



NGFA Newsletter

Volume 51, Number 4, February 25, 1999

USDA Narrows Options for Changing Loan Repayment Procedures

...NGFA Submits Recommendations; Seeks Members' Input on Options Under Consideration at USDA...

The NGFA has learned that U.S. Department of Agriculture officials have begun to narrow the possible options for changing loan repayment procedures used to determine loan deficiency payments (LDPs) and marketing loan gains under the marketing loan assistance program for grains and oilseeds.

USDA's internal goal is to finalize and announce the changes, if any, by no later than May 1 so that they can be implemented for all 1999 crops.

Meanwhile, the NGFA on Feb. 18 presented its recommendations that, among other things, call on USDA to retain but improve its current posted county price (PCP) and differential-based method for determining marketing loan repayment rates. The NGFA met on Feb. 24 with Parks Shackelford, associate administrator for programs at USDA's Farm Service Agency and other USDA officials, to discuss the association's recommendations. [See report on NGFA's recommendations on page 4.]

(Continued on page 4)



Country Elevator Committee Chairman Don Ludwig presents the NGFA's recommendations for changing the U.S. Department of Agriculture's loan repayment procedures to Parks Shackelford, associate administrator for programs at USDA's Farm Service Agency.

NGFA Task Force Explores Options for Addressing Rail Service Issues

...NGFA to Testify at March 2 Senate Hearing on STB Reauthorization...

The NGFA's Rail Policy Task Force explored several possible options – including expansion of the NGFA's existing rail arbitration agreement with rail carriers – for addressing rail service issues affecting the grain, feed and processing industry.

During its Feb. 23-24 meeting in Washington, the Rail Policy Task Force met with Surface Transportation Board Chairman **Linda Morgan** and newly confirmed Vice Chairman **William Clyburn**; Association of American Railroads President **Edward R. Hamberger**; and top Republican and Democratic staff members for the Senate Commerce, Science and Transportation Committee, which has jurisdiction over rail legislation.

One of the issues discussed in depth by the task force concerned the economic and efficiency losses sustained by rail users when relying upon information provided by rail carriers concerning train placements and service commit-

ments that subsequently prove to be inaccurate. The task force developed policy recommendations to address this and other issues that will be forwarded to the NGFA's Rail Shipper/Receiver Committee and Executive Committee for review.

NGFA to Testify At Senate Rail Hearing: In a related development, the NGFA has accepted an invitation from the Senate Commerce, Science and Transportation Committee to testify at its March 2 hearing on rail issues. The hearing will focus on legislation that would reauthorize the STB, the federal agency with regulatory oversight responsibilities over the nation's freight rail system. The hearing also will examine proposals for funding the agency's operations (including the Clinton administration's proposal to fully finance the STB through user fees), as well as
(Continued on page 8)



Survey Results Indicate EPA Phosphine Proposal Has Major Impact

Initial results from the NGFA's confidential survey indicate that the Environmental Protection Agency's proposed restrictions on the use of aluminum and magnesium phosphide (which produce phosphine gas) would have a heavy impact on the grain, feed and processing industry.

Of the **more than 300 industry responses** received and tabulated thus far by the NGFA's outside legal counsel, the aggregate results show that about 70 percent of the storage facilities owned by respondents' companies were located within 500 feet of a residential area, and therefore would be banned from using these chemicals under EPA's proposed restrictions.

Further, slightly more than 93 percent of respondents' companies facilities are located within 750 feet of a residence or business, and thereby would be affected by EPA's proposal to pre-notify residents and businesses about pending fumigation activity.

Member companies that have not returned the confidential survey are encouraged to do so immediately so that the aggregated responses can be tabulated and used in the NGFA's statement to be submitted to EPA by the March 23 deadline. The confidential survey is to be sent to NGFA's outside legal counsel Marc Fleischaker of Arent Fox Kintner Plotkin and Kahn, Washington, D.C. **Importantly, if you operate a grain storage facility or ship grain by rail, barge or vessel and did not receive a survey, contact Fleischaker's office by fax at (202) 857-6395 to request a copy.**

Other preliminary aggregate results of the survey include the following:

- ▶ About 78 percent of respondents said they used aluminum or magnesium phosphide to fumigate grain storage areas.
- ▶ Survey respondents indicated that steel tanks were the most commonly fumigated storage structure, followed by silos, flat storage buildings and warehouses.

- ▶ A large majority of respondents said they relied either exclusively or partially on company-certified applicators to apply the chemicals. A small percentage reported relying exclusively on outside certified applicators.
- ▶ Of those fumigating railcars, barges and trucks, most reported fumigating between 0 to 5 percent each year. However, some reported fumigating as much as 100 percent of railcar shipments, 30 percent of barge shipments and 40 percent of truck shipments.
- ▶ Of those fumigating ocean-going vessels, most reported fumigating between 80 and 99 percent of such conveyances. Other ranges reported included 0 to 5 percent and 41 to 50 percent.

Sample Letter to EPA Enclosed

Enclosed with this *Newsletter* is a sample letter that NGFA members can use to notify EPA of their views on the agency's proposed restrictions on the use of aluminum and magnesium phosphide. The comment deadline is **March 23!**

EPA's proposals, if finalized, would outlaw the use of these fumigants within 500 feet of a residential area. Further, managers would be required to pre-notify residents and businesses located within 750 feet of their plans to fumigate. EPA's proposed rules also would reduce dramatically the allowable exposure standard far below the level considered safe by the Occupational Safety and Health Administration. And the proposed rules would impose stringent new monitoring standards and could make railcar and barge fumigation very difficult.

GIPSA Issues New Moisture Meter Calibration for GAC 2100

Revised moisture meter calibrations for corn, high-moisture corn and soybeans for the Dickey-john model GAC 2100 moisture meter were released on Feb. 19 by the Grain Inspection Packers and Stockyards Administration (GIPSA). The new calibrations took effect Feb. 22.

The new calibrations are designed to "improve moisture measurement accuracy for corn and soybeans at extreme temperatures," the agency said. As reported in the Feb. 11 edition of the *NGFA Newsletter*, grain handlers were reporting that the Dickey-john GAC 2100 was reading as

much as 0.5 to 1 percent higher on grain at the colder end of the meter's approved temperature range. GIPSA also said it had taken action to ensure that the new calibrations conform with state moisture meter programs. Despite the new calibrations, GIPSA's announcement also recommended that grain be warmed "in a sealed container to near room temperatures prior to moisture measurement for best accuracy...." GIPSA officials told the NGFA that the agency will provide shortly more detailed procedures on proper warming techniques.

APHIS Issues 1999 Karnal Bunt Sampling Program

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) has announced its national Karnal bunt sampling program for 1999. APHIS said the sampling plan is designed to enable the agency to continue providing the Karnal bunt certification required for U.S. wheat shipments by many foreign customers.

The program includes the following key elements:

◆ **Sample Collection:** Approximately 1,050 samples from about 325 counties will be collected during 1999, APHIS said. The agency noted that the number of samples has decreased significantly from the 2,600 samples collected in 1998 and is less than 10 percent of the number of samples collected in either 1996 or 1997. In another change, APHIS said that counties that over the last five years have produced an average of more than 1 million bushels per year now will be sampled every other year. Counties that produced an average of less than 1 million bushels per year will be eligible for sampling, but will not necessarily be sampled every other year.

◆ **Compensation:** APHIS said that if a bunted kernel is found during the sampling, additional surveys will be conducted to isolate the infected area(s). APHIS also said that "appropriate" regulatory measures would be taken at the facility where the bunted kernel is found, including increased scrutiny of shipments and potential restrictions on where wheat may be shipped.

In the past, USDA has required infected facilities to be sanitized and provided compensation up to \$20,000 to cover this cost. However, USDA now says facilities found positive for Karnal bunt can avoid expensive de-contamination by simply "flushing" the facility with clean wheat.

In addition, APHIS said it will provide compensation to grain handlers who suffer losses in product value as a result of participation in the survey "within the limit of statutory authorities." In the 1998 compensation package announced on Dec. 17, 1998, APHIS said grain handlers were eligible for compensation for the loss in value of wheat inventories unsold at the time an area became regulated, up to a maximum payment of \$1.80 per bushel. However, compensation in 1998 was provided only if the wheat was not tested by APHIS prior to its purchase and the price was not contingent on test results for Karnal bunt, the agency said. The NGFA has repeatedly urged USDA to be more specific in laying out its compensation plans in advance so that grain handlers will be better able to judge the financial risks in participating in the annual sampling program. However, USDA says it does not have the specific authority to do so.

◆ **Participation:** Participation in the 1999 Karnal bunt monitoring program remains voluntary unless mandated under state authority. APHIS said sample collection will occur "at points of aggregation near wheat production." Samples will be washed for spores, but a positive confirmation still will require the detection of a bunted kernel, APHIS said.

Copy of APHIS Plan Available on NGFA Web Site:

A copy of APHIS's 1999 Karnal bunt sampling program is available under the "Member's Only" and "What's New" sections of the NGFA's web site at: <http://www.ngfa.org>. The "user's name" is: ngfa. The "password" is soybean. Members without internet access can order a copy by contacting Jackie Congress at the NGFA at (202) 289-0873.



MEMBERSHIP MATTERS

by Todd Kemp
director of marketing

The Race is On for #100 for Second Consecutive Year!

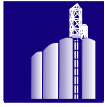
Ninety new member companies have joined the NGFA so far as the 1998-99 membership recruitment nears its culmination at the NGFA's 103rd annual convention in San Francisco.

Following a 100-new member showing during the 1997-98 membership year, achieving at least 100 new members this year would mark the first time since 1994 of consecutive years with triple-digit new members. With only 67 non-renewals in the year-to-date (including mergers, acquisitions, members leaving the business,

etc.), solid net membership gains are expected.

An Incentive For You! As a special thanks, the NGFA member who recruits the 100th new member this year will receive a free upgrade at the Hotel del Coronado – site of the convention of the millennium next year in San Diego, Calif.!

Not sure which companies in your area are non-members? Need recruiting materials or talking points for your prospect? Call Todd Kemp at (202) 289-0873 or e-mail your request to tkemp@ngfa.org. Let's end the year by again shattering the century mark!



("USDA" continued from page 1)

Options Under Consideration within USDA: Several options still are under consideration within USDA that could dramatically change the way loan repayment rates are determined, as well as the frequency with which changes in repayment rates are made.

One option believed to be under serious consideration envisions establishing a **national** loan deficiency payment (LDP) rate for grains and oilseeds similar to the approach currently used for cotton and rice. Under this concept, USDA would subtract the national LDP rate from the applicable county loan rate (after accounting for premiums and discounts of the individual producer's loan) to arrive at the loan repayment rate for each commodity. If the producer chose to put the commodity under loan, the marketing loan gain rate (if any) would be the difference between the applicable county loan rate (after adjustments for premiums and discounts) and the USDA-determined national LDP rate.

To illustrate, consider the following example for corn developed by the NGFA. Assume an:

- ▶ applicable county corn loan rate of \$1.89 per bushel.
- ▶ USDA-determined national LDP rate of 14 cents per bushel.

In this example, if the producer chose to take a **LDP**, the payment rate would be 14 cents per bushel. If the producer placed the grain under loan and sought to redeem the loan, the same 14-cent-per-bushel spread would be applied against the applicable county loan rate (after adjustments for premiums and discounts), which would permit the producer to repay the loan at \$1.75 per bushel – the result after subtracting the USDA-determined loan repayment rate (14 cents per bushel) from the applicable county loan rate (\$1.89 per bushel).

Thus, under this concept, the LDP rate established for each commodity would be consistent for all producers nationwide. But the loan repayment rate would continue to vary by county, based upon the local applicable county loan rate.

▶ **Other Options Still Under Review:** It is believed that several other options – including retaining and improving the current PCP and differential-based approach as suggested by the NGFA – remain under active consideration within USDA.

Another option believed to be under active consideration is a **uniform national PCP** approach, in which the local loan repayment rate would be obtained by subtracting a USDA-determined **national PCP** from the local county loan rate to arrive at the loan repayment rate for that specific county.

▶ **Frequency of Changing Repayment Rates:** USDA still is considering whether the repayment rate would be

announced daily (as occurs now under the PCP-based approach) or weekly basis (as is done under the marketing loan programs for cotton and rice). There are indications that if the frequency of the loan repayment rate announcement is changed, it would require USDA to solicit public comment through a formal rulemaking process.

▶ **Method for Determining National LDP Rate:** The precise method USDA would use to determine a national LDP rate (if that policy option prevails) still is under active consideration within the department. One option believed to be under consideration would be to determine a national LDP rate based upon an average of PCPs from top producing states for each commodity, weighted by production in each county. Another approach believed to be under review would determine a national LDP rate based upon a comparison of terminal market values on specific days and applying a uniform location differential.

▶ **USDA Evaluating Impact of Policy Options on Loan Forfeitures:** In analyzing various policy options, USDA officials say they are carefully evaluating each option's potential impact on loan forfeitures. It is clear that USDA intends to avoid heavy loan forfeitures, and would merchandise stocks coming into the Commodity Credit Corporation's inventory as quickly as prudently possible. Further, as noted in the Feb. 11 edition of the *NGFA Newsletter*, USDA retains authority under the so-called "cost-reduction" option [Section 13089(a)] of the farm law that allows the secretary of agriculture to settle non-course loans by forgiving all or part of the loan principal and accumulated interest if it is determined that such a reduction in the settlement price of the loan will avoid forfeitures or eliminate storage, handling and carrying charges on the forfeited commodity.

NGFA Member Feedback Encouraged: Members are encouraged to contact the NGFA concerning the impact a national LDP rate approach like the one reported in this article would have on local markets. Contact Randy Gordon at the NGFA at (202) 289-0873. You also may send your views electronically to rgordon@ngfa.org.



3 Easy Steps for Using NGFA's Web Site:

1. **Access the Web Site by Typing the NGFA's Web Site Address:** <http://www.ngfa.org>
2. **Enter the User Name:** ngfa
3. **Enter the Password:** soybean

[Note: Type all letters in lower case. Any problems or ideas? Call Alison Bawek at (202) 289-0873.]

NGFA Issues Recommendations on USDA Loan Repayment Procedures

The recommendations submitted to USDA by the NGFA encouraged the department to retain but improve its current posted county price (PCP) and differential-based method for determining marketing loan repayment rates.

Specifically, the NGFA recommended that USDA:

- ▶ **revise differentials to more accurately reflect current market conditions.** The NGFA said there was evidence that current differentials, which are based on the yearly average differences between local cash prices and assigned terminal prices, do not reflect current market values. Further, the NGFA recommended that county FSA offices be consistent in the questions they pose to local cash grain markets that are relied upon when setting differentials.
- ▶ **reevaluate terminal markets.** In setting the posted county price, the NGFA recommended that USDA thoroughly reexamine the 19 major export and domestic grain terminal markets that it applies to each county and commercial warehouse having a Uniform Grain and Rice Storage Agreement to determine if they relate to the respective local cash markets to which they are being applied. Further, the NGFA recommended that USDA evaluate reestablishing a “concentric circle” approach to establishing differentials, rather than using state borders as an arbitrary cut-off for applying terminal markets. For example, it is believed one of the principal reasons for the disparities in loan repayment rates between Iowa and Minnesota in 1998 was that USDA used the Minneapolis terminal market to establish differentials for Minnesota, then used Kansas City and Gulf terminal markets to establish the differentials applicable to Iowa, rather than “feathering” the influence of the different terminal markets across state lines.
- ▶ **adjust loan repayment rates daily.** To most accurately reflect local market values, the NGFA recommended that the loan repayment rate should continue to be determined and announced on a daily basis, rather than shifting to a weekly or monthly rate.
- ▶ **base loan deficiency payment rates on the county where the commodity is produced.** The NGFA recommended that the LDP applicable to each producer be based on the county where the grain is produced, not where the commodity is delivered or stored. This policy change would provide an additional safeguard that would discourage distortions in producer marketing decisions or alterations in normal grain movements in response to loan repayment aberrations.

The task force said it recognized that USDA may need to continue to base marketing loan gain payments (*applicable to producers who obtain a marketing assistance loan*) on the county where the grain is delivered, since it may be to CCC’s benefit to have stocks in a more

advantageous delivery location if the producer forfeits the commodity.

- ▶ **apply a reasonable factor to reduce intra- or interstate differences in PCPs.** As another safeguard against aberrations in PCPs, the NGFA suggested that USDA apply a reasonable percentage or monetary factor that would limit the differences in loan repayment rates between bordering counties within a state, as well as between bordering states.
- ▶ **eliminate state borders in setting PCPs.** Related to the recommendations concerning application of terminal markets in determining differentials, the NGFA recommended that USDA also eliminate state borders when determining PCPs.

The NGFA also recommended that USDA:

- ▶ **change its policy on beneficial interest.** The NGFA strongly recommended that USDA revise its current policy and rules governing whether a producer has retained “beneficial interest” (e.g., title) to the commodity. The NGFA said it believed USDA’s beneficial interest policy contradicts and works at cross-purposes with USDA’s overarching policy goal of improving the producer safety net by encouraging increased use of risk-management tools because it restricts producers’ access to a full array of cash grain contracts until after they have obtained an LDP or forgone their right to pledge the collateral for a loan.

The NGFA said it believed that the producer’s eligibility to obtain a marketing loan gain or loan deficiency payment should instead be based on whether the producer has: 1) signed a production flexibility contract and is eligible for price support as required under the 1996 farm law; and 2) provided acceptable production evidence for the commodity and for the crop year for which a marketing loan gain or loan deficiency payment is requested.

[Important Note: It is believed that changing USDA’s beneficial interest policy may require amending the 1996 farm law, since to be eligible for an LDP, the commodity must at the time be eligible to be pledged by the producer as collateral for a marketing assistance loan.]

- ▶ **allow a 30-day grace period in selecting LDPs.** To provide additional flexibility to producers and to allay logistical concerns, the NGFA recommended that USDA provide producers with a 30-day grace period to select their LDP rate after presenting acceptable delivery or sales evidence to the county FSA office.
- ▶ **revise county loan rates.** The NGFA recommended strongly that USDA revise county loan rates for grains and oilseeds based on more recent 12-month average market values. Current county loan rates for major

(Continued on page 6)

(“NGFA’s Recommendations” continued from page 5)

commodities are believed to be based upon stale, 1995-crop cash grain market prices. In addition, for wheat, county loan rates are not determined by class, even though class values are used by USDA when determining loan repayment rates. In 1998, this resulted in situations where higher-value classes of wheat received a comparatively lower LDP than lower-value classes.

USDA Lowers Durum Base Price for Crop Revenue Insurance Coverage

The government giveth and the government taketh away!

That was the situation when the U.S. Department of Agriculture’s Risk Management Agency scrambled recently to rectify a price adjustment to crop revenue coverage insurance for 1999-crop durum wheat.

This is the first year crop revenue coverage has applied to durum wheat. All counties in North Dakota qualify for durum crop revenue coverage, as do four counties in Montana, 14 in South Dakota, and the states of Arizona and California. Under crop revenue coverage, producers lock in a revenue guarantee at the time of planting using a formula that includes the approved yield and the current market price. If revenue-per-acre at harvest is less than the revenue guarantee as a result of low prices, low yields or a combination of the two, the producer is paid the difference.

The problem surfaced in late January, when USDA became aware that the crop revenue coverage contract developed by American Agrisure Inc. of Iowa for durum wheat resulted in a base price premium that was \$1.92-per-bushel over hard red spring wheat.

USDA officials attributed the hefty durum wheat premium under crop revenue coverage to the method used to determine the calculation. According to USDA, American Agrisure determined the premium by relying on the difference between:

- ▶ the five-year average of August trading of the Minneapolis September futures contract’s top milling daily settlement price premiums; compared to
- ▶ the August Minneapolis September futures contract daily settlement price for hard red spring wheat.

That calculation resulted in a \$1.92-per-bushel premium for durum wheat. This premium, added to the average daily price of Minneapolis September futures contract trading during the month of February 1999 was to become the crop revenue coverage base price. For example, if that February 1999 futures price average was \$3.50 per bushel, that average price plus the five-year average durum premium of \$1.92 would have been the crop revenue coverage base price for durum — \$5.42 per bushel.

But on Feb. 8, the Risk Management Agency announced that the Federal Crop Insurance Board of Directors had

Copies Available on NGFA Web Site: A copy of the NGFA’s recommendations to USDA on changing its loan repayment procedures is available under the “Member’s Only” and “What’s New” sections of the NGFA’s web site at: <http://www.ngfa.org>. The “user’s name” is: ngfa. The “password” is soybean. Members without internet access can obtain a copy by contacting Jackie Congress at the NGFA at (202) 289-0873.

approved a “policy change” submitted by American Agrisure that modified the base price calculation to “more accurately reflect” actual durum values. Specifically, it reduced the adjustment added to the February average daily settlement price for hard red spring wheat on the Minneapolis Grain Exchange from \$1.92 to \$1.15 per bushel – even though the contract change date expired on Dec. 31. USDA said producers who had obtained crop revenue coverage on durum in Arizona and California prior to Oct. 31, where the 1999 crop already has been planted, would not be affected by the change. But USDA advised “all other producers” to contact their insurance agent to determine the status of their crop revenue coverage durum wheat policy. However, even with the adjustment, there is a significant pricing advantage (in the range of \$4.65 per bushel) for durum.

Important Survey Sent to NGFA Members

The NGFA on Feb. 19 mailed an important seven-page confidential survey to each member company that operates a grain, feed or processing facility in the United States seeking information about your use of, and views about, the U.S. Department of Agriculture’s warehouse examination and grain inspection services.

The survey also solicits members’ thoughts about some possible new options for providing warehouse examination and grain inspection functions in the future. Responses to the survey are requested by **March 10** so that the aggregate results can be compiled for consideration by NGFA committees and the Board of Directors in developing policy options during the 103rd annual convention on March 20-23 in San Francisco. The survey was sent to the principal contact at each affected member company. Importantly, if your company operates a facility and did **not** receive the survey, please obtain one by calling Jackie Congress at the NGFA’s office at (202) 289-0873. Or you may obtain the survey under the “Member’s Only” section of the NGFA’s web site at <http://www.ngfa.org>. To access the “Member’s Only” section, the “user’s name” is ngfa and the password is soybean. The web site is case-sensitive, so please type all letters in lower case.



Glickman Discusses 'Safety Net' in Budget Testimony

Secretary of Agriculture Dan Glickman today made his case for a "stronger safety net" for producers during testimony on USDA's proposed fiscal year 2000 budget before the Senate Agriculture, Nutrition and Forestry Committee.

Glickman said the 1996 farm law was geared toward lucrative export markets, but made no provision for producers adversely affected by a depressed global marketplace. He urged that Congress enact:

- ▶ **Crop Insurance Reform:** In a white paper released in early February, Glickman called for a program that "maximizes participation"; allows "comprehensive coverage" that would include crops and livestock; makes "maximum use" of market mechanisms; is flexible; and can be offered at the lowest cost possible to taxpayers. Glickman said he planned to conduct "at least three" regional forums to obtain input on how crop insurance reform should proceed. The meeting dates and locations have not been announced yet.
- ▶ **Increased Credit:** The administration's budget proposal calls for \$3 billion in farm loans and guarantees.
- ▶ **Export Credit Guarantees:** USDA proposed \$4.5 billion for the Commodity Credit Corporation's export credit guarantee programs.

- ▶ **Increased Food Aid:** The Russian food aid package, due to be implemented in the near future, contains \$880 million worth of U.S. commodities, including 1.5 million metric tons of wheat.

In addition, Glickman outlined other steps he said USDA was taking to improve the rural economy, including rural development programs and improved access to foreign markets. He said USDA expects to make new progress on the trade front during the upcoming round of multilateral trade negotiations scheduled to start in December in Seattle, Wash.

Senators Express Concerns Over USDA Budget:

During the hearing, several senators expressed concerns over USDA's budget proposals and various aspects of the farm economy. Committee Chairman Sen. Richard G. Lugar, R-Ind., said he viewed USDA's failure to request additional funds for crop insurance reform in its fiscal 200 budget to be an indication that it wasn't serious about the issue. Both the House and Senate Agriculture Committees plan hearings on crop insurance reform and other risk-management issues over the next several weeks. The NGFA is scheduled to testify on the role of crop insurance and other strategies in managing risk during a March 10 hearing by the Senate Agriculture Committee.

21st Century Ag Commission Reviewing Draft of Initial Report

The 21st Century Agriculture Commission established under the 1996 farm law to develop recommendations for Congress on future farm policy directions after the current law expires in 2003, conducted its fourth meeting to review a final draft of its initial report.

The commission also discussed plans for a series of public listening sessions to be conducted this year. While much of the meeting was closed to the public, some important information that may be included in the preliminary report was discussed during the open session. Representatives of the University of Missouri's Food and Agricultural Policy Research Institute (FAPRI) presented charts and graphs that showed the following statistics:

- ▶ Income growth and population growth will continue, resulting in higher food demand.
- ▶ Cash farm receipts will not return to 1997 levels until 2002.

- ▶ Land use has increased, resulting in higher crop yields.
- ▶ Overall wheat acreage is declining.
- ▶ Milk prices are expected to drop dramatically.
- ▶ Total farm income is expected to stagnate for the foreseeable future.

Several commission members objected to FAPRI's farm income prediction, stating that FAPRI in the past had forecast low or stagnant farm income growth when precisely the opposite occurred.

The commission is expected to publish its preliminary report in the next few weeks. It also is expected to shortly post on the Internet the dates and locations for its "listening sessions."

RAILS, RIVERS AND ROADS (CONT'D)

*("NGFA Rail Policy Task Force"
continued from page 1)*

the law governing the board's rail responsibilities.

The NGFA's testimony will include a discussion of: 1) the association's support for STB's reauthorization and funding through appropriations; 2) the NGFA's proposed changes to bring more balance between the interests of rail carriers and rail users in the law's U.S. rail transportation policy; 3) measures to encourage increased accountability of railroads to rail users; 4) the operation of the NGFA's rail arbitration and mediation agreements with rail carriers; and 5) the need for reform of the nation's antiquated and discriminatory maritime cabotage laws (collectively known as the Jones Act) as a way of encouraging increased intermodal competition.



The NGFA's Rail Policy Task Force meets with Surface Transportation Board Chairman Linda Morgan (center) and Vice Chairman William Clyburn (seated, right). Pictured are (from left) David C. Barrett, NGFA counsel for public affairs; Ed Laur, vice president, Attebury Grain Inc., Amarillo, Texas; Paul Hammes, assistant vice president, North American grain, Cargill Inc., Minneapolis, Minn.; NGFA President Kendell W. Keith (seated by Ms. Morgan); Terry Voss, senior vice president, transportation, Ag Processing Inc., Omaha, Neb.; Tom Miller, grain marketing manager, Farmers Cooperative Co., Farnhamville, Iowa; John Skelley, president, Arizona Grain Inc., Casa Grande, Ariz.; Task Force Chairman John Bratten, vice president, transportation, Central Soya Co, Inc., Fort Wayne, Ind., chairman of the NGFA's Rail Shipper/Receiver Committee; Don Ludwig, manager/partner, Elkhart Grain Co., Elkhart, Ill., chairman of the NGFA's Country Elevator Committee; Carl Anderson, executive secretary, South Dakota Grain and Feed Association, Aberdeen, S.D.; Jim Wilmes, vice president, grain and millfeed operations, Bay State Milling Co., Minneapolis, Minn.; Kevin Kaufman, vice president, Louis Dreyfus Corp., Wilton, Conn.; and NGFA Transportation Counsel Andrew P. Goldstein.



Mark Your Calendar!

**NGFA's 103rd Annual Convention
Sheraton Palace Hotel, San Francisco, Calif.
March 20-23, 1999**