given the booming economy, investment in the nation's waterways was lagging far behind the appropriate amount.

Voinovich called into question the corps' project review and approval procedure, stating that in authorizing projects "it is absolutely essential that the Congress be able to rely on objective and high-quality analysis of project costs and benefits by the Corps of Engineers." Sen. Ron Wyden, D-Ore., also expressed concern over the corps' review procedures, questioning whether outside interests had "hot-wired" the process.

In his statement, the corps' top military officer, Lt. Gen. Joe N. Ballard, vigorously defended the agency's procedures for reviewing project proposals. He called the

allegations of wrongdoing troubling, and said he would welcome an outside, independent review of the corps' actions. But he noted that every corps report is peer reviewed, has substantial public input through the review-and-comment process, and is scrutinized by Congress and the White House. Ballard also defended the role of outside input into its review process, stating that since corps projects directly affect citizens at the local level, the public must have access to the proceedings.

Wyden, attempting to link the review process and backlog issues, stated that Congress must be willing to "commit political heresy" by not authorizing projects that cannot meet stringent environmental and cost-benefit analyses. By creating a tougher project-analysis procedure, Wyden said, fewer projects would be authorized. In addition, by reevaluating previously authorized projects using the new procedure, those projects that did not meet the new standards could be canceled, thus reducing the backlog currently facing the corps.

But Sen. Christopher "Kit" Bond, R-Mo., staunchly defended the corps and its activities, especially those in the Midwest. Bond stated that the future health of the rural economy depends upon the inland waterways, which he noted provide a cost-effective means of transporting agricultural products to export ports. He also said that the waterways were the most efficient and environmentally friendly method of transporting large quantities of commodities. Noting that it would take 800 trucks to haul the same amount of grain that a single medium-sized barge carries, he speculated on how much air pollution those trucks would create while traveling through St. Louis.

House Ag Committee Finalizes Schedule for Farm Policy Hearings

The House Agricultural Committee today announced the schedule for its field hearings on farm policy. Committee Chairman Larry Combest, R-Texas, has said the hearings are designed to gather input from producers on the 1996 farm law, and to identify which aspects of the law are working and what can be done to change those that aren't. The hearing schedule is as follows:

- March 6, Lubbock, Texas
- March 17, Memphis, Tenn.
- March 18, Auburn, Ala.
- March 27, Raleigh, N.C.
- April 1, West Chester, Ohio
- April 3, Kutztown, Pa.
- May 1, Sacramento, Calif.
- May 2, Sioux Falls, S.D.
- May 12, Boise, Idaho
- May 13, Peoria, Ill.

A complete list of the times and specific locations of the hearings is available on the NGFA's web site at www.ngfa.org, or on the House Agriculture Committee's web site at www.house.gov/agriculture.



Alert to Federally Licensed Warehouse Operators

USDA Unveils New Draft of Rewrite of U.S. Warehouse Act ©

...Members' Views Welcomed on 'Working Draft' of Potential NGFA-Recommended Changes...

The U.S. Department of Agriculture has issued a new draft of its proposed rewrite of the U.S. Warehouse Act, and plans to encourage Congress to act on the matter this Spring.

The USDA draft is the latest in a series of versions that it has developed over the past three years in an attempt to streamline and modernize the law. The NGFA – through its Country Elevator Committee and Legal Council – has been involved extensively throughout this process in providing reaction and input to USDA on its various drafts. But the NGFA still has significant concerns with USDA's latest version that need to be addressed before the Association can support the measure. [See subsequent section.]

The U.S. Warehouse Act is a voluntary statute; warehouse operators have the option to be either federally licensed or licensed by states that offer licensing programs.

The most significant change proposed in USDA's rewrite would update the statute to permit federally licensed grain warehouse operators to issue electronic warehouse receipts, as well as electronically transmit under the authority of the U.S. Warehouse Act other documents (such as grade and weight certificates, bills of lading, phytosanitary certificates, export evidence certificates and other documents required by letters of credit) related to the purchase or sale of commodities.

The latest version of USDA's proposed rewrite of the U.S. Warehouse Act, which currently is being reviewed by the White House Office of Management and Budget, also would:

- ▶ enable USDA to accept other forms of financial assistance (such as Treasury bills or letters of credit) in lieu of bonds to satisfy net worth requirements.
- ▶ expand the statute to apply to "agricultural products," which could include processed commodities, such as soybean meal and oil.
- ▶ specifically authorize commingling of different grades of the same kind of grain. A literal reading of the current statute does not permit commingling, although USDA has used its regulatory discretion to allow it.
- ▶ significantly increase civil monetary penalties for violations of the law and, for the first time, classify some infractions as felonies punishable by fines and imprisonment.
- ▶ spell out procedures for suspending and revoking licenses.

- ▶ exempt USDA from liability if a licensed warehouse operator fails to perform contractual obligations.
- ▶ incorporate provisions for perfecting security interests of warehouse receipts and other documents of title that are transmitted electronically.

In its most recent version, USDA deleted expansive language that existed in previous drafts that would have granted extremely broad federal preemption over state warehouse laws and regulations. Several other sections of the current statute would be deleted as obsolete, while other language would be modernized.

NGFA Develops 'Working Draft' Response – Members' Input Welcomed!: The NGFA has developed a "Working Draft" of recommended changes to the proposed rewrite based upon a preliminary review of the latest USDA draft that is to be finalized and submitted to USDA in early March. The NGFA's Country Elevator Committee and Legal Council, both of which reviewed previous drafts of the USDA-proposed rewrite, currently are reviewing the NGFA's "working draft" document.

NGFA members, particularly those who operate federally licensed warehouses, are encouraged to review the USDA-proposed draft rewrite, as well as the NGFA's "working draft" response. Please submit your comments by March 1 to the Randy Gordon at the NGFA via e-mail at rgordon@ngfa.org, or by calling him at (202) 289-0873. The documents are available on the home page of the NGFA's web site at www.ngfa.org. Members without Internet access may contact Jackie Congress at the NGFA to obtain a copy.

USDA Advertising for Warehouse Examiners

The U.S. Department of Agriculture is soliciting applications by March 16 for persons wishing to become federal warehouse examiners in the following duty station areas: Greenville, N.C., Albany, Ga., and Yuba City, Calif.

The selected applicants will be responsible for conducting warehouse examinations, quality audits, step 2 cotton audits, and various related inspections under the U.S. Warehouse Act and for the Commodity Credit Corporation. USDA said the work will involve primarily grain and cotton.

Those interested should contact USDA's Personnel Division in Leawood, Kan., at 816-926-6781 for a "vacancy announcement" form for the position of warehouse examiner, specifying the desired location. The vacancy announcements also are posted on the Internet at www.usajobs.opm.gov.





USDA Offers Commodity Certificates to Grain, Oilseed Producers

Starting Feb. 22, the U.S. Department of Agriculture began offering producers of farm program crops, including grains, oilseeds and cotton, the option of receiving farm program payments in the form of commodity certificates in lieu of cash.

The issuance of commodity certificates was mandated by Congress when it passed emergency agricultural spending legislation last fall, which included a one-year increase in the payment limit for 1999 crops to \$150,000 per person (up from the previous \$75,000 limit). But the commodity certificate payment option was added to the legislation as a way to enable producers to receive payments exceeding the newly raised limit, since the value of commodity certificates will **not** be counted against the payment limit.

USDA also noted that a principal objective was to avoid forfeitures of commodities from producers who reach the limit that applies to cash payments.

Here are the key elements of the commodity certificate program, as reflected in a notice (LP-1723) issued by USDA's Farm Service Agency on Feb. 15:

▶ Producers will be eligible for the commodity certificate option if they produce wheat, corn, sorghum, oats, barley, soybeans, rice, sunflower seed, canola, rape-seed, safflower, flaxseed, mustard seed and crambe. Separate notices were issued by FSA that apply to cotton (*Notices CMA-47 and CN-97*).

▶ The commodity certificates will be **valid for immediate use for redeeming outstanding commodity loans** that have not matured, regardless of the crop year. This means outstanding 1998-crop loans also will be eligible to be repaid with commodity certificates.

▶ The commodity certificate transaction will be a simultaneous computer exchange. No certificates will be physically issued to producers and thus, no certificates will be available to be traded in a secondary market. Here's how the process will work:

1. The producer or his/her agent will repay the full loan amount (loan principal plus accrued interest).
2. USDA's Commodity Credit Corporation then will "buy" the loan collateral back from the producer/agent at the full loan-repayment value, in effect canceling out the payment made by the producer in step 1.

3. CCC then will, at the producer/agent's request, "issue" commodity certificates in the exact amount needed for the producer to repurchase the loan collateral from CCC. In the case of grains and oilseeds, that value will be the posted county price in effect on the date the repayment is received at the county office; for cotton, it will be the world price in effect on the date the repayment is received.

4. The FSA county office then will release the loan collateral to the producer or his/her agent.

▶ Producers will have the option to repay their outstanding commodity loans with commodity certificates **even if they have not reached the payment limit**.

▶ The commodity certificate program will be **in effect through the 2002 crop year**. Thus, it may come into play more in the future if Congress does not extend the payment limit increase, which applied only to the 1999 crop year.

▶ Producers will **not** be able to use commodity certificates to repay loan quantities for which an outstanding lock-in loan repayment rate (Form CCC-697) exists. The reason is that the certification form (CCC-681-1A) that producers will be asked to sign when executing the commodity certificate transaction contains a statement that the repayment rate for the commodity will be the posted county price in effect on the day the producer "pays" CCC for the commodity certificate – not the rate in effect on the date the lock-in rate was established. FSA said it did not want to change the policies or procedures applicable to the lock-in rate "at this time."

▶ Producers will **not** be allowed to obtain a loan and make a commodity certificate exchange for that loan collateral on the same day unless all necessary lien searches and lien waivers are obtained and the loan is disbursed. A loan "request" is not considered to be an outstanding loan until the loan is actually disbursed.

The FSA notice said that "at this time," neither commodity loan disbursements nor loan deficiency payments will be issued as commodity certificates, even though USDA has legal authority to do so under the emergency agricultural spending bill approved by Congress last fall.





Enrollment in USDA Oilseed Payment Program Set for Feb. 28-March 31

An estimated 850,000 farms will be eligible to enroll from Feb. 28-March 31 in the U.S. Department of Agriculture's \$475 million oilseed payment program, USDA has announced.

The payments were mandated by the emergency agricultural spending bill approved by Congress last October.

To be eligible, producers are required to have planted "or shared in the production of" an eligible oilseed in 1999. Payments will be made only on the specific oilseeds planted; prevented planted oilseed acreage will not qualify for payments or be used to determine actual or historical yields under the program. Eligible oilseeds include soybeans, sunflowers (oil and confectionery), canola, flaxseed, rapeseed, safflower seed, mustard seed and crambe.

For producers who planted oilseeds in each of the past three years (1997-99), which USDA refers to as "established producers," the payment acreage will be the **higher** of the total 1997 or 1998 acreages planted to the oilseed on all of the producer's farms. The payment yield for these producers will be the **higher** of:

- ▶ the county average yield for soybeans (or the national average yield for minor oilseeds) from 1994-98, after dropping the high and low yields (Olympic average);
- ▶ the producer's proven yield for 1997; or
- ▶ the producer's proven yield for 1998.

For "new" producers who planted oilseeds for the first time in 1999, the payment acreage will be the 1999 acreage of the respective oilseed. The payment yield will be the higher of:

- ▶ the county average yield for soybeans (or the national average yield for minor oilseeds) from 1994-98, after dropping the high and low yields (Olympic average); or
- ▶ the producer's 1999 yield.

Producers who have not already reported eligible oilseed acreage for 1997-99 have been asked to do so by Feb. 18.

Payment rates for the program, which were spelled out in a notice (Notice PF-127) issued by USDA's Farm Service Agency, are as follows:

| | |
|-----------------------|----------|
| Soybeans (bu.) | \$0.1409 |
| Sunflowers (cwt.) | \$0.2553 |
| Flax (bu.) | \$0.1212 |
| Canola (cwt.) | \$0.2531 |
| Rapeseed (cwt.) | \$0.2680 |
| Safflower Seed (cwt.) | \$0.3369 |
| Mustard Seed (cwt.) | \$0.3149 |
| Crambe (cwt.) | \$0.2531 |

To ensure that program costs do not exceed the \$475 million appropriated by Congress, USDA said that once sign-up is completed, it will determine a national factor based on the total number of enrollees that will be applied to each oilseed payment rate to arrive at a per-producer payment level. As a hypothetical example, USDA said a 100-acre soybean farm with a 38-bushel-per-acre yield could expect to receive about \$533 in additional payments under the program, depending upon the final number of producers who enroll. USDA said it is scheduled to begin making payments on April 17. No advance payments will be made.

USDA Announces Marketing Loan Rates for 2000 Crops

The U.S. Department of Agriculture has announced that it will set marketing assistance loan rates for 2000-crop year commodities at the highest levels allowed by law. Based upon projected stocks-to-use ratios, USDA could have reduced the loan rates by up to 10 percent for wheat and 5 percent for corn. USDA also could have reduced the loan rates for soybeans and upland cotton.

The national average loan rates will be as follows:

- ▶ Wheat: \$2.58 per bushel
- ▶ Corn: \$1.89 per bushel
- ▶ Sorghum: \$1.71 per bushel
- ▶ Oats: \$1.16 per bushel
- ▶ Soybeans: \$5.26 per bushel
- ▶ Barley: \$1.62 per bushel
- ▶ Rice: \$6.50 per hundredweight

- ▶ Minor Oilseeds (*sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed*): \$9.30 per hundredweight
- ▶ Crambe: \$8.77 per hundredweight
- ▶ ELS Cotton: 79.65 cents per pound
- ▶ Upland Cotton: 51.92 cents per pound

Most of the loan rates are identical to those that were in effect for 1999 crops. However, there were some changes in the loan rates for feed grains compared to 1999-crop levels, based upon their feed-value relationship to corn. Specifically, the loan rate for sorghum was reduced by 3 cents per bushel, while the loan rates for barley and oats each were increased by 3 cents per bushel.

The maximum statutory loan rates are \$2.58 per bushel for wheat, \$1.89 per bushel for corn, \$5.26 per bushel for soybeans and \$9.30 per hundredweight for minor oilseeds.





("Biotech Labeling Bill" continued from page 1)

CONTAINS A GENETICALLY ENGINEERED MATERIAL OR WAS PRODUCED WITH A GENETICALLY ENGINEERED MATERIAL." The labeling would be required on "genetically engineered" **food, food ingredients, feed and products from animals** fed "genetically engineered" feed. Boxer said the label would be required "at each stage in the food-production process – from seed company to farmer to manufacturer to retailer." Failure to label would be subject to a civil fine of \$1,000 per occurrence.

Exempted from the labeling requirement would be:

1) foods served in restaurants, cafeterias and bakeries; 2)

medical foods; and 3) foods that were grown on a tree that was planted before the bill became law "if the producer does not know if the tree was...genetically engineered." Also exempted from the labeling requirement would be products for which the producer obtains a "written guarantee" from the supplier that it does not contain biotech ingredients.

Boxer's bill, like Kucinich's, would define "genetically engineered organism" as an organism that has been altered at the molecular or cellular level by means that are not possible under natural conditions or processes (including recombinant DNA and RNA techniques...)."

No hearings have been scheduled on either bill.

The Biosafety Protocol – What It Means

The so-called "Biosafety Protocol" adopted on Jan. 29 in Montreal by delegates from more than 130 nations will regulate the trade in commodities produced from modern biotechnology.

The treaty, part of the 1992 United Nations Convention on Biological Diversity, applies to the "transboundary movement, transit, and handling and use of all living modified organisms (or "LMOs" – the term used in the treaty for biotech products – such as Roundup Ready® soybeans and Yieldguard® corn).

The actual signing of the protocol is scheduled to begin in May at a meeting in Nairobi, Kenya. It would take effect 90 days after 50 countries sign it. The accord is subject to review every five years.

Since the United States is not a party to the U.N. Convention on Biological Diversity, it cannot sign the document. However, U.S. trading partners that are signatories to the protocol can use its guidelines and procedures.

At a briefing attended by the NGFA, administration officials who participated in the Montreal meeting from the State Department, U.S. Department of Agriculture and Office of the U.S. Trade Representative said the protocol:

is neither superior nor subservient to any other international treaty. According to U.S. officials, this means that countries' domestic rules created to comply with the protocol also are required to be consistent with other international treaties, such as the World Trade Organization's Agreement on Sanitary and Phytosanitary Measures (the SPS Agreement). The SPS Agreement establishes procedures and requirements to ensure the SPS measures serve their intended purpose of protecting public health and safety without constituting disguised trade barriers. One of the SPS Agreement's most important requirements is that all SPS measures be based upon scientific principles and not be maintained unless there is sufficient scientific evidence of health risk.

- ▶ incorporates the "precautionary principle," which is favored by the European Union. The "precautionary principle" would allow an importing country to consider potential of risk and scientific uncertainty as grounds for imposing trade restrictions on so-called LMOs, whereas the WTO's SPS Agreement requires that such decisions be based solely on sound scientific principles. U.S. officials claim that nations already have the right to invoke scientific uncertainty as grounds for making import decisions. But they maintain the protocol also requires that countries that choose to take this approach must ensure that their regulations are consistent with WTO obligations.
- ▶ requires shipping documents accompanying bulk commodities to identify whether the shipment "may contain" LMOs intended for direct use as food or feed or for processing, and not intended for "introduction into the environment" (i.e., planting). U.S. officials pointed out that the precise requirements of such documentation is to be developed by a delegation of the parties to the protocol during the next two years. They projected that such labeling would not take effect for three to five years; and
- ▶ allows the use – again within the context of other international agreements – of "socio-economic considerations" in the import decision-making process.

Administration officials emphasized that the protocol:

- ▶ does not require segregation;
- ▶ does not place commodities (such as corn, soybeans or cotton) under the "Advanced Informed Agreement (AIA)" rules. Under the AIA provisions, exporting countries are required to seek consent from an importing country prior to the first shipment of a LMO intended for introduction into the environment (such as seeds for planting and microorganisms for bioremediation); and
- ▶ creates a biosafety clearinghouse to share information about the basis used to make final decisions on the domestic use of an LMO commodity.



Convention Update and Hotel Alert!

If advance hotel reservations are any indication, the NGFA's 104th annual convention next month in San Diego will set a modern-day record for attendance!

An outstanding, highly relevant business program is planned, as reflected in the flyer enclosed with this week's *Newsletter*. **Confirmed** featured speakers include:

- ▶ **Allen Andreas**, chairman and chief executive officer of Archer Daniels Midland.
- ▶ **Rep. Charles W. Stenholm**, D-Texas, the ranking member of the House Agriculture Committee.
- ▶ **Bob Stallman**, newly elected president of the American Farm Bureau Federation.
- ▶ **David Brennan**, chairman of the Chicago Board of Trade.
- ▶ **Paul Tellier**, chairman and chief executive officer of the Canadian National Railway.
- ▶ **Matt Rose**, president and chief operating officer of the Burlington Northern Santa Fe Railway.
- ▶ **Pamela Kirby-Johnson**, director-general of the Grain and Feed Trade Association (GAFTA), London, England, who will discuss the consumer and food company responses to agricultural biotechnology in Europe.

Hotel Alert: The NGFA had completely used up its room block at the Hotel del Coronado before the room block expired on Feb. 28. Two adjacent hotels – the Glorietta Bay and the La Avenida Inn – also have been completely booked with NGFA convention registrants.

As an alternative, the NGFA suggests the **Marriott Coronado Island Resort**, a four-star hotel located on Coronado Island about two miles from the convention headquarters hotel. **Contact the hotel directly at 1-800-228-9290 as soon as possible and ask for the lowest available rate** (which should range from \$204 to \$254 per night). **But hurry! Rooms are limited!**

If you have difficulty obtaining a room, contact Betty Reiser at the NGFA at (202) 289-0873 for assistance in securing other available hotel rooms on Coronado Island.

Need to Cancel or Change Your Reservation at 'The Del'? If you made a reservation at the Hotel del Coronado and now find you will not be able to attend the convention, or need to modify your reservation, **please call Betty at the NGFA for assistance before canceling your reservation**. She will cancel your reservation and allocate the room to other NGFA members who are on a waiting list and will greatly appreciate your kindness!



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TIME SENSITIVE

