



# NGFA Newsletter

Volume 51, Number 13, July 1, 1999

## USDA Issues Notice on Operation of LDP Program for 1999 Crops

### ...Public Comment to be Sought on National LDP Rate; Will Not Apply to 1999-Harvested Wheat...

The U.S. Department of Agriculture on June 23 issued a loan program notice that spells out the procedures under which producers will be allowed to self-certify the quantity of grain eligible for loan deficiency payments (LDPs) for 1999 crops.

But the larger question – whether USDA eventually will implement a “uniform national LDP rate” – remains unresolved.

Following a meeting last week with Gov. Jesse Ventura of Minnesota, Secretary of Agriculture Dan Glickman said no decision on whether to proceed with a uniform national LDP rate would be made until after a notice is published in the *Federal Register* seeking public comment on the concept. USDA officials told the NGFA this week that they expect the notice seeking public comment to be issued within the next two weeks. They were uncertain whether a 30-day, or longer, comment period would be provided.

The White House Office of Management and Budget had been urging USDA to solicit public comments on the uniform national LDP rate concept because of the significance of the change and its potential cost.

#### **NGFA Country Elevator Committee to Review Issue:**

The NGFA's Country Elevator Committee will be reviewing

the Association's position on this issue – and developing the Association's response to the USDA notice – during its July 21-22 meeting in Kansas City, Mo. The NGFA in February submitted an extensive series of recommendations on ways to improve the current posted county price-based system. But USDA indicated that several of the NGFA's recommendations – such as basing the LDP rate on the county where the grain was produced, rather than where delivered, and revising rules that require producers to retain “beneficial interest” in the commodities for which an LDP rate is obtained – would have required a change in the 1996 farm law. USDA officials also said they declined to adopt several other NGFA recommendations for political reasons. The NGFA's proposals were summarized in the Feb. 25, 1999 edition of the *NGFA Newsletter* (page 5); the full text of the NGFA's recommendations is available on the NGFA's web site at <http://www.ngfa.org>. The “users name” is: ngfa. The password is “soybean.” [Type all letters in lower case.] To access the document, click on the “Committee” heading on the NGFA web site's home page, then click on the “Country Elevator Committee” section.

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## Seed Companies to Sponsor Web Site of U.S. Facilities Handling EU-Unapproved Genetically Enhanced Corn

The nation's leading seed companies today announced that they will finance the development of a web site listing the names and locations of grain-handling facilities willing to handle genetically enhanced corn not yet approved for use in the European Union this harvest season.

The goal of the web site is to provide additional clarity to farmer-customers and to facilitate the efficient marketing of this year's corn crop by identifying facilities that indicate they are willing to handle such corn, they said. The list of facilities will be compiled through a telephone survey of approximately 25,000 grain elevators, feed mills, dry and wet corn mills, and large livestock and poultry feeding operations. The telephone survey, scheduled to begin shortly after the July 4 holiday, will be conducted by *FEEDSTUFFS* magazine (the list will be posted only on the web site; it will not be published in the trade journal, the seed firms said).

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### 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.]



## Grain and Feed Marketing Gets More Complicated

“Change” is an over-used topic. But in this industry of grain and feed marketing, change is occurring at such a torrid pace that it has complicated risk management in extraordinary ways.

The new developments in biotechnology – in particular for corn and soybeans – have generated products with superior agronomic and end-use traits. But they also have generated what appear to be sizable challenges in full international market acceptance – food companies serving the United Kingdom announcing they will seek GMO-free ingredients; the EU canceling its regulatory review of new GMO varieties following the Cornell University announcement that Bt corn pollen can kill Monarch butterflies if consumed in adequate dosages. Every week or so, another news story rattles the market with ripple effects throughout the chain.

A principal risk of grain buyers, of course, is confronting a situation in which grain is bought on one “standard” only to have the market “rules” change prior its sale. What could change the rules? You name it. Government regulatory action, consumer reaction – whether real or staged by some advocacy group – testing technology released mid-marketing year, and changing corporate strategies by any major food company or ingredient supplier.

Not to overplay – nor underestimate – the risk, the current situation appears quite fluid. It is an environment in which companies need to seek the best sources of current information, stay closely connected to trading partners, and pursue strategies anticipating the multiple sources of new market risks.

The NGFA’s Food and Feed Safety Committee is reviewing developments in GMOs and working with a broad-based coalition, Ag for Biotech, and other organizations toward achieving more order in global grain markets. The next round of negotiations at the World Trade Organization starting in November may offer an opportunity to seek greater global regulatory uniformity. However, even if governments ultimately agree on standards of regulation, the consumer may drive the process for some time to come.

To serve the informational needs of its members, the NGFA is drafting a white paper covering: 1) developments in consumer markets; 2) developments in international regulations affecting GMOs; 3) U.S. government’s response to minimize trade disruption; and 4) GMO testing technology, including its cost, availability and practicality for bulk grain handling operations. This white paper will be posted in a new “Biotechnology” section on the NGFA web site for updates and access by NGFA members.

You may have noticed that a recent *NGFA Newsletter* offered some alternative forms of contract language to

address this issue. Our goal was not, nor should it be, to offer specific advice on strategies. The best strategy for a company will vary, depending upon local markets, your trading partners, physical plant characteristics and many other factors.

The *NGFA Newsletter* and web site at times may carry information about biotech company strategies, such as we did in April, explaining the “channeling” programs to keep genetically enhanced grains not approved by the EU confined to U.S. feed markets. Please don’t misinterpret such activities as the NGFA assuming an advocacy role. The information is offered only to help you decide the best way to service your customers and grain suppliers.

In the next few weeks, grain facility operators probably will be contacted to determine whether your plant is willing to handle and market non-EU-approved genetically enhanced grains this fall. Companies responding affirmatively will have their name and location posted on a seed industry web site. Whether you respond yes, no, or by not responding, is up to each company. Like so many other situations in this new biotech-driven market, it is just one more factor to assess.

The marketplace has the ability to sort through the new challenges presented by the new products. But to do so requires accurate and timely information. The NGFA intends to focus additional resources to meet this business need of its members.

### *NGFA Calendar*

- July 15:** **Grain Grades and Weights Committee**  
NGFA Library/Conference Room, Washington, D.C.
- July 21-22:** **Country Elevator Committee Meeting**, Holiday Inn,  
KCI Airport, Kansas City, Mo.
- Aug. 2-3:** **Feed Industry Committee Meeting**,  
Doubletree Downtown Hotel, Omaha, Neb.
- Sept. 12-13:** **NGFA Board of Directors Meeting**,  
Eldorado Hotel, Santa Fe, N.M.
- Sept. 14-15:** **Feed Quality Assurance Workshop**,  
Mankato, Minn.
- Dec. 5:** **Leadership Conference**, Regal Riverfront Hotel,  
St. Louis, MO
- Dec. 5-6:** **Feed Industry Council**, Regal Riverfront Hotel,  
St. Louis, Mo.
- Dec. 5-6:** **NGFA Trade Show**, Regal Riverfront Hotel,  
St. Louis, Mo.
- Dec. 6-7:** **Country Elevator Council Meeting**,  
Regal Riverfront Hotel, St. Louis, MO
- March 29-31, 2000:** **NGFA’s 104th Annual Convention**,  
Hotel Del Coronado, San Diego, Calif.



# Agriculture Chairmen Outline Crop Insurance Reform Bills

Over the past two weeks, the chairmen of the House and Senate Agriculture Committees have released outlines of legislation to reform the federal crop insurance program and provide for a stronger farmer safety net.

Last week, Senate Agriculture Committee Chairman Richard G. Lugar, R-Ind., issued a summary of his "Farmer's Risk Management Act of 1999," which he intends to introduce soon. The bill would provide those producers who enrolled for the fixed, declining market transition (AMTA) payments under the 1996 farm law with a "risk-management payment" that could be applied toward certain risk-management practices. Each producer's payment would be based upon a certain percentage of his/her AMTA payment for each fiscal year between 2000 and 2002. For those producers not enrolled in AMTA, the bill would provide a 35 percent premium discount for federal crop insurance plans through the 75/100 coverage level.

The risk-management options specified in Lugar's bill are to: 1) purchase private or federal crop insurance at least as equivalent to CAT; 2) purchase futures or options for principal crop; 3) cover at least 20 percent of crop value through cash forward contract; 4) attend marketing class; 5) hedge price of at least 10 percent of crop through an agricultural trade option; 6) deposit at least 25 percent of the payment into FARRM or other tax deductible account; 7) reduce debt and increase liquidity; and 8) diversify production.

On June 28, House Agriculture Committee Chairman Larry Combest, R-Texas, issued his own crop insurance reform proposal. Combest's bill would boost crop insurance subsidies to encourage increased participation in the higher coverage levels (see accompanying chart). In addition, the measure would: 1) allow producers to adjust their agricultural production history (APH); 2) limit APH decline to 5 percent annually; 3) require the Federal Crop Insurance Corporation to adjust excessive rates; 4) allow the Risk Management Agency to outsource new product development for under-served commodities; 5) create a livestock coverage pilot program and allocate \$55 million toward its development; 6) allow FCIC to insure cost of production as a price election; and

## Comparison of the Lugar and Combest Crop Insurance Reform Bills:

<u>Provision</u>	<u>Lugar Bill</u>	<u>Combest Bill</u>
Crop Insurance Premium Subsidy	For non-AMTA producers, a flat 35% discount on federal crop insurance premiums through the 75/100 level	CAT=100% 50/100=70% 55/100=65% 60/100=65% 65/100=65% 70/100=55% 75/100=50% 80/100=42.1% 85/100=39.1%
Risk Management Assistance	Producers receive percentage of AMTA payments to be applied to at least two of eight specific risk management methods (listed below): FY2000 AMTA = 29.09% FY2001 = 36.11% FY2002 = 37.21%	No change
CAT	No change	Higher level of coverage under Group Risk Plan at same subsidy level as standard CAT
APH Adjustment	No change	Allows producers with 10 years of production history to drop one year from each five-year period; limits APH decline to 5% per year
Livestock Insurance	Directs RMA to explore potential for covering livestock through whole farm revenue insurance	Creates \$55 million for livestock insurance pilot programs beginning 2001
Other Reforms	Various administrative reforms considered	Makes a number of administrative reforms to FCIC / RMA operations

7) enact several administrative and technical changes to the FCIC and Risk Management Agency structure.

Combest's goal is to secure committee approval of a bill before the August congressional recess.

While Lugar's bill would require budget offsets to pay for its fiscal 2000 provisions, Combest's legislation would be funded from the \$6 billion over five years set aside in the budget specifically for crop insurance reform.

## Senate Still Debating Agriculture Appropriations Bill

After reaching a compromise on debate rules for managed care reform, the Senate is expected to pass the fiscal year 2000 agriculture appropriations bill (S. 1233) in the near future.

Last week, Democrats brought legislative activity in the Senate to a halt by attempting to attach their "Patients Bill of Rights" legislation (S. 6) as an amendment to the agriculture spending measure. Republicans have their own managed care bill and were unwilling to allow the Democrats to use an appropriations bill as a vehicle for that issue. Democrats stated that they would end their filibuster on S. 1233 if the Republicans gave them a guaranteed amount of time to debate the health-care matter.

On Tuesday, the two camps reached an agreement that will allow S. 1233 and other appropriations measures to proceed. The compromise came only after the failure of Republican attempts to break the logjam by using a procedural mechanism called a cloture vote. If 60 senators vote for cloture on a bill, then a filibuster is ended and the measure in question can proceed under limited debate. On June 28, the cloture vote on S. 1233 failed by a vote of 50-37. Talks in the Senate then intensified, and Democrats received a promise from Republican leaders for a full week of debate on health care in return for ending the filibusters on the spending bills.

S. 1233 contains a total of \$60.7 billion in spending authority for fiscal year 2000. Most of that goes toward mandatory programs, including food stamps and school lunches. Approximately \$14 billion in discretionary spending would fund day-to-day operations at USDA.

Sen. Tom Harkin, D-Iowa, has repeatedly stated his intention to offer an amendment to S. 1233 to add \$6.5 billion in emergency spending for producers suffering from adverse commodity prices, although it previously was rejected on a party-line vote during the Agriculture Appropriations Subcommittee's consideration of the bill earlier this month. The funding would include:

- ◆ \$3.9 billion in market loss payments.
- ◆ \$1 billion to buy soybeans for overseas donations.
- ◆ \$430 million in disaster assistance.
- ◆ \$355 million for Section 32 commodity purchases.
- ◆ \$347 million for the Step-2 cotton program.
- ◆ \$180 million in livestock feed assistance.
- ◆ \$245 million in aid to dairy and peanut producers.

The House passed its version of the fiscal year 2000 legislation (H.R. 1906) on June 8. That bill also contains \$60.7 billion in spending, but \$100 million less in discretionary monies for the USDA's buildings and maintenance accounts.

## House and Senate Committees Discuss Ag Trade

Calling the upcoming round of World Trade Organization negotiations a "turning point," Secretary of Agriculture Dan Glickman and U.S. Trade Representative Charlene Barchefsky outlined the Clinton administration's trade negotiating goals for U.S. agriculture when the 134-nation group convenes Nov. 30 in Seattle.

Appearing before the House Agriculture Committee on June 23, Barchefsky said the administration would seek to broaden export markets by pursuing the following "bold" agenda during the WTO negotiations:

- ◆ A substantial reduction in tariffs.
- ◆ Raised ceilings for tariff rate quotas.
- ◆ The elimination of export subsidies.
- ◆ A reduction in trade-distorting domestic supports.
- ◆ Transparency in the operations of state trading enterprises, such as the Canadian Wheat Board.
- ◆ Scientific and transparent regulatory processes for new technologies (including biotechnology).

Barchefsky said particular focus would be placed on reforming the European Union's Common Agricultural Policy, which she said accounts for \$60 billion in trade-distorting subsidies and 85 percent of the world's export subsidies. She also said that China's accession to the WTO would be a top priority and that the agricultural portion of

the U.S.-China bilateral negotiations was complete. She said the U.S.-China agricultural package provided for far greater market access for U.S. produce, as well as a "renunciation of export subsidies."

In their opening statements, Committee Chairman Larry Combest, R-Texas, and Ranking Minority Member Charles Stenholm, D-Texas, both highlighted the need for a rapid increase in markets overseas. Stenholm also urged that the negotiations be completed in three years.

In his opening statement to the Senate Agriculture Committee on June 24, Chairman Richard Lugar, R-Ind., stated that the negotiations must be conducted according to three principles, including: 1) a reduction in trade-distorting subsidies; 2) improved rules of enforcement; and 3) comprehensive negotiations. In addition, he expressed his disappointment over the administration's failure to actively work for the renewal of the President's "fast-track" trade negotiating authority. Fast-track refers to the process by which Congress has 90 days to approve or disapprove trade agreements, without the possibility of amendment.

Barchefsky responded to this issue in both the House and Senate hearings by stating the administration strongly supports fast track and would work for its renewal as part of a comprehensive trade bill now being drafted by the Senate Finance Committee.



(“LDP” continued from page 1)

**National LDP Rate Not Applicable to 1999-Harvested Wheat:** Importantly, Glickman also announced that a uniform national LDP rate, if it eventually is adopted, would **not** apply to 1999-harvested wheat. One reason for this action, the NGFA learned, was that USDA’s Office of the General Counsel is opposed to making retroactive payments to producers who may be eligible for a higher payment under a uniform national LDP rate but who have already obtained an LDP under the current posted county price-based system.

Glickman’s statement did not preclude the adoption of a uniform national LDP rate for fall-harvested crops. But adopting a different LDP-rate-determination system for feed grains, soybeans and minor oilseeds likely would generate major complaints from the wheat sector. That makes it increasingly likely that USDA will retain its current PCP-based system for the 1999 crop year.

Under the new approach, USDA would announce a single LDP rate on a daily basis that would apply nationwide to each class of wheat, feed grain and soybeans. The national rate would continue to be announced on a weekly basis for minor oilseeds, such as canola and sunflower. The national LDP rate would be based off the same major terminal markets used under the current PCP-based system. The adjusted price at each terminal for the preceding day and the loan rate in the county where the terminal is located would be calculated and then averaged, dropping the high and low values (olympic average), to determine the LDP rate that would apply to all counties equally. [See chart on page 5 of *NGFA Newsletter*, June 3, 1999.]

Glickman had suggested that public comment might be sought on the uniform national LDP rate, in response to questions raised during a June 16 hearing conducted by the House Agriculture Committee. Glickman used the hearing to make USDA’s case for the new rate system. [See *NGFA Newsletter*, June 17, 1999.]

**Self-Certification of LDP Quantities:** Under the loan program notice (*Notice LP-1689*) issued June 23, producers no longer will be required to submit production evidence at the time the LDP is requested. But the production evidence still will be required **if** the producer is picked randomly for a spot-check audit by the Farm Service Agency county office. Bin measurements will be considered an acceptable form of production evidence for producers who are spot checked, so long as the producer pays the measurement service fee.

The notice states that if the commodity has been sold, producers who are spot checked will be required to present delivery or sales evidence to verify the quantity and delivery date they have self-certified. In another change, the notice states that scale tickets will be acceptable production evidence for LDPs if they contain the required information and

are issued by an entity other than the producer. The notice also states that the FSA county office is to request a copy of the contract for producers who are spot-checked to verify that the producer retained beneficial interest at the time the LDP was requested. If the commodity has been fed, the FSA county office is to calculate the maximum eligible quantity by multiplying the producer’s harvested acres by a “reasonable” production yield.

The notice also states that USDA will base the LDP rate on the rate in effect on the **date requested**, rather than the date on which the LDP rate application is **approved**, so long as the producer still has beneficial interest in the commodity. This provision applies to producers using the Form CCC-666-LDP. For producers who requested an LDP for 1999-harvested crops before the notice was issued, FSA county offices are instructed to recalculate the LDP rate using the higher of the rate: 1) in effect on the date requested; or 2) in effect on the date the LDP request is approved.

**Beneficial Interest Rules Unchanged:** The notice also reiterates that the producer still will be required to retain beneficial interest in the commodity to be eligible for an LDP. Producers are considered to have “beneficial interest” in the commodity if, at the time the LDP is requested, he/she has:

- ▶ **control of the commodity.** That is, the ability to make all decisions affecting the commodity, including movement, the right to sell or pass title, or the ability to request a loan or LDP.
- ▶ **risk of loss or damage to the commodity.** If the commodity is insured, any indemnity must be payable to the producer.
- ▶ **title to the commodity.** The producer is considered to have transferred title if he/she has sold or delivered the commodity to the buyer or delivered warehouse receipts to the buyer. Specifically, USDA states that the producer loses “beneficial interest” at the time he/she signs any contract that contains clauses that restrict the producer’s right to make decisions on whether to obtain a loan or LDP from the Commodity Credit Corporation.

USDA has ruled that certain types of advance sales contracts, contracts-to-sell, price-later contracts and contracts for future delivery of grain (such as delayed price or deferred-payment contracts) violate the “beneficial interest” rules if the contracts give the buyer an interest in the commodity at a time specified in the contract or at a time implied by law.

Once the producer loses “beneficial interest,” the commodity remains ineligible for a loan or LDP, even if the producer subsequently regains control, risk of loss and title to the commodity.

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("LDP" continued from page 5)

**Other LDP-Related Issues:** There were these other developments concerning the LDP program this week:

▶ **LDP Forms:** USDA has dropped plans to streamline and combine LDP forms. Instead, it will retain the Form CCC-709 (field-direct) and the Form CCC-666-LDP (basic). USDA also will retain the separate LDP form that existed last year for cotton. The Form CCC-666-LDP is used after harvest and delivery, and applies to warehouse-stored grain for which warehouse receipts have been issued, as well as to farm-stored grain. The Form CCC-709 is executed before harvest and delivery and allows a producer to designate varying quantities of production to be eligible for an LDP.

▶ **Cost of Uniform National LDP Rate Approach:** USDA has now raised the estimated additional cost of

switching to a uniform national LDP rate to \$600 million, according to the Office of the Chief Economist, compared to the PCP-based system in place for 1998 crops. The White House Office of Management and Budget reportedly has estimated the cost at up to an additional \$1.5 billion.

▶ **Educational Video:** USDA's Farm Service Agency is producing an educational video on the operation of the LDP program to be distributed to FSA state and county offices, which is designed to provide information to producers. However, USDA officials told the NGFA that certain portions of the video will need to be reshot to reflect certain changes to the LDP program agreed to during the training session conducted for state FSA directors on June 15-18 in St. Louis, Mo.

▶ **Revised Loan Program Handbook:** A revised loan program handbook on the LDP program is being prepared and should be issued in about two weeks.

## Federal Warehouse Exam Fees to Increase 2 Percent Effective Oct. 1

The U.S. Department of Agriculture has issued a notice increasing the examination fees for federally licensed warehouses by 2 percent, effective Oct. 1.

The fee increase, which was published in the June 29 edition of the *Federal Register*, is designed to recoup the operational costs of the federal warehouse program for the coming fiscal year. It is the third consecutive year in which USDA has increased federal warehouse examination fees, although the 2 percent level is far less than the approximately 7.5 percent fee increase that took effect Oct. 1, 1998 and the up-to-10 percent fee increase that took effect Oct. 1, 1997. Following the latest increases for fiscal year 2000, federally licensed warehouses will be paying about 55 percent of the cost of performing federal warehouse examinations. USDA's Commodity Credit Corporation finances the remaining 45 percent for Uniform Grain and Rice Storage Agreement warehouses that provide marketing-assistance loans to producers or store CCC-owned grain. As recently as fiscal year 1997, CCC was paying approximately 65 percent of the cost.

The increases apply to facilities handling commodities licensed under the U.S. Warehouse Act, including grain, cotton, cottonseed, tobacco, wool, dry beans, nuts and syrup. Approximately 1,100 grain warehouses currently are licensed by USDA under the U.S. Warehouse Act and are inspected by federal warehouse examiners. The new fee schedule will be assessed on the federal warehouse's annual anniversary date.

The fee increase is **not** subject to public comment as a result of a change that took effect in 1994, which authorized USDA to issue notices of fee changes necessary to recover the costs of the federal warehouse program.

The accompanying chart compares the new examination fee schedule with fees currently charged to federally licensed warehouses. Other fees assessed by the agency under the U.S. Warehouse Act include:

- ▶ an \$80-per-license charge for issuing a federal warehouse license, or reissuing or duplicating such a license.
- ▶ a \$35-per-license fee for licensing individuals to inspect, sample, grade, classify or weigh commodities under the U.S. Warehouse Act.

Importantly, the fee increase does **not** affect UGRSA warehouses, whose annual contract fees were suspended by CCC effective April 1, 1997.

Federal Grain Warehouse Examination Fees (In Bushels; Effective Oct. 1, 1999)				
Licensed Capacity (Bushels)	Annual Fee for Each Warehouse Location <u>with</u> UGRSA		Annual Fee for Each Warehouse Location <u>without</u> UGRSA	
	New	Current	New	Current
1 to 150,000	\$ 160	\$ 155	\$ 285	\$ 280
150,001 to 250,000	315	310	575	565
250,001 to 500,000	470	460	850	835
500,001 to 750,000	635	620	1,150	1,125
750,001 to 1,000,000	785	770	1,430	1,140
1,000,001 to 1,200,000	945	925	1,715	1,680
1,200,001 to 1,500,000	1,095	1,075	1,995	1,955
1,500,001 to 2,000,000	1,255	1,230	2,280	2,235
2,000,001 to 2,500,000	1,415	1,385	2,570	2,520
2,500,001 to 5,000,000	1,565	1,535	2,845	2,790
5,000,001 to 7,500,000	1,730	1,695	3,140	3,080
7,500,001 to 10,000,000	1,885	1,850	3,430	3,365
10,000,001 +	\$1,885 plus \$50 per million bushels of capacity above 10 million or fraction thereof	\$1,850 plus \$50 per million bushels of capacity above 10 million or fraction thereof	\$3,430 plus \$90 per million bushels of capacity above 10 million or fraction thereof	\$3,365 plus \$90 per million bushels of capacity above 10 million or fraction thereof

## UGRSA Prohibits Agreements Limiting Right to Redeem Loan Grain

With depressed cash grain prices, prospects are good that the Commodity Credit Corporation's loan and loan deficiency programs will be utilized extensively by producers this year, and that some loan forfeitures likely will occur.

In that regard, the Uniform Grain and Rice Storage Agreement contract contains a provision that prohibits warehouse operators from entering into "any agreements with producers limiting their right to redeem CCC-loan grain." This provision of the contract [Part III, Section G.1] also states that, "CCC will not pay for any charges on grain during any part of the contract year in which the producer's right to redeem price support grain has been limited by the warehouse operator."

USDA officials told the NGFA this week that this provision does **not** preclude warehouse operators from offering producers incentives (such as free storage or transportation services) to attract warehouse-stored loans. But it does prohibit warehouse operators from requiring producers to forfeit the commodity as a precondition to obtaining such incentives.

In related developments:

▶ CCC is continuing its policy, initiated in October 1998, in which it will offer for immediate sale forfeited loan grain collateral, including corn, wheat and soybeans. Under the policy, Farm Service Agency county offices will retain forfeited warehouse receipts for five business days before forwarding the receipts to the Kansas City Commodity Office. Warehouse operators are responsible for contacting their local FSA county

office to determine which warehouse-stored loans have been forfeited.

Warehouse operators accepting delivery of forfeited farm-stored loan collateral, or warehouse operators who issued the forfeited warehouse receipt, will be offered first opportunity to purchase the stocks. Warehouse operators are required to purchase the entire quantity shown on the Form CCC-691 or the forfeited warehouse receipt; no split warehouse receipts are permitted.

Payment for the commodity is required to be made at the FSA county office within five business days of the purchase date; if payment is not received within this time period, CCC assesses an interest penalty.

▶ CCC will continue to make "low-quality" forfeited loan collateral available for immediate purchase. For low-quality deliveries from producers, the warehouse operator is required to contact the KCCO by telephone before issuing a warehouse receipt for CCC's account. USDA defines as "low quality" all grains, rice and oilseeds grading: 1) U.S. No. 3 because of damage; 2) U.S. No. 4; 3) U.S. No. 5; and 4) sample grade. USDA also considers grain, rice and oilseeds whose moisture content exceeds 14.5 percent to be "low quality" and thus eligible for immediate purchase.

USDA officials also said a notice to the industry is being prepared that will spell out procedures governing emergency storage and forwarding of grain this harvest season. They said the notice should be issued within the few weeks.

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### *("Web Site" continued from page 1)*

During the approximately two-minute survey, facility managers will be asked if they purchase genetically enhanced corn that has been approved for domestic use in the United States, but not by the European Union (such as Roundup Ready™ corn, StarLink™ corn and/or Pioneer YieldGard™ corn stacked with Liberty Link™). If so, the manager will be asked if he/she would be willing to have the facility listed on the web site as a potential outlet for marketing such corn for domestic use this harvest season.

The web site will be hosted by the American Seed Trade Association [www.amseed.org], and will be accessible by producers, seed companies and grain handlers. The only facility names and locations to be listed will be those that indicate a willingness to handle EU-unapproved genetically enhanced corn. To keep the list current and accurate, the seed companies said facilities will be given a toll-free telephone number that can be used to change their status. The seed companies said they hope to have the web site operational by harvest. Seed companies sponsoring the

web site include AgrEvo, Garst, Monsanto, Mycogen, Novartis and Pioneer Hi-Brid. The survey and web site have been formally endorsed by the National Corn Growers Association, U.S. Grains Council and the Corn Refiners Association.

The web site is an extension of the seed companies' efforts to encourage producers to market corn that has not received EU approval in domestic channels. Approximately 3.13 million acres -- representing about 4 percent of planted corn acres -- consists of seven genetically enhanced varieties not approved by the EU, whose health ministers last week announced a three-year moratorium on the planting of genetically enhanced commodities in Europe.

**NGFA Developing White Paper:** In an effort to inform and enable members to better manage risk this harvest season, the NGFA is developing a white paper on biotechnology in the grain, feed and processing industry. Subjects addressed will include the U.S. government's process for approving genetically enhanced grains; the status of foreign market approvals; testing; and other topics. The white paper is scheduled for publication within the next month.



## MEMBERSHIP MATTERS

by todd kemp  
director of marketing

# MEMBERSHIP MADNESS BEGINS JULY 15!

What do the companies at the right and 243 others have in common? They all are members of the NGFA's Top 250 list, a compilation of prospects on which membership efforts are focused. And, they will be targets during *Membership Madness*, a 30-day frenzy of intense membership recruiting activity by all NGFA members.

JoAnn Brouillette, partner, Demeter LP, Fowler, Ind. and chair of the NGFA's Membership Recruiter Network, has decreed that *Membership Madness* will begin on July 15. During this period, all NGFA members will be asked to dedicate additional time and effort to recruiting new member companies to the NGFA. Through Aug. 15, all successful membership sponsors will be eligible for a random drawing to be held at 5 p.m. eastern time on Aug. 15. The winner will receive a fabulous prize package to be announced in this space in your next *NGFA Newsletter*.

**What Can You Do?** Commit to contacting at least your two best membership prospects during *Membership Madness*. Take a little time to think about NGFA services that will benefit your prospect. Then, pick up the telephone and call them; invite them to become NGFA members and share with them your positive experiences with the NGFA. Be sure to contact the NGFA staff (Todd Kemp or Rhonda



Warren) to coordinate sending membership materials, get talking points, or for any other kind of support you need.

**How Do I Know Who's Not a Member?** Check your NGFA Directory/Yearbook. If your prospect is not listed, they're probably not a member. For the latest update since the Directory was published, you can check the NGFA's web site at [www.ngfa.org](http://www.ngfa.org) for lists of new members or previous members who have not renewed their membership.

Through the end of *Membership Madness*, each edition of the *NGFA Newsletter* will list a handful of non-members from the NGFA's Top 250 list. If you have contacts with these companies or suggestions for recruitment strategies, please contact Todd or Rhonda.

Watch this space for more priority targets in your next *NGFA Newsletter!* And go sign up those prospects for *Membership Madness!*