NGFA Newsletter

Volume 52, Number 19, October 19, 2000

Aventis Seeks End-Users for StarLink™ in Eastern Corn Belt

...USDA Clarifies Process for Seeking CCC Approval as StarLink™ Destination Site...

Aventis CropScience has alerted the NGFA that it is seeking facilities in the Eastern corn belt region of Indiana, Illinois, Ohio and Kentucky that are willing to be designated as facilities for handling StarLink™ corn. Interested companies should contact "StarLink Logistics" at 1-866-785-8665.

In addition, Aventis CropScience Vice President and General Manager John Wichtrich told NGFA President Kendell W. Keith on Oct. 19 that the company is willing to supply test kits to any processing operation, including grain elevators, that can demonstrate "tangible evidence" of StarLink being received at the facility. But he said the company may need to ration the test kits depending upon the demand.

Wichtrich also denied press reports that Aventis had agreed to purchase StarLink corn or commingled corn containing StarLink that had been received at commercial facilities. Aventis was scheduled to issue a statement late today in response to discussions with some state government officials about amending the company's "stewardship program."

Meanwhile, U.S. Department of Agriculture officials told the NGFA that as of Oct. 19, approximately 230 facilities have been "approved" by the Commodity Credit Corporation as destinations for StarLink corn. About a dozen additional applications are pending. USDA officials also clarified with the NGFA the process being used by Aventis CropScience, its contractor and CCC to "approve" facilities as StarLink destination sites. Here's how the process works:

- Facilities wishing to seek CCC approval are to contact "StarLink Logistics" at 1-866-785-8665. One of the contacts there with whom facilities can speak is Greg Bower.
- Representatives at "StarLink Logistics" will conduct a brief interview with the manager of facilities seeking CCC approval to determine if the facility meets the three approval criteria, which are as follows: 1) A willingness to receive StarLink corn; 2) An agreement that the facility will be the "direct end-user" of StarLink corn delivered to the facility (e.g., a feedlot, domestic feed mill or industrial ethanol plant that does not produce a byproduct used in human food or export trade; and 3) An agreement that the StarLink corn and/or its derivatives are only to be used for domestic non-food industrial uses and domestic animal feed.

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ALERT!

Book Your Hotel Rooms NOW for Country Elevator Council/Feed Industry Council

Hotel rooms will be at a premium during the weekend of the NGFA's Country Elevator Council and Feed Industry Council conferences on Dec. 3-5 in Kansas City.

The reason? The Big 12 championship football game will be held at Kansas City's Arrowhead Stadium that weekend! So, now that harvest is wrapping up in much of the corn and soybean belt, there's a sense of urgency in making your hotel reservation NOW for two of the best, most business-focused and most relevant conferences of the year for country elevator managers and feed manufacturers. **DO SO BY CALLING THE WESTIN CROWN CENTER at 1-816-391-4400** or toll-free to Westin's Hotel Reservation's office at **1-800-228-3000**. Be sure to identify with the NGFA to get the special room rate of $105 per night, single or double occupancy. **Importantly, if you have difficulty obtaining a room, call Betty Reiser at the NGFA at (202) 289-0873.**

Note, too, that a new session has been added to the program: "StarLink™ Corn: Managing Domestic Market Implications." Confirmed speakers include **John A. Wichtrich**, vice president/general manager, Aventis CropScience, Research Triangle Park, N.C., who has been the company's point person in addressing the issue with government and industry. For more, see the enclosed flyer. You can register on-line by accessing the NGFA's web site at www.ngfa.org. Updated program information also is available on the NGFA's web site. **Make your plans to attend today!**

by David C. Lindsay
Director of Legislative Affairs

Congress Searches for Finish Line as Election Nears

Congress this week continued work on appropriations bills for fiscal year 2001 (which began Oct. 1), as congressional leaders tentatively set Oct. 26 as the new target date for adjournment for the fall elections.

As of today, 10 of the 13 annual appropriations bills have **not** been signed into law yet, although some are awaiting President Clinton's signature and most of the remainder are nearing completion. In an effort to reach concurrence on the spending bills, it is estimated that Congress has authorized more than $100 billion in excess spending beyond that authorized in the 1997 Balanced Budget Act, which will have to be amended to accommodate the new spending level before Congress leaves.

Government agencies that have not had their annual spending bills passed have been operating under a series of stopgap funding measures known as "continuing resolutions." These measures, which are passed by both chambers and signed by the president, allow the agencies to keep operating under existing spending levels for short periods of time.

The following is an update on legislation of interest to the grain, feed and processing industry:

Agricultural Appropriations Bill Includes Payment Limit Increase: The Senate on Oct. 18 voted 86-8 to approve the fiscal year agricultural appropriations bill, which includes a doubling of the payment limit for marketing loan gains and loan deficiency payments to $150,000 for the 2000 crop year. The bill also includes $600,000 for the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration to establish its biotech testing validation laboratory in Kansas City, Mo.

In addition, the bill appropriates $3.6 billion in emergency spending, and exempts food and medicine from unilateral economic sanctions. Of the emergency spending, $1.6 billion would be earmarked to reimburse producers for crop losses caused by drought and disease, $450 million for livestock pasture losses and $500 million for dairy producers. The remainder would help repair damage from Western forest fires. The bill also includes a sanctions reform provision that exempts food and medicine from all unilateral sanctions against Libya, Iran, North Korea, Sudan and Cuba, and requires the president to consult with Congress before new food and medicine sanctions are imposed. However, Cuba would not be eligible for private U.S. financing. Vendors to Cuba would be able to secure financing from foreign (third-party) sources. In addition, travel restrictions to Cuba for U.S. citizens would be codified into law.

President Clinton has indicated that he will sign the bill, which previously was passed by the House on Oct. 11, despite reservations concerning the sanctions reform provisions and a provision concerning re-importation of prescription drugs.

Legislation Reauthorizing U.S. Grain Standards Act, Rewriting U.S. Warehouse Act Awaiting Final Action: Legislation (H.R. 4788) that would reauthorize the U.S. Grain Standards Act (which governs the operation of the official grain inspection and weighing system) and rewrite and modernize the U.S. Warehouse Act traveled a circuitous route through the Capitol this week.

The House passed the bill on Oct. 10. The Senate followed suit on Oct. 12, but only after adding several provisions unrelated to either the U.S. Grain Standards or U.S. Warehouse Act. The bill then traveled back to the House, which passed the bill again, but only after adding further unrelated provisions. Currently, the bill is before the Senate, which must decide whether to accept the latest House additions. These issues must be resolved before a final package can be sent to the White House for President Clinton's signature.

The sections of the bill pertaining to the U.S. Grain Standards Act would reauthorize for five years – through September 2005 – the operation of the U.S. Department of Agriculture's Federal Grain Inspection Service and its ability to collect inspection and weighing fees. It also includes provisions strongly advocated by the NGFA that would: 1) reduce from the current 40 to 30 percent the cap on the federal grain inspection program's administrative and supervisory costs; and 2) a provision that provides flexibility to the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration to continue pilot programs that allow more than one official grain inspection and weighing agency to provide official services in a given geographic area. The bill also contains a provision that prohibits the use of additives to disguise grain quality.

The U.S. Warehouse Act amendments would update the current law to allow federally licensed warehouse operators to issue electronic warehouse receipts for grain, as well as electronically transmit, under the authority of the U.S. Warehouse Act, other business documents (such as grade and weight certificates, phytosanitary certificates, bills of lading, export evidence certificates and other documents required by letters of credit). The legislation also would improve the current statute by: 1) authorizing warehouse operators to enter into contracts or agreements with depositors to allocate available commercial storage space; 2) clarify that warehouse operators are not obli-

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gated to store commodities not customarily handled in the area; 3) specifically authorize commingling of grain; 4) authorize USDA to accept financial instruments other than bonds (such as letters of credit or Treasury bills) to cover deficiencies in net worth; 5) expressly recognize the enforceability of arbitration for resolving disputes between warehouse operators and depositors; 6) require USDA to minimize examination fees, improve efficiencies and reduce costs of the federal warehouse system; 7) remove most economic regulation of storage and handling rates; and 8) protect the integrity of state warehouse laws and regulations from federal preemption.

Update on Other Bills: In other legislation of interest to the industry:

- **Truck Driver Hours of Service Rule Changes:** The transportation appropriations bill (H.R. 4475), which is awaiting Clinton's signature, contains a provision that would prevent the U.S. Department of Transportation's Federal Motor Carrier Safety Administration from implementing for one year changes to its regulations governing the hours-of-service requirements for commercial truck drivers. However, the bill does not prohibit the agency from continuing its rulemaking process toward the eventual promulgation of a final rule. The agency's proposed rule, which is adamantly opposed by the NGFA, the American Trucking Associations and numerous other business organizations, would revise the existing rules to classify truckers as one of five categories, each of which would have its own driving time limits. The category covering most drivers who operate vehicles for grain, feed and farm supply businesses would limit drivers to no more than 12 hours on-duty at a stretch, with a mandatory 12-hour rest period to follow.
- **Missouri River Flow:** The House today (Oct. 19) approved a revised version of the energy and water appropriations bill previously passed by the Senate on Oct. 12 that eliminates a provision that would have prohibited the U.S. Army Corps of Engineers from implementing a controversial new management plan for the Missouri River. The management plan would allow higher water flows during the spring, which could increase the risk of floods and impede barge traffic. Clinton had vetoed the earlier version of the bill that would have banned the corps from implementing the controversial plan.
- **Commodity Exchange Act Reauthorization:** As the ***NGFA Newsletter*** went to press, the House was scheduled to begin consideration of its version of legislation reauthorizing the Commodity Exchange Act. The bill would ease regulation of futures contracts (with the exception of agriculture contracts). This is the latest attempt to approve legislation following months of negotiation between the House and Senate. However, some senators still may oppose the bill, and its passage is uncertain.
- **Water Resources Development Act:** On Oct. 19, the House passed 394-14 its version of a water resources development bill that, among other things, would authorize U.S. Army Corps of Engineers waterways maintenance and development projects, and port dredging. The Senate passed its version (S. 2796) in September. Differences between the two bills need to be resolved before a final version can be sent to the White House for the president's signature.

Feed Facts

by Randall C. Gordon
V.P., Communications/
Gov't Relations

NGFA Appointed to U.S. Delegation to International Animal Feed Talks

The NGFA has been notified that it has been appointed by the U.S. Codex Office and the Food and Drug Administration to serve on the official U.S. delegation to the *Ad Hoc* Codex International Task Force on Animal Feeding.

The *ad hoc* task force of the Codex Alimentarius Commission is in the beginning stages of developing international standards that would govern feed manufacturing and animal feeding practices. "We appreciate the NGFA's interest in working with Codex representatives on this important international issue," wrote Dr. Stephen F. Sundlof, director of FDA's Center for Veterinary Medicine and the U.S. delegate to the *ad hoc* Codex task force. The Pet Food Institute, with which the NGFA has a strategic alliance, also received notification that it has been appointed to the official U.S. delegation.

Codex is an international U.N. body created by the World Health Organization and the Food and Agriculture Organization that develops international consensus standards to protect human and animal health and safety. Importantly, the outcomes of this Codex *ad hoc* task force's deliberations could have an impact on U.S. regulatory standards governing animal feed manufacturing and animal production practices. In particular, such issues as hazard analysis and critical control point (HACCP)-based standards, traceability of feed and animals to the farm and on-farm feed manufacturing standards are being discussed by this Codex ad hoc task force, which is scheduled to conduct its next meeting on March 18-21 in Copenhagen, Denmark.

Country/Terminal Corner

by Randall C. Gordon
V.P., Communications/
Gov't Relations

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- "StarLink Logistics" then will fax the facility manager a "StarLink destination approval form" that contains the approval criteria referenced above and includes the following statement: "Our use of StarLink corn at this location is consistent with the preceding regulatory restrictions. We are a domestic animal feed manufacturer and none of the products, co-products, or byproducts produced from this StarLink corn will either directly or indirectly be sold to food channels or export channels." A copy of this form is available is available in the "StarLink" section on the home page of the NGFA's web site at www.ngfa.org. Look for the document entitled "StarLink Destination Approval Form." Facilities seeking approval are to fill out, sign and fax the form back to "StarLink Logistics" at 1-402-595-4360.

- "StarLink Logistics" then faxes the forms to USDA's Kansas City Commodity Office, which reviews and approves the destinations on behalf of CCC. KCCO then faxes notification of approval back to "StarLink Logistics," which is responsible for notifying the facility that it is approved. KCCO officials told the NGFA that they typically approve facilities within 48 hours after receipt of the form from "StarLink Logistics."

Importantly, USDA officials told the NGFA on Oct. 19 that CCC approval of a facility as a StarLink destination is **not required** in cases where StarLink corn already has been delivered to a commercial facility and/or the producer is not selling on-farm StarLink corn directly to CCC. [See accompanying "Aventis 'Enhanced Stewardship Program' Communication to Growers."] However, as a practical matter, facilities still may wish to obtain such approval if they do not know the contractual arrangement under which the producer is selling his or her StarLink corn. The 25-cent-per-bushel incentive payment applies to all StarLink corn and corn of other varieties grown within a 660-foot buffer zone around the StarLink acres, even if that buffer strip is located across a road or on another producer's property.

Meanwhile, an NGFA member attorney has advised that facilities that unknowingly accepted deliveries of StarLink corn and commingled it with non-StarLink stocks may also wish to contact their insurance carriers in addition to their attorneys in assessing any resulting devaluation of stocks that may have occurred.

Aventis Agrees to Cancel Registration of StarLink Corn; Marketing of Crop Still Permitted: At the "strong urging" of the Environmental Protection Agency, Aventis CropScience on Oct. 12 voluntary canceled the registration for StarLink corn. The action means that StarLink corn no longer can be planted for any agricultural use. But importantly, it does not ban the marketing into approved domestic animal feed and domestic industrial non-food uses the StarLink corn that already has been produced from the 2000 and previous crop years.

"…[B]ecause Aventis was responsible for ensuring that StarLink corn (would) only be used in animal feed, and that responsibility clearly was not met, (the action to cancel the registration) clearly was necessary," said Stephen Johnson, EPA deputy assistant administrator for pesticides. "The remaining StarLink corn must be used only for animal feed or industrial uses until existing stocks are depleted."

Aventis 'Enhanced Stewardship Program' Communication to Growers: Aventis CropScience on Oct. 13 began sending "StarLink Enhanced Stewardship Program" letters and "commitment forms" to growers who purchased StarLink seed. The communication, which requested a response by Oct. 20 but which may be extended, presents the producer with four options:

- Agree to feed all StarLink corn production (including buffer zone bushels) on-farm, in exchange for a 25-cent-per-bushel for each estimated bushel of StarLink or buffer zone corn fed. Currently, this option requires the producer to feed the corn by May 1, 2001. But Aventis' Wichtrich told the NGFA on Oct. 19 that the company would work with any producer who needs an extension in the May 1 deadline to complete feeding.

- Agree to market all or part of his/her StarLink production to a destination approved by "StarLink Logistics," in exchange for the 25-cent incentive payment over market price paid for the corn. The premium is paid on the bushels actually delivered (based upon scale tickets), which are verified by "StarLink Logistics" based upon estimates of the amount of StarLink corn grown by the individual producer. The deadline for marketing the corn is May 1, 2001. Under this option, the corn is **not** sold to CCC. Growers agreeing to this arrangement "may" also be eligible for reimbursement of additional freight expenses if delivered outside his/her normal marketing area, but will not be reimbursed for storage. Reimbursement for additional freight expenses requires that the grower obtain prior approval from "StarLink Logistics" prior to delivery.

- Agree to sell all or part of his/her StarLink production to CCC, at the 25-cent incentive payment over the **Oct. 2 posted county price (PCP)** in the county where the grain was produced. CCC or its agent will arrange and pay for disposition of the corn, and a storage payment may be made to the producer if there is a delay in moving the corn. Under this option, the StarLink producer enters into a purchase contract with CCC and receives an "advance" payment from CCC amounting to 90 percent of the Oct. 2

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by Randall C. Gordon
V.P., Communications/
Gov't Relations

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PCP for bin-stored StarLink or 70 percent for estimated ground storage. A CCC/Aventis representative visits the farm and physically identifies and placards the StarLink bushels. After the bushels are moved, a final settlement is made with the producer based upon the actual quantity moved, any storage payments owed to the grower, and any discounts off the U.S. No. 2 yellow corn price at the destination point.

- Refuse to participate, in which case the producer does not receive the 25-cent-per-bushel incentive payment. A producer selecting this option will be sent a letter by Aventis: 1) confirming that he/she does not wish to participate; 2) stating that the producer will not receive the premium or freight/storage allowance; 3) reminding the producer "of his obligation" to deliver StarLink corn to a destination point approved by "StarLink Logistics" (a correction from the version originally mailed by Aventis which stated destination points needed to be "USDA-approved"; and 4) advising the grower that Aventis will notify federal agencies of the producer's unwillingness to participate.

StarLink, Buffer Zone Bushels Still Eligible for Loans, LDPs: In another StarLink-related development, USDA's Farm Service Agency on Oct. 10 issued a notice (LP-1758) reminding its state and county offices that producers remain eligible for nonrecourse marketing assistance loans and loan deficiency payments (LDPs) on StarLink and buffer zone corn bushels, so long as the producer still retains beneficial interest in the stocks. The notice states that producers should request nonrecourse loans and/or LDPs for StarLink and buffer zone corn in the "normal manner" before beneficial interest is lost, stressing that such requests must be made before the producer signs the CCC sales agreement for the StarLink bushels, at which time title transfers to CCC. The notice also states that FSA county offices receiving inquiries from producers about the StarLink corn situation should inform producers that: 1) StarLink and buffer zone corn can be stored in any farm structure, including piled on the ground; 2) any off-farm delivery of StarLink or buffer zone corn must be preapproved by Aventis if the producer has agreed to accept Aventis' purchase offer; and 3) they should contact Aventis CropScience directly toll-free at 888-283-6847 if they have further questions.

New York Times Focuses on StarLink Difficulties Facing Commercial Handlers, Food Companies: Finally, a front-page article in the Oct. 14 edition of ***The New York Times*** reported on the difficulty of commercial grain handlers in managing StarLink deliveries that have occurred unknowingly. The article quotes unnamed "grain industry" and "food company" executives, and contains excerpts from several articles contained in the ***NGFA Newsletter*** sent to members only. The NGFA's staff was not contacted by ***The New York Times*** in its preparation of this story and was not the source of the NGFA information obtained by ***The Times.***

KERNELS

There were these other recent developments of interest to the industry:

- **Glickman Announces Tighter Wheat Dockage Purchase Specs for CCC:** Secretary of Agriculture Dan Glickman announced Oct. 18 that the U.S. Department of Agriculture's Commodity Credit Corporation would again reduce – from 0.8 percent to 0.7 percent – the maximum acceptable dockage levels for wheat it purchases for international food donation programs. Glickman said CCC would further reduce acceptable dockage limits to 0.6 percent in fiscal year 2002 (which begins Oct. 1, 2001) and to 0.5 percent in fiscal year 2003 (which begins Oct. 1, 2002). USDA directed that CCC begin reducing the amount of dockage in its wheat purchase tenders in June 2000, when it reduced the level from 1 percent to 0.8 percent. "By tightening our standards, we can help improve the competitiveness of our wheat exports," Glickman proclaimed.

- **Mikkelsen, Linden Promoted to New Positions:** Two long-time USDA officials have been promoted to new positions. **Steven N. Mikkelsen**, formerly deputy director of the Farm Service Agency's Warehouse and Inventory Division, has been appointed director of FSA's Procurement and Donations Division, where he will administer CCC's milk price support program and its procurement of commodities for domestic and foreign food assistance programs. Previously, he served as chief of FSA's Licensing Authority Branch, which overseas the U.S. Warehouse Act, and was a warehouse examiner and commodity grader. A South Dakota native, Mikkelsen began his federal government career in 1977 and also worked with both the Federal Grain Inspection Service and Agricultural Marketing Service before joining FSA.

  Helen Linden, succeeds Mikkelsen as deputy director of FSA's Warehouse and Inventory Division, which is responsible for administering the U.S. Ware-

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by Randall C. Gordon
V.P., Communications/
Gov't Relations

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house Act and CCC's operations concerning commercial storage of loan commodities, as well as the storage, transportation and disposition of commodities acquired by CCC through marketing loan forfeitures. Linden has served as assistant to the deputy administrator for commodity operations since February 1998. Before that, she was chief of the Licensing Authority Branch and a marketing specialist in the Inventory Management and Storage Contract Branches of FSA's Warehouse and Inventory Division. A native of Illinois, she has been at USDA's headquarters since 1987, and also has been an agricultural program specialist in the Price Support Division.

- **USDA Announces AMTA Payments for 2001:** USDA has established fiscal year 2001 Agricultural Marketing Transition Act (AMTA) payment rates. By law, producers have the option to receive AMTA payments as two 50 percent payments or in one lump sum. Producers also can request the month in which they'll receive the AMTA payments. The payment rates for fiscal 2001 are as follows: 1) corn, 26.9 cents per bushel; 2) wheat, 47.4 cents per bushel; 3) barley, 20.6 cents per bushel; 4) sorghum, 32.4 cents per bushel; 5) oats, 2.2 cents per bushel; 6) rice, $2.10 per hundredweight; and 7) upland cotton, 5.99 cents per pound.

- **USDA Announces Signup for $500 Million Oilseed Program:** The U.S. Department of Agriculture began signup on Oct. 16 to make $500 million in payments for oilseeds that were authorized under the massive crop insurance bill ("Agricultural Risk Protection Act of 2000") passed earlier this year. To be eligible for the payments, a producer is required to share in the production of an eligible oilseed that was planted in 2000. The eligible oilseeds, and the projected payments for each, are as follows: soybeans (14 cents per bushel); canola (25.26 cents per hundredweight); crambe (25.26 cents per hundredweight); flaxseed (12.4 cents per bushel); mustard (32.22 cents per hundredweight), rapeseed (27.42 cents per hundredweight); safflower (34.14 cents per hundredweight); sesame (57.94 cents per hundredweight); and sunflowers (26.03 cents per hundredweight).

CFTC Seeks Comments on CBOT Changes to Corn, Soybean Futures

The Commodity Futures Trading Commission is seeking comments by **Nov. 13** on the Chicago Board of Trade's proposal to change certain specifications in its corn and soybean futures contract to respond to concerns over the lack of convergence between futures and cash prices.

In the Oct. 12 edition of the ***Federal Register***, the CFTC noted that it is considering the proposed changes under its "fast-track" procedures, under which the proposed amendments could be approved by the commission as early as Nov. 20, 2000. If approved by the CFTC, the CBOT intends to make the proposed amendments to its corn and soybean futures contracts effective on Nov. 1, 2001 for all existing and newly listed contract months beginning with the November 2001 contract. The proposed changes were approved by the CBOT's Board of Directors on Sept. 26.

The changes being proposed by the CBOT consist of the following:

- Increase the daily maximum storage rate (premium charge) to $0.0015 per bushel per day (4.5 cents per bushel per month). The CBOT said the proposal is designed to improve convergence by better reflecting commercial storage charges in the delivery territory during periods of high crop surpluses.
- Reduce the maximum number of shipping certificates that operators of delivery facilities are allowed to issue to 20 times registered daily rate of load out. The CBOT said it believes the proposed change will provide more timely load out to receivers. Currently, delivery facility operators can issue shipping certificates amounting to up to 30 times the registered daily load-out rate.
- Require the certificate issuer (maker) to include barge stevedoring in the 4-cent-per-bushel f.o.b. charge for barge load out. Currently, the shipping certificate owner (taker) pays for stevedoring costs.
- Continue storage charges until load out is completed. Currently, storage charges stop 10 days after transportation is constructively placed or load out is completed, whichever is earlier.
- Require the shipping certificate owner (taker) to reimburse the certificate issuer's (maker) for expenses if loading orders are canceled.
- Permit shipping certificate deliveries on the Illinois Waterway to occur in minimum increments of 5,000 bushels, instead of the current 55,000-bushel increments. The CBOT said this change is designed to make the delivery process more simple and flexible while minimizing the chances that less-than-barge-load quantities would remain outstanding on a shipping certificate.

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Country/Terminal Corner

by Randall C. Gordon
V.P., Communications/
Gov't Relations

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- Improve the merchantability of shipping certificates at shipping stations by adding a new provision requiring shippers to quote a price at which they will either buy shipping certificates from – or sell grain to – the holder to make up the balance for load out in the event a shipping station has less than 11 shipping certificates (55,000 bushels) outstanding.

Submitting Comments: Comments are due on or before **Nov. 13**, and should be submitted to: Jean A. Webb, secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 21st St., N.W., Washington, D.C., 20581. Comments also may be transmitted by fax to (202) 418-5521, or by e-mail to: secretary@cftc.gov. The CFTC advises that commenters reference the following: "CBOT's maximum permissible premium charge, maximum number of shipping certificates issuable and certain loading requirements."

NGFA Calendar

Nov. 13-14: **Grain Grades and Weights Committee**, NGFA Library/Conference Room, Washington, D.C.

Dec. 2: **Leadership Conference for State/Regional Affiliated Associations,** Westin Crown Center, Kansas City, Mo.

Dec. 3: **Feed Industry Committee Meeting**
Country Elevator Committee Meeting
Westin Crown Center, Kansas City, Mo.

Dec. 3-4: **Feed Industry Council Meeting**, Westin Crown Center, Kansas City, Mo.

Dec. 3-4: **NGFA Trade Show**, Westin Crown Center, Kansas City, Mo.

Dec. 4-5: **NGFA Country Elevator Council Meeting**, Westin Crown Center, Kansas City, Mo.

March 14-17, 2001: **105th Annual NGFA Convention**, Fairmont Hotel, New Orleans, La.

Rails, Rivers and Roads

by Kendell W. Keith
President

NGFA Expresses Concerns to STB Chairman Over Rail Merger Proposal

The NGFA's Rail Shipper/Receiver Committee expressed concerns over the Surface Transportation Board's proposed rules that would govern rail mergers and consolidations during an Oct. 11-12 meeting in Washington.

In an Oct. 12 meeting with STB Chairman Linda Morgan, the NGFA's committee cited the following major concerns about the STB proposal: 1) Contrary to public statements, the rule does not ensure enhanced competition among carriers after any subsequent mergers; 2) The rule does not adequately address how to maintain economic access to gateways, which are important in maintaining rail-to-rail competition; and 3) The rule fails to address any issues related to market compensation for damages incurred by rail customers related to rail mergers. The NGFA will be preparing official written comments that will be filed with the STB by the Nov. 17 deadline.

Meetings with Carriers: The Rail Shipper-Receiver Committee also met with representatives of three major carriers, the CSX Transportation Co., Norfolk Southern Railway and Union Pacific Railroad. One of the discussion items was fuel surcharges instituted recently by some carriers. Industry representatives conveyed the view that the railroads need to make the shipping community aware if they were choosing not to absorb fuel price risk. While such charges generally are objectionable from rail customers' perspectives, the shipping/receiving industry at a minimum needs to know up-front whether the risk of unexpected fuel price rise is considered a risk to be borne by the railroad or the rail customer, the NGFA committee said. Some NGFA committee members also suggested that fuel surcharges might be more acceptable if the railroads would share with customers the economic windfalls when oil prices decline unexpectedly.

Demurrage Rules: The NGFA committee also discussed extensively the recent changes to demurrage rules and rates implemented by the Union Pacific and Burlington Northern Santa Fe Railroads. Following the meeting, the NGFA sent separate letters to the two carriers that stated, in part: "Members (of NGFA) have indicated strong opposition to high levels of demurrage charges. There is a soft market (for rail cars), with greatly depressed prices…." The letters also noted that unless railroads enhance their own accountability for timely notice and delivery of equipment, as well as movement of loaded rail cars, higher demurrage rates would not be effective in raising performance levels in car and equipment utilization.

The NGFA asked each carrier to provide written justification for its respective demurrage rule changes, to be followed by further discussion to resolve the issue.

Membership Matters

by Todd Kemp
Director of Marketing

Meetings and Membership – A Potent NGFA One-Two Combination

Two of the NGFA's most popular and business-focused conferences of the year – the Feed Industry Council and Country Elevator Council – are just around the corner. They will be held at Kansas City's Westin Crown Center Hotel on Dec. 3-5.

This year, in addition to registering for the meetings yourself, why not invite your best membership prospect or two to attend? Many times, attending an NGFA meeting has prompted someone considering membership to finally take the plunge!

First-time registrants often are struck by the following: 1) the relevance and usefulness of NGFA meeting information to their business; 2) the sheer number of their friends and colleagues in attendance; 3) the opportunity to network, socialize and develop new business contacts; and 4) the sense of community and camaraderie that NGFA "regulars" have developed over the years. All these factors make becoming a member more attractive.

How do you go about it? A good first step is to call or e-mail the NGFA staff about sending program and registration information to your prospect. Then, you can follow up with a telephone call to your prospect with a personal invitation. One reason to join is that members are eligible for preferred registration rates. If your prospect attends as a non-member but later joins the NGFA within 30 days of the meeting, he/she can credit the spread between member and non-member registration rates toward payment of the first year's dues investment!

Look at this year's programs!

Sessions on the Starlink™ situation, with the Vice President/General Manager of Aventis CropScience. An e-commerce session designed to help develop strategies and harness the power of e-commerce for agribusinesses. Farm policy discussions about how next year's congressional actions will directly affect the industry. And much, much more.

Do your membership prospect a favor: Invite him/her to the Feed Industry Council and Country Elevator Council meetings. When prospects attend, odds are good that they will return next year as a member!

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TIME SENSITIVE