



## **USDA Sets Policy for Approving New Federal Grain Warehouse Licenses**

The U.S. Department of Agriculture has outlined the parameters it will use to determine eligibility of facilities for new federal grain warehouse licenses until the jurisdictional issue is resolved over federal-state regulation of grain merchandising activities at federally licensed warehouses.

In a letter dated Oct. 7 to House Agriculture Committee Chairman Bob Goodlatte, R-Va., which was shared recently with the NGFA by congressional staff, USDA Deputy Undersecretary for Farm and Foreign Agricultural Services Floyd D. Gaibler noted that USDA has not implemented any changes to the federal grain warehouse program to provide producer coverage for grain-payable obligations and “does not plan to change (its) regulatory role regarding merchandising in federally licensed grain warehouses while the merchandising issue remains unresolved.”

The NGFA, American Farm Bureau Federation and National Farmers Union, as part of a congressionally requested Grain Warehouse Working Group, have developed draft legislation that would provide producer protection for grain-payable obligations and clarify that federal preemption exists over state grain dealer laws at federally licensed grain warehouses. But the National Association of State Departments of Agriculture (NASDA) and the Association of

American Warehouse Control Officials (AAWCO) left the Grain Warehouse Working Group deliberations in early August, and are advocating legislation that would expressly prohibit USDA from preempting state regulation of merchandising activity at federally licensed grain warehouses. House Agriculture Committee staff is encouraging the groups to reassemble and resume discussions to see if a consensus can be reached.

Under the parameters outlined by Gaibler, USDA will grant federal licenses to existing federal grain warehouse license holders that purchase or lease storage facilities from a state licensee, or re-license a previously owned warehouse that had been leased to a state-licensed facility. Similarly, an idled warehouse facility that once was owned by a federal licensee but had been leased to a state-licensed facility would be eligible for a federal license. In addition, new warehouse entities not previously state or federally licensed will be eligible for a federal grain warehouse license, including instances in which companies operating state-licensed warehouses disband or reorganize as a new entity and seek to be federally licensed. Similarly, federal licensees that form a new entity, such as a limited liability company, that include a state-licensed facility would be eligible for a federal grain warehouse license.

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## **Framework Agreement to Allow Resumption of U.S.-Japan Beef Trade**

### **...Taiwan also Indicates Willingness to Resume Imports, but South Korea Balks...**

The United States and Japan on Oct. 23 announced a framework agreement that will allow the resumption of two-way beef trade, most likely starting sometime next year.

The agreement, announced after three days of intense negotiations between policy-level officials, will allow U.S. beef and beef products, including variety meats and offal, to be exported to Japan from cattle 20 months or younger at time of slaughter without requiring testing for bovine spongiform encephalopathy (BSE). The U.S. Department of Agriculture estimates that approximately 70 percent of the 35 million U.S. steers and heifers slaughtered each year are 20 months or younger.

Under a special “beef export verification” marketing program to be implemented by USDA’s Agricultural Marketing Service, all U.S. beef and beef products exported to Japan will be required to have so-called “specified risk materials” (SRMs) removed. In addition, the ages of U.S. cattle whose products are eligible for export to Japan will be verified. Under an interim arrangement that lasts until at least July 2005, the ages of U.S. cattle whose products are intended for export to Japan will be determined based upon live animal production records that meet at least one of the following criteria: 1) individual animal age verification; 2) group (herd) age verification; 3) insemination age verification; or 4) animal

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## Post-Election 2005 – Send More Money to Washington!

While the most mesmerizing event of the past few weeks has been the Red Sox overcoming the “Curse of the Bambino,” the loudest rumblings have been coming from the national political scene.

This may be the first presidential election in years to be about something more than the national economy. But make no mistake, regardless who wins in 2004, the industry will confront a push from the federal government to get a \$400+ billion dollar deficit under control.

You may have read in some agricultural publications that budget deficits will force some reconsideration of farm program spending. That’s almost a given. Every major national producer group representing a constituency that receives federal budget support can reasonably expect Congress and the administration to ask how they would propose to “contribute” to deficit reduction by reducing their slice of the farm program spending pie.

Expect other responses from government to reduce the deficit. A direct increase in taxes? Maybe. Proposals to curtail services and implement new user fees? Count on it! User fees (not to be confused with taxes) started becoming a popular government revenue source in the early 1980s, and we’ve been battling them off-and-on ever since. The early 1980s was when the grain industry began paying for warehouse inspections under the U.S. Warehouse Act and Uniform Grain and Rice Storage Agreement contract. That also was the period when industry assessments began to fund the Federal Grain Inspection Service’s supervisory and administrative costs (the industry had always paid for the direct cost of obtaining an official grade and weight certificate). Fuel assessments on barges started in the late 1980s, ostensibly to pay 50 percent of the cost of new river construction projects.

We may face new user fee proposals in 2005. But one sure to come is the perennial proposal from the White House Office of Management and Budget to make those buying grain pay the full cost of maintaining government-based grain grading standards. The NGFA has successfully opposed this proposal, first offered in the mid-1980s, on the very sound argument this function benefits everyone from the farmer to the kid eating a hot dog. But as the budget noose tightens, successfully opposing such legislative “end-runs” to raise revenue will be more challenging than ever.

There probably are better ways of solving deficit problems than knee-jerk policies to raise taxes or

revenues. The best way is to encourage economic activity and remove barriers to growth. A case in point: Plans have been announced to expand the Conservation Reserve Program (CRP). Those plans need to be scaled back, in recognition of the damage the CRP does to local and national economies. There are states in the plains and Pacific Northwest that are approaching the land-idling volumes under the CRP that we saw in 1983 and 1987 for all land-idling schemes. At that time, we thought that taking that much fertile farmland out of production was terrible public policy. But the government rationalized it on the basis that it was a “one-time” effort to bring surplus stocks under control. I guess the government changed its mind about that one!

A government official told me recently that we can expect CRP-like programs supporting wildlife populations to be a permanent feature of USDA farm programs because they are so popular! That’s probably an accurate observation. But how much subsidized federal government land-use planning should we be willing to tolerate? And how can the federal government afford to continue to add constraints to fundamental economic growth in agriculture and related industries that, yes, pay a chunk of the tax bill that our elected leaders enjoy spending so much? More grain means greater potential for every user of grain, including feed manufacturing; processing; meat, poultry, milk and egg production; and exports.

Other constraints on general economic growth are starting to surface. Railroads are being challenged to keep up with the business volume they have today. What will they do in five years if they still maintain, as they do today, that earnings are inadequate for re-investment in their own plant to create additional capacity? Can agriculture continue to compete against other industries for rail capacity in the future? To relieve some of the highway congestion, particularly in the East, the government is talking about short-sea shipping from point-to-point along the East coast ports. That might work, but U.S. law currently only permits such activity for higher-cost U.S.- owned and manned vessels. This isn’t likely to be a big part of the solution to the economic constraint of congestion unless that law – the Jones Act – is repealed.

Maybe it’s also time to think seriously about actually investing some of those industry funds that have been collected in barge user fees for river infrastructure upgrades. Justifiable user fees might be accepted more readily if the government demonstrated good faith in using it for its intended purpose. Grain is a major user of the inland waterways. But a modern, efficient river system

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might well attract a wide range of other goods and products, in particular as the railways and roads reach or exceed their capacity.

More capacity to produce and move product can contribute to the “need” for more revenues to cover

growing government expenses. Just raising taxes and user fees is more likely to depress economic activity, making a short-term deficit situation even more problematic after a period of years.

Don't forget to exercise your right to vote on Nov. 2!



## On Capitol Hill

by Christopher Holdgreve  
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### Bush Signs Corporate Tax Bill Phasing Out WTO-Illegal FSC/ETI

President Bush on Oct. 22 aboard Air Force One signed into law the 650-page bill (H.R. 4520) rewriting the corporate tax law that includes the two-year phase-out of the foreign sales corporation/extraterritorial income (FSC/ETI) tax break that had been ruled illegal by the World Trade Organization.

The European Union responded by stating that it will end, effective Jan. 1, the punitive tariffs it imposed on a wide array of U.S. agricultural products starting in March after the WTO ruled in January 2003 that the FSC/ETI tax break constituted an illegal export subsidy. Those EU tariffs, which began at 5 percent, currently stand at 12 percent and were scheduled to increase 1 percent monthly until reaching 17 percent in March 2005. The EU said it has collected between \$200 million and \$300 million in tariffs so far this year, and would have collected \$666 million in 2005 had the tariffs continued. However, the EU announced plans to have the WTO review the legality of the new law's “grandfathering” provisions that would allow some companies to retain the FSC/ETI tax exemption beyond 2006. The WTO review is expected to take about 90 days.

The massive bill also includes provisions providing for an NGFA-supported rail infrastructure tax credit, as well as biodiesel tax incentives and various ethanol tax provisions.

◆ The **rail infrastructure tax incentive** provides a tax credit of 50 cents per dollar of private-sector investment, with a cap of \$3,500 per year per mile to upgrade track, bridges and other infrastructure to accommodate 286,000-pound rail cars. The legislation also removes the 4.3-cent-per-gallon fuel tax imposed on barges and railroads that had been earmarked for the U.S. Treasury general fund.

◆ The **biodiesel provisions** create a new income tax credit and excise tax credit, taken at the blender level, for biodiesel fuel mixtures that encompass biodiesel made from corn, soybeans, sunflower seed, cottonseed, canola, crambe, rapeseed, safflower, flaxseed, rice bran, mustard seed or animal fats. The tax incentive is 1-cent for each percentage point of biodiesel made from virgin (first-use) oils, such as soybean oil and animal fats, and ½-cent for each percentage point for biodiesel made from recycled oils, such as cooking oils. The biodiesel tax incentives take effect for fuel produced and sold or used starting Jan. 1, and are scheduled to expire on Dec. 31, 2006 unless extended by Congress in future legislation. There currently are 20 active biodiesel plants nationwide, with 20 more proposed plants in various stages of development, according to the National Biodiesel Board, which estimates current production at 30 million gallons annually. The biodiesel organization estimated current production capacity at 150 million gallons annually, but said that figure could more than double – to 300 million gallons – over the next 12 to 18 months if all of the 20 new plants come on-line. The biodiesel organization also projects that the tax incentive will reduce the price of B20 biodiesel to approximately the same price as diesel fuel.

◆ The **ethanol provisions** include the volumetric ethanol excise tax credit directing that the 18.4-cents-per-gallon fuel excise tax assessed on gasoline or ethanol blends be earmarked for the highway trust fund rather than being directed to the general fund for deficit reduction. The legislation also extends the 51-cent-per-gallon ethanol and methanol production tax credit through 2010, and provides tax credits for alternative fuel mixtures containing 85 percent ethanol. It also clarifies that the small ethanol producer tax credit can flow through to patrons of farmer-owned cooperatives.



*("BSE Talks" continued from page 1)*

identification through USDA Agricultural Marketing Service's verified animal identification program. Importantly, however, the framework agreement states that experts of both countries will continue to consult on whether carcass grading and quality attributes related to the tenderness and eating qualities of beef – which were incorporated into USDA's grading system in 1965 – will be allowed to be used as a method to "augment" other ways of determining cattle ages. AMS is to complete within 45 days a special study in which cattle of known ages are slaughtered and evaluated for physiological maturity to demonstrate that such a method can provide a reliable assessment of cattle age. "When the carcass grading system objectively demonstrates that it can verify physiological age to evaluate carcasses to be 20 months of age or younger, it will be used as a method to satisfy the (beef export verification) program requirement," the framework agreement states.

The framework agreement commits the two countries to review the age-determination and other elements of the beef export verification program in July 2005, and to determine by mutual agreement whether to revise it based upon new scientific information. The agreement calls for the "immediate" resumption of joint scientific consultations regarding the pathogenesis and patterns of BSE, including the results of mouse bioassay tests being conducted in Japan to determine authoritatively whether two previously diagnosed cattle aged 21 and 23 months did, in fact, have BSE. Generally, BSE has not been diagnosed in cattle 30 months or younger, and the results of the mouse bioassay tests could provide additional scientific support for a higher age limit on U.S. cattle products exported to Japan. Prior to departing for Tokyo, U.S. policymakers were hopeful that a slightly higher age cut-off – 24 months – would be agreed to by the Japanese. Other international experts, including those from the World Animal Health Organization (known by its acronym, OIE) and World Health Organization are to be invited to participate in the U.S.-Japan scientific consultations and are to be asked to provide guidance on future modifications that may be appropriate to the beef export verification program. The review is to include age cut-off for BSE testing, the United States' BSE status based upon existing or new OIE criteria, the results of the USDA's intensive BSE surveillance and testing of the U.S. cattle herd, and potential changes to FDA's BSE-prevention feed regulations.

As first reported by the NGFA in the Oct. 14 edition of the *NGFA Newsletter*, the high-level U.S. delegation was headed by Dr. J.B. Penn, undersecretary for farm and foreign agricultural services at the U.S. Department

of Agriculture. Other members of the U.S. delegation included Charles Lambert, USDA deputy undersecretary of agriculture for marketing and regulatory programs; Dr. Stephen F. Sundlof, director of the Food and Drug Administration's Center for Veterinary Medicine; Merle D. Pierson, USDA deputy undersecretary for food safety; Ellen Terpstra, administrator of USDA's Foreign Agricultural Service; and representatives from the U.S. State Department and U.S. Trade Representative's Office. The Japanese delegation was headed by Kenichiro Sasae, director-general of the Ministry of Foreign Affairs' Economics Affairs Bureau. Also participating were representatives from Japan's Ministry of Health, Labor and Welfare; and Ministry of Agriculture, Forestry and Fisheries. It was the fourth formal U.S.-Japan policy-level negotiation devoted exclusively to the BSE issue, and the first since April.

In a related development, Japan announced that preliminary tests on a Holstein cow tested positive for BSE, which would make it the country's 15<sup>th</sup> case of BSE and the third in less than a month.

**SRM Removal:** Concerning SRMs, the U.S.-Japan framework agreement defines such material as being bovine heads (except for tongues and cheek meat, but including tonsils); spinal cords, distal ileum (the lower portion of the small intestine); vertebral column (excluding traverse processes of the thoracic and lumbar vertebrae, the wings of the sacrum and the vertebrae of the tail) of cattle of all ages. The definition is broader than that used by USDA's Food Safety and Inspection Service and FDA for domestic cattle destined for human food, cosmetics or dietary supplements in the United States; the two agencies' definitions of SRMs apply to cattle 30 months or older (except for distal ileum removal, which applies to all ages), and do not require the removal of the entire head nor the vertebral column. Under the framework, USDA is to verify the effectiveness of the control program implemented by U.S. meat processing plants for removing SRMs.

**Timing of Trade Resumption:** The framework agreement commits the two countries to resume two-way beef trade "immediately" after the United States and Japan complete "necessary modifications" to existing regulations, which they pledged to do "expeditiously." For Japan, the domestic-approval process includes deliberations by its Food Safety Commission to modify its domestic regulations requiring the testing of all cattle for BSE, regardless of age. The U.S.-Japan joint statement said both countries "will undertake these domestic procedures and endeavor to resume beef trade as soon as



possible.” The agreement also commits the United States to undertake a risk assessment and regulatory process to permit the restoration of imports of Japanese beef, which consist of limited quantities of the specialized varieties of Wagyu and Kobe beef. **Significantly, the framework agreement also states that both the United States and Japan have “robust” food safety systems already in place such that “a few additional BSE cases will not result in market closures and disruption of beef trade patterns without scientific foundation.”**

During an Oct. 23 press conference, USDA’s Penn noted that revising both countries’ regulations and conducting the required risk assessments and plant inspections would need to be completed before shipments begin. “We are talking a matter of weeks,” he said. But there were reports from Japan today (Oct. 28) that the process could take six months or longer in Japan, where a series of public hearings are anticipated amidst some angst from consumer groups and opposition party members.

## AAFCO Begins Development of Model CGMP Regulations

A small task force of the Association of American Feed Control Officials (AAFCO), including representatives of the NGFA that serve as advisers to AAFCO’s Feed Manufacturing Committee, met on Oct. 21 to begin reviewing and redrafting a set of current good manufacturing practice regulations (CGMPs) being developed by AAFCO under its Model Feed Safety Program.

AAFCO launched its new initiative to address what it has called a “gap” in the current regulatory structure, and intends for the CGMPs to provide a base set of regulations that would apply to all sectors of the animal feed ingredient and feed manufacturing industry, including on-farm mixer-feeders. The Food and Drug Administration (FDA) already has promulgated regulations for medicated feed manufacturers, be they commercial or on-farm. In effect, AAFCO’s initiative would extend regulation to nonmedicated feed and feed ingredients. AAFCO is the professional organization of state and federal feed regulatory officials.

The initial draft of the CGMPs would implement general requirements that amount to standard operating procedures, many of which were included in an AAFCO-developed voluntary guidance document and checklist that were approved by the AAFCO membership in 2002-03. The initial draft CGMPs contain sections on personnel training and supervision; proper maintenance of facilities and grounds; housekeeping; equipment; and general requirements governing receiving, storage, processing,

**Developments in Taiwan, South Korea:** Meawhile, USDA announced Oct. 26 that Taiwan had agreed “in principle” to resume imports of U.S. beef and beef products once it completes its “required assessments and evaluations.” That includes an on-site inspection of U.S. beef processing plants to determine how SRMs are removed under the U.S. BSE-prevention policy. A delegation of Taiwanese experts is to visit the United States starting Nov. 10.

But the news in the United States’ third largest beef export market – South Korea – was not positive. There were reports that South Korean Minister of Agriculture and Forestry Huh Sang-man had decided not to lift the country’s ban on imports of U.S. beef, poultry and oranges after meeting with the U.S. delegation. Separately, South Korea lifted its ban on imports of Mexican beef as long as it originates from beef processing plants that do not handle U.S. cattle.

labeling and delivery of feed and feed ingredients.

AAFCO’s initiative is intended to complement FDA’s Animal Feed Safety System initiative, in which the agency is attempting to develop a more science- and risk-based approach for addressing feed safety.

**Next Step:** AAFCO’s Feed Manufacturing Committee plans to review the next draft of the CGMPs during the organization’s mid-year meeting, which is scheduled for Jan. 24-26 in Memphis, Tenn. More details are available by contacting NGFA Vice President for Communications and Government Regulations Randy Gordon or Director of Feed Services David Fairfield.



## Calendar

**Nov. 9, 2004: NGFA Marketing and Business Development Committee Meeting**

Ramada Plaza O'Hare, Chicago, Ill.

**Dec. 5, 2004: NGFA Leadership Conference for Affiliated State/Regional Grain and Feed Associations**

Adams Mark Hotel, Denver, Colo.

**NGFA Country Elevator Committee Meeting**

Adams Mark Hotel, Denver, Colo.

**Dec. 5-7, 2004: NGFA Country Elevator Council Conference and Trade Show**

Adams Mark Hotel, Denver, Colo.





*("Warehousing" continued from page 1)*

Also eligible for new federal grain warehouse licenses, USDA said, are: 1) newly constructed storage facilities or new entities not previously licensed; 2) facilities leased or purchased from another federal grain warehouse licensee or non-licensed entity; 3) previously federally licensed space being re-licensed; and 4) two or more federally licensed entities merging to form a new entity. USDA previously has said it voluntarily will continue to observe a now-expired legislative moratorium under which Congress directed USDA not expend funds to

grant new federal grain warehouse licenses to existing state-licensed warehouses. Gaibler wrote that since enactment of the moratorium in 2003, USDA had received written acknowledgements from the appropriate state-licensing authority before issuing new or amended federal grain warehouse licenses.

An electronic PDF copy of Gaibler's letter is available by contacting Randy Gordon at the NGFA at [rgordon@ngfa.org](mailto:rgordon@ngfa.org), or by calling him at 202-289-0873.

## USDA Changes UGRSA Contract Rate-Renewal Procedures

The U.S. Department of Agriculture on Oct. 26 issued a notice to the industry (BCD-79) outlining new procedures for renewing warehouse storage and handling rates under the Uniform Grain and Rice Storage Agreement (UGRSA) contract.

Under the new renewal process, starting with the 2005-06 UGRSA contract, warehouse operators no longer will receive or need to return the "warehouse approved rates on file report" (STORR18W) if they wish to retain their previous-year storage and handling rates. Previously, warehouse operators were required to return the document to confirm that they wished to retain their current storage and handling rates for another year.

Instead, under the new procedures, UGRSA warehouse operators will receive a "grain warehouse data report" [STORR64A] listing current storage and handling rates, loading and receiving capabilities, storage capacities and

other facility data. If all the information is correct, and the warehouse operator does **not** wish to submit new storage and/or handling rate offers, no further action will be necessary. **However, if the warehouse operator does wish to offer new storage and/or handling rates, he/she will be required to fill out and return a schedule of rates (Form CCC-25-2) to USDA's Kansas City Commodity Office.** The form will be mailed to warehouse operators in mid-November, USDA said. Unless the warehouse operator submits a new schedule of rates, the 2004-05 UGRSA rates will remain in effect. In addition, USDA said, if any data or information on the STORR64A report is incorrect, the warehouse operator is to notify KCCO by phone, fax, e-mail or regular mail to correct the error.

USDA said the changes are intended to reduce time and paperwork for both warehouse operators and KCCO.

## USDA Enrolls 1.2 Million Acres in CRP

The U.S. Department of Agriculture on Oct. 26 announced the enrollment of another 1.188 million acres into the Conservation Reserve Program (CRP).

USDA approved CRP offers during its 29<sup>th</sup> general signup comprising 71 percent of the 1.672 million acres offered, which it termed "one of the highest acceptance rates in the history of the CRP. USDA said 76 percent of the slightly more than 26,000 offers submitted were accepted. USDA also said the environmental benefits index used to evaluate CRP offers had been "updated" to include carbon sequestration among the factors analyzed. The other environmental factors analyzed are soil erosion; water quality; enduring benefits; air quality; and wildlife enhancement. All offers with an EBI score of at least 248 were accepted for enrollment; USDA said the average EBI score of accepted offers was 287. The average CRP rental rate awarded was \$50.24 per acre, which totals approximately \$60 million.

States with the highest enrollment in the most recent signup were: 1) Kansas, 239,950 acres; 2) Montana, 105,206 acres; 3) Texas, 112,699 acres; 4) Colorado, 98,200 acres; 5) Washington, 83,941 acres; 6) Nebraska, 64,692 acres; 7) Iowa, 61,135 acres; 8) Missouri, 49,746 acres; 9) Illinois, 36,274 acres; 10) Oklahoma, 35,542 acres; 11) Minnesota, 33,207 acres; 12) South Dakota, 30,157 acres; 13) North Dakota, 26,402 acres; 14) Oregon, 28,230 acres; 15) Mississippi, 23,958 acres; 16) Wisconsin, 23,522 acres; 17) Michigan, 16,468 acres; 18) Idaho, 14,140 acres; 19) Ohio, 13,264 acres; and 20) Indiana, 11,751 acres.

The results of the latest enrollment bring the size of the CRP to 35.6 million acres. Landowners can decide whether to make the CRP contracts effective on either Oct. 1, 2005 or Oct. 1, 2006. USDA has announced its intention to fill the CRP to its congressionally authorized 39.2-million-acre ceiling.



## USDA to Release \$1.6 Billion for Various Conservation Programs

The U.S. Department of Agriculture on Oct. 22 announced it would release \$1.6 billion in fiscal year 2005 funding for various conservation programs.

The allocations include \$1.31 billion in conservation payments and \$306 million for technical assistance. USDA said states would receive additional funds after Congress approves USDA's fiscal 2005 budget, which is scheduled to be considered during a post-election lame-duck session set to convene on Nov. 16. USDA-announced allocations include the following programs: 1) \$793.6 million for the Environmental Quality Incentives Program (EQIP), which focuses on protecting water, soil and air quality on working farmland largely associated with animal agriculture production; 2) \$66.6 million for the Farm and Ranchland Protection Program, which provides matching funds to state and local governments and nongovernmental organizations to purchase conservation easements on farm and ranch land; 3) \$40.8 million for the Grassland Reserve Program, which is designed to protect and restore grasslands and wildlife habitat, and reduce soil erosion; 4) \$244.5 million for the Wetlands Reserve Program (WRP), which funds restoration of wetlands through permanent ease-

ments, 30-year easements and restoration cost-share agreements to maximize wildlife habitat and wetland functions; 5) \$21.9 million for the Wildlife Habitat Incentives Program (WHIP), which provides payments and technical assistance for long-term agreements to create, restore and enhance wildlife habitat, and threatened, endangered or at-risk species and fisheries; and 6) \$56.6 million in technical assistance for the Conservation Reserve Program (CRP).

USDA said it also was allocating \$162 million for the Conservation Security Program (CSP), which provides funding for implementing three tiers of conservation practices on working farmlands. USDA said this level of expenditure for fiscal year 2005 would be sufficient to make funds available in watersheds in all 50 states. CSP funds also would be used to finance a renewable energy component that rewards farmers and ranchers for converting to renewable energy fuels, such as soy biodiesel and ethanol, and to recycle on-farm lubricants and implement energy production, including wind, solar, geothermal and methane production. In fiscal 2004, which ended Sept. 30, the CSP program received \$41 million, which was used to enroll nearly 1.9 million acres in 18 watersheds in 22 states.

## USDA Announces First Partial 2004-Crop Counter-Cyclical Payments

The U.S. Department of Agriculture on Oct. 22 announced the first partial counter-cyclical payment rates for 2004 crops.

The first partial payment rates, which are equivalent to 35 percent of the total projected counter-cyclical payment, amount to: 3.5 cents per bushel for wheat; 14 cents per bushel for corn; 9.1 cents per bushel for soybeans; 9.45 cents per bushel for sorghum; 5.25 cents per bushel for barley; and 0.56 cents per bushel for oats. The first partial payment rate for rice is 31.5 cents per hundred-weight. A first installment payment for other oilseeds is not available because the projected effective price equals the target price.

USDA also announced that no final counter-cyclical payments are due for 2003 crops of wheat, corn, sorghum, barley, oats, soybeans and other oilseeds. Because of higher market prices for wheat, corn and sorghum, final 2003-crop counter-cyclical payment rates are less than the projected rates used to determine the first partial

payments issued in October 2003; any overpayments (3.15 cents per bushel for wheat; 7.7 cents per bushel for corn; and 1.4 cents per bushel for sorghum) are to be deducted from producers' 2004 and subsequent-year direct and counter-cyclical payments. The rice final payment rate for the 2003 crop will be based upon the market-year average price scheduled to be issued on Jan. 31 by USDA's National Agricultural Statistics Service.

The counter-cyclical payment rate is the amount by which the target price of the commodity exceeds its effective price. The effective price is determined by adding the direct payment rate plus the higher of: 1) the national average market price received by producers during the marketing year; or 2) the national average loan rate for the commodity. Producers may elect to receive the counter-cyclical payment in three installments: 1) in October; 2) in February (which is not to exceed 70 percent of the total projected rate, less any payments received in the first installment); and 3) at the end of the marketing year for each crop.



# Membership Matters

by Todd Kemp  
Director of Marketing

## Get Your Money's Worth!

Ever ask yourself, "What am I getting for my membership dues?" Just about everyone has at one time or another – association membership is an important business decision.

Next time that question pops into your head, think about one very important service available only to NGFA-member companies: Access to staff expertise and problem-solving. One NGFA member recently called staff with a problem – here's what he later e-mailed in:

*"I want to thank the three of you for your assistance in dealing with the feed and grain issue we had at our facility. Your willing-*

*ness to make calls to FDA and others for information and your research on the 'spur of the moment' were greatly appreciated. The NGFA's willingness to play the third-party role and check out things with anonymity is key to successfully handling such issues. With your quality assistance, we were able to resolve the issue with minimal disruption (and cost) to our business flow. It makes it much easier to handle such issues when members of NGFA staff will assist as you folks have. **This is the kind of stuff that makes it very worthwhile to be a member of NGFA!**"*

Service and Value: two hallmarks of NGFA membership! Use this valuable resource – and get your money's worth!

## Save \$\$\$! Register Now for Country Elevator Council Conference!

### ...Early-Bird Rate Expires Nov. 5!...

A very strong program is on tap for the NGFA's **Country Elevator Council** conference in Denver on Dec. 5-7. Make plans now to join 400 to 500 of your industry colleagues. **Register by close of business on Friday, Nov. 5 to receive the special early-bird registration rate!** After Nov. 5, it'll cost you an extra \$30.

**Easy Registration:** We know you're busy with harvest. Here are a couple of quick and convenient ways to register:

- Use the registration form attached to this edition of the *NGFA Newsletter*. Complete and Fax back to the NGFA; or
  - Simply send an e-mail to tkemp@ngfa.org saying "Register me for CEC!" and include your name and company affiliation. The NGFA staff will get you registered at the early bird rate and send an invoice/confirmation.
- Don't wait! Take 30 seconds and send that e-mail now!



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