NGFA Newsletter

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USDA Continues Efforts to Restore Japanese Beef Market

The U.S. government and beef industry officials this week continued efforts on multiple fronts to restore beef trade with Japan following the Jan. 20 announcement that three of 41 boxes of veal shipped by a Brooklyn, N.Y., processor – Atlantic Veal & Lamb – contained vertebral column material in violation of the U.S.-Japan agreement upon which resumption of beef trade was allowed to resume.

U.S. Department of Agriculture (USDA) officials told the NGFA that the results of their investigation into the causes of the violation, as well as steps being taken to prevent a recurrence, are scheduled to be completed and submitted to the Japanese by mid-February. Meanwhile, Japanese Minister of Agriculture, Forestry and Fisheries Shoichi Nakagawa apologized for not alerting the Japanese Parliament that the government had decided not to send Japanese inspectors to examine U.S. meat processors eligible to export beef to Japan until after trade resumed. And the head of Japan's Food Safety Commission recommended that trade should resume only after U.S.

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Garber to Join NGFA Staff as Director of Regulatory and Technical Affairs

NGFA President Kendell W. Keith announced today that Joseph Garber will join the NGFA's staff as director of regulatory and technical affairs, effective Feb. 13.

Garber currently is nutrition and research coordinator for Wenger's Feed Mill Inc., Rheems, Pa., a position he has held since 1997. He also has served as chairman of the NGFA's Feed Legislative and Regulatory Affairs Committee since its formation in 2001, and prior to that chaired the NGFA's Feed Industry Committee from 1998-2001.

At the NGFA, Garber will be responsible for directing and managing the association's wide-ranging engineering and operations programs for grain elevators, feed mills and grain processing plants. He also will oversee NGFA's activities regarding employee safety and industrial health, grain-handling facility design and equipment, grain and feed quality, grain grades and weights, and environmental issues.

"We are extremely pleased to have Joe Garber join our staff team," said Keith. "He is an extremely intelligent, high-energy person with a great strategic mind who has done an outstanding job of leading one of our most critically important committees for the past eight years. He has extensive experiences in feed manufacturing operations, engineering and quality assurance. He's also an extremely personable individual, and members who have not had an opportunity to work with him will enjoy him immensely."

In his current responsibilities at Wenger's Feed Mill, Garber is responsible for all aspects of feed formulation, nutrition research, laboratory analytical and research services, and hazard analysis and critical control point (HACCP) and ISO programs. He also supervises the company's laboratory personnel and disseminates technical information both within and outside the company. Garber also is involved extensively in state and federal regulatory issues involving feed safety and sanitation, and he has assisted in developing training programs and implementing the firm's quality-assurance programs. His job responsibilities also have included working on environmental issues, as well as employee safety programs.

Garber serves as a member of the Lancaster (Pa.) County Cooperative Extension Association Board of Directors, where he chairs its Government Relations Committee. He also has served in the Middle East as a member of the Pennsylvania Air National Guard, where as a non-commissioned officer in charge he is responsible for environmental and compliance programs for fuels distribution for the 193rd Special Operation Wing.

He began his industry career with Wenger's in May 1994 as nutritional assistant, where he assisted the company's director of technical services and operations, and managed current research and field trials related to nutrition and avian health issues. Prior to that, he served as a summer intern with Wenger's in 1992 and 1993. A Pennsylvania native, Garber is a graduate of Pennsylvania State University, with a degree in poultry technology and management.

Garber succeeds Tom O'Connor, who departed the NGFA's staff in 2005 to fill a newly established position – national trade director for grain programs – at the U.S. Department of Agriculture's Animal and Plant Health Inspection Service.

by Randall C. Gordon
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WTO Ruling on EU Biotech-Approval Process Delayed Again

The World Trade Organization (WTO) on Jan. 30 again delayed the issuance of its interim decision ruling on the complaint filed by the United States, Canada and Argentina over the European Union's policies for approving imports of biotechnology-enhanced commodities.

The report now is projected to be issued as early as Feb. 7, although some are projecting mid-February. An official with the U.S. Trade Representative's Office (USTR) earlier said the agency had been notified that the decision would be issued on Feb. 1. The USTR official said the United States had been told the ruling will be the "longest report in the history of the WTO" – reportedly up to 900 pages. Most recently, the decision was scheduled to be issued in December, but was delayed after the WTO Dispute Resolution Body on Dec. 21 announced it would need more time because of the "large number of issues to be addressed" and the "time and effort" required since some of the WTO secretariat staff no longer are available.

Once the interim decision is issued, the countries that are party to the case will have an opportunity to review and comment before the WTO issues a final decision, projected for late 2006 or early 2007.

The WTO panel was established in 2004 after the United States, Canada and Argentina in May 2003 filed a complaint alleging that the EU's process for approving applications of biotechnology-enhanced commodities and products between 1998 and 2003 violated WTO rules. The WTO panel's final hearing on the case was conducted in late February 2005, and the final report originally was scheduled to be issued in March 2005. But the report was delayed to June, and then again to December 2005.

The United States, Canada and Argentina have maintained that the EU continues to impose a *de facto* moratorium on biotechnology-enhanced commodities and products in violation of the section of the WTO's Agreement on Sanitary and Phytosanitary Measures that requires non-science-based barriers to trade to be lifted "without undue delay." USTR on Jan. 25 issued a three-page statement summarizing the U.S. and other parties' cases against the EU, which members receiving the ***NGFA Newsletter*** electronically may access by clicking here.

In response, the EU argues that it lifted the moratorium in 2003 after passing two laws on labeling and traceability. But 11 EU-member states, including France, Germany, Austria and Belgium, have continued to impose their own moratoriums on biotechnology approvals in violation of EU law. The European Commission subsequently has brought a case against the violative member states at the European Court of Justice over implementation of the directives.

Renewed Sense of Purpose Emerges from WTO Ag Discussions

U.S. officials generally were upbeat after returning from a series of weekend discussions with fellow trade ministers from World Trade Organization (WTO)-member countries.

The discussions, which occurred on the sidelines of the World Economic Forum in Davos, Switzerland, involved WTO officials and nearly 30 trade ministers from WTO-member countries, including the European Union, United States, Japan, Brazil, India and others. The talks were designed to provide some additional momentum toward reaching broad agreement on the major areas of an agricultural trade accord in preparation for a mini-ministerial meeting scheduled for mid-March.

WTO Agriculture Chairman Crawford Falconer also circulated proposals on the structure of negotiations designed to achieve the deadlines agreed to by trade ministers at the December 2005 ministerial meeting in Hong Kong. Those deadlines include an April 30 date for concluding the framework for an agreement on all three pillars of the agriculture negotiations – market access, export subsidies and domestic supports – with the goal of reaching a final agreement by Dec. 31.

Prior to the Davos meetings, U.S. Trade Representative Rob Portman and EU Trade Minister Peter Mandelson both emphasized the importance of making progress on negotiations to open industrial and services markets as a way to spur further progress on agricultural market access. During the Davos meetings, the EU continued to resist calls for it to offer more substantial market-access proposals.

There were reports that the so-called "Group of 10" industrialized countries, which include Japan and Switzerland, offered new proposals for reducing trade-distorting domestic agricultural supports during the meetings. The proposal reportedly calls for a 75 percent reduction in trade-distorting domestic supports by countries with the highest levels of support (such as the European Union and Japan), and a 65 percent reduction for countries like the United States whose domestic supports are within a lesser range. A 45 percent reduction would apply to all remaining countries.

By comparison, the U.S. proposal issued in October called for reductions in trade-distorting domestic supports by 75 percent for the EU and 53 percent for the United States.

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Congress Returns to Busy Mid-Term Election Agenda

Congress formally reconvened this week, with the kickoff being President Bush's State of the Union address.

During its first week back, the Senate voted to confirm Samuel Alito as an associate justice on the U.S. Supreme Court. Meanwhile, the House passed a $39 billion deficit-reduction bill, elected a new majority leader and passed a resolution prohibiting former members-turned-lobbyists from the House gym in response to calls for lobbying reform.

Now, focus turns to the normal course of congressional business and election-year priorities. Some of those priorities include comprehensive lobbying reform, a renewal of the Patriot Act, tax cut measures and a focus on health care. As noted in the Jan. 20 ***NGFA Newsletter***, Republican leaders are optimistic about enacting a series of nearly $70 billion in tax cuts passed in separate bills last year by the House and Senate. The measures include two-year extensions of capital gains and dividend tax breaks, but differences in the House and Senate versions and the expected close votes leave the bill's prospects uncertain.

Among the bevy of health care-related bills, the Senate is expected to attempt another push for legislation that would pave the way for small businesses to join together in purchasing health insurance at more affordable rates. The bill would authorize Associated Health Plans (AHPs) that would allow health insurance plans to circumvent state mandates in coverage. That provision drew the ire of Senate Democrats, who stalled the measure that already has passed the House. Senate Republicans hope to overcome opposition by drafting a bill that would match the coverage requirement of 45 states.

Once the Bush administration issues its fiscal 2007 budget proposal on Feb. 6, Congress will begin in earnest its budget and appropriations activities, and may help solidify some of the priority areas for legislation leading up to the November mid-term elections.

President's Budget Expected to be Lean: The administration's fiscal 2007 budget proposal is expected to be lean, particularly on agriculture. Many of the same cuts proposed in last year's budget are expected to be resurrected or exceeded. Last year's budget proposal, among other things, called for several legislative changes to reduce farm program spending by a projected $587 million ($5.7 billion over 10 years). To achieve that goal, the proposal would have established a hard ceiling of $250,000 per person on total commodity payments, along with elimination of the so-called "three-entity rule" and the use of generic commodity certificates. The president's budget also called for a 5 percent across-the-board reduction in crop and dairy payments to producers. Many of the proposed cuts were met with skepticism or downright anger from farm-state lawmakers, who proceeded to reduce the cuts to the $2.7 billion level included in the deficit-reduction bill. In addition, the administration last year proposed changes to the marketing loan program that called for basing marketing loan benefits on "historical," rather than actual, production. This would have had the effect of making 15 percent of a farm's production ineligible for non-recourse marketing loans or loan deficiency payments.

Early reports indicate that the payment-limitation provision again will be the centerpiece of the agricultural spending-reduction proposals, and that changes to the marketing loan program will be re-proposed. Additional across-the-board cuts are expected to be included, along with the usual multitude of additional or increased user fee proposals. These cuts again are expected to receive a chilly reception on Capitol Hill and from farm organizations, and many question Congress's willingness to impose further cuts on the sector during a critical election year where early indications show control of both chambers could hang in the balance.

House Passes Deficit-Reduction Act: By a tight 216-214 vote, the House this week passed a $39 billion deficit-reduction bill that essentially was completed last year. But because of a technicality in the way the Senate passed the measure last December, the House was forced to take a second vote on bill. As detailed in previous ***NGFA Newsletters***, the legislation includes $2.7 billion in "cuts" to agricultural programs, including commodity payments, conservation programs and research. The bill now makes it way to the president, who is eager to sign the measure into law.

Boehner Elected New House Majority Leader: In a mild upset, Rep. John Boehner, R-Ohio, today was elected House majority leader by his Republican peers. Boehner won on the second ballot by a 122-109 margin over Rep. Roy Blunt, R-Mo. He succeeds Rep. Tom Delay, R-Texas, who relinquished the post earlier this year after being indicted for campaign finance violations. Boehner currently chairs the House Education and Workforce Committee and is vice chairman of the House Agriculture Committee. Blunt will continue to serve as Majority Whip, the third-ranking position in the House leadership. Boehner is an eight-term congressman from the 8th district in western Ohio. His victory marks the end of the most contentious Republican interparty leadership battle since the upheaval in 1998 over election loses and ethical scandals.

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"Japanese Beef" continued from page 1

meat processing plants are inspected by the Japanese, adding that U.S. plants should operate separate kill lines for product destined for Japan.

Approximately 700 tons of U.S. beef already on the Japanese market has been declared safe for consumption by Japanese authorities. But more than 2,000 tons is in customs warehouses at Japanese ports and won't be allowed to enter the country. Most of the product was high-quality chilled beef with a consumption date expiring in two months valued in excess of $17 million.

By week's end, it was clear that U.S. efforts had not yet allayed Japanese concerns. Japan's Ministry of Agriculture, Fisheries and Forestry stated that the United States needed to "reconstruct the inspection system from the beginning," adding that Japan would not resume U.S. beef imports until the U.S. Department of Agriculture completed its investigation, identified the cause of the violation and took steps to prevent a reoccurrence.

Meanwhile, Secretary of Agriculture Mike Johanns met on Jan. 24 with representatives of all U.S. beef processors licensed to export beef to Japan to reiterate the importance of abiding by the beef export verification program stipulations governing beef trade with that country. He attributed the incident to human error, noting that veal was only recently added to the U.S. export agreement with Japan, and that U.S. exporters and USDA inspectors had "little time to familiarize themselves" with the requirements. But he said the erroneous shipment was "an unacceptable failure on our part to meet the requirements" of the agreement and admonished the beef processing industry to "ensure every appropriate employee in your plants understands thoroughly the terms of our trade agreements." He also noted that both USDA's Food Safety and Inspection Service and Office of Inspector General are conducting separate investigations into the incident.

Johanns also said USDA had contacted other countries with which the United States has restored beef trade to inform them of actions being taken to address the situation. He said the reaction had been positive from other trading partners, with South Korea saying it still planned to reopen its market in March. In addition, Taiwan announced on Jan. 25 that it would resume trade in U.S. boneless beef from cattle less than 30 months of age – a market valued at $56 million in 2003 when imports were suspended after the United States diagnosed its first case of BSE involving a Canadian-born cow in Washington state. Taiwan briefly reopened its market to U.S. beef in April 2005, but closed it again in June after the United States diagnosed a second BSE case – this time involving a native-born cow in Texas. Under Taiwan's latest action, ground beef, offal and other products that may contain bone will continue to be banned. Taiwan also warned that the ban could be reimposed if serious violations occur.

On Feb. 1, Mexico announced it had resumed imports of U.S. and Canadian bone-in beef from cattle younger than 30 months of age. Mexico in March 2004 had reopened its market to boneless U.S. beef imports from animals less than 30 months old. Bone-in beef exports to Mexico represented $40 million worth of the $874 million value of U.S. beef exports to the country in 2003.

Japan Confirms 22nd Domestic Case of BSE: Meanwhile, Japan on Jan. 24 confirmed its 22nd domestic case of bovine spongiform encephalopathy (BSE), involving a 64-month-old Holstein cow that died the previous week in the northern Japanese prefecture (state) of Hokkaido. Indications were that the cow was born in September 2000 before Japan imposed its BSE-prevention feed regulations in 2001. The United States and Canada implemented their respective BSE-prevention feed regulations in 1997.

Canada Continues Feed Investigation in Response to Latest BSE Case

At week's end, the Canadian Food Inspection Agency (CFIA) still was in the midst of its investigation of the sources of feed of the approximately six-year-old cross-bred Holstein-Hereford dairy cow (born April 15, 2000) diagnosed with bovine spongiform encephalopathy (BSE) on Jan. 22.

In discussions with Canadian cattle and feed organizations, it is the NGFA's understanding that the BSE-infected cow spent its entire life on the same Alberta farm, and that the dairy producer maintained excellent records that have assisted CFIA's trace-forward and trace-back investigation of both the feed sources and the animal's birth cohorts. It was not publicly known yet whether the approximately 400-head dairy producer raised other livestock on the farm.

In a statement, CFIA said it had launched a "comprehensive investigation into the feeding regime and storage practices employed on the farm, as well as the production and source of feeds delivered to the farm….Definitive conclusions regarding the source of infectivity cannot be made until the investigation is complete; however, it is probable that the source is contaminated feed." Canadian industry officials projected that the feed investigation may take one-to-two weeks to complete. The BSE-infected cow was examined by a veterinarian while still on the farm, and the carcass was sent to CFIA's laboratory in Lethbridge for diagnosis. None of the BSE-infected cow's carcass entered the food or feed chain, according to CFIA.

CFIA on Jan. 27 announced that it had completed its investigation of most of the BSE-infected cow's birth cohorts – that is, animals born on the same farm within 12 months

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before or after the infected animal. In addition, CFIA reported that one of two calves born recently to the diseased cow – a calf born in 2005 – had been located and tested negative for BSE. Investigators still were attempting to track the second calf, which they said had been born in 2005. Earlier in the week, tests showed that 24 animals still on the farm had tested negative for BSE. Meanwhile, the trace-forward investigation had located the whereabouts of an additional 67 cattle from the birth cohort that will be euthanized and tested for BSE. One of those 67 dairy cows already previously had been tested and found to be negative for BSE as part of Canada' BSE surveillance program.

CFIA Prepares Recommendations for Changes to Canada's BSE-Prevention Feed Rule: CFIA said the latest BSE case "does support the need for Canada to continue to move towards enhancing its current feed ban." The agency said it had "completed its analysis" of changes to its BSE-prevention feed regulations "and is prepared to make recommendations to the incoming government on the removal of specified risk material from the feed chain based on enhancements…published…in 2004."

It is widely believed that CFIA in late November 2005 was only hours away from publishing final regulations that would have banned all so-called specified risk materials from all animal feed, a step that would exceed the U.S. Food and Drug Administration's proposal to ban brain and spinal cord from cattle 30 months or older from all feed. But CFIA was forced to delay its regulations when a "no-confidence" vote in the Canadian Parliament triggered new Parliamentary elections that occurred on the same day – Jan. 23 – that the new BSE case was announced. A minority Conservative Party government now is being formed; that process includes the selection of new Cabinet ministers and is expected to take until early March to complete.

Secretary of Agriculture Mike Johanns responded to the Canadian BSE case by stating that he anticipated "no change in the status of beef or live cattle imports to the United States from Canada under our established agreement." The United States permits the import of Canadian live cattle younger than 30 months of age if fed for immediate slaughter, as well as beef and other products from cattle less than 30 months of age. But South Korea said it would delay a planned meeting of a joint South Korean-Canadian working group that was to discuss procedures for resuming beef trade between the two countries. "We want to reexamine the mad cow disease control system of Canada," said South Korea's Agriculture Ministry in a statement.

Australia Launches Formal Inquiry of AWB Ltd's Oil-for-Food Participation

The Australian government on Jan. 16 formally launched a Royal Commission of Inquiry to investigate charges that the AWB Ltd., formerly the Australian Wheat Board, provided kickbacks to the regime of Saddam Hussein though the United Nations oil-for-food program with Iraq following the first Gulf War.

While accusations have been swirling for some time, the issue was brought to the forefront following a UN committee report that listed the AWB Ltd. as one of the companies that provided payments to the Iraqi government. Those payments would have been illegal under UN resolutions. The Australian government launched the inquiry following the UN report and the royal commission is expected to deliver a comprehensive report by the end of March.

At issue is $300 million in alleged kickbacks to the Iraqi government, some of which is alleged to have come in the form of $221 million in payments to a Jordanian transportation company, Alia, and others through a false contamination claim involving an Australian wheat shipment to Iraq. The inquiry is investigating whether AWB Ltd. officials knew that at least a portion of those payments were being funneled to the Hussein regime. The AWB Ltd. has maintained those payments were made to Alia to distribute Australian wheat to Iraq, and they had no knowledge of any of the funds being used as kickbacks to the Iraqi government. While no longer a publicly owned company, AWB Ltd. has retained its monopoly on exporting Australian wheat. The company sold wheat worth more than $2.3 billion from 1999-2003 to Iraq.

U.S. wheat organizations on Jan. 26 sent a letter to Secretary of Agriculture Mike Johanns requesting that AWB Ltd. be suspended from participating in USDA export credit programs. Last November, USDA did just that following the release of the UN committee report outlining the alleged illegal payments by AWB Ltd. to the Iraqi government in circumvention of UN resolutions prohibiting payments to the regime. But USDA's decision was reversed four days later, apparently at the behest of the U.S. State Department. The State Department likely was concerned about the potential international political ramifications of such a move, but cited an Australian government assurance that it would fully investigate the matter. The latest request by U.S. wheat organizations cites the testimony and evidence already uncovered by the royal commission inquiry as reason to reinstitute the suspension. The wheat groups also state that the commission has "uncovered evidence of AWB bribery in Pakistan and AWB money laundering on behalf of an Australian oil company." The wheat letter was followed on Jan. 30 by a letter to Johanns from seven Senate Democrats, who also called for AWB Ltd. to be suspended from USDA credit problems until all questions surrounding its dealings in Iraq can be resolved.

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STB Seeks Comments on Proposal to Exempt Class II, III Railroads from Abandonment Prior-Approval Requirements

The federal Surface Transportation Board (STB) is requesting comments by March 6 on an advance notice of proposed rulemaking that responds to a petition requesting that Class II and III railroads be exempted from the prior-approval requirements for rail line abandonments.

Sixty-five shortline and regional carriers had petitioned the agency on May 15, 2003 requesting that the STB initiate a proceeding on the issue. The STB subsequently initiated a proceeding *[STB Ex Parte No. 647]* on Aug. 13, 2003 and conducted a public hearing on Aug. 31, 2004. The NGFA has reserved the right to participate in the STB proceeding.

At the 2004 hearing, the Class I and II carriers noted that, under present regulations, carriers use an existing class exemption permitting lines that have originated or terminated no local traffic for two years to be abandoned simply through a notice procedure to avoid starting an expensive case to prove the need to abandon a rail line. As a result, according to the small carriers, the process *"often is not initiated for months or even years, thus commencing a death-spiral for the line."* According to their testimony, it is during this "pre-filing period," which begins when a railroad first determines that a line is not viable, that carriers commonly raise rates and reduce service, maintenance and capital expenditures on the targeted line to drive away traffic and meet the two-year out of service standard.

The Association of American Railroads testified at the 2004 hearing in full support of the small carriers' petition. Significantly, the AAR further requested that Class I carriers also be permitted to avail themselves of the same expedited process when the line for which the small carrier seeks abandonment is leased from a Class I carrier or connects with a Class I line.

Under the petition, Class II and III rail carriers would be eligible to abandon their lines by invoking a notice procedure. The notices would consist of relevant commercial and engineering information about the line to be abandoned, and would be published in local newspapers and national railroad industry publications, as well as in a ***Federal Register*** notice. Under the process proposed in the rail carriers' petition, such notices would contain three years of aggregate carload and revenue data; a statement on the physical condition of the line; an estimate of the rehabilitation, if any, that would be needed to bring the line up to Federal Railroad Administration Class I standards; the net liquidation value of the line; and information concerning connecting carriers, interchange locations and any operating rights of third parties over the line.

But before issuing a proposed rule, the STB said it wanted input on the shortline and regional railroads' proposal, as well as on possible alternatives to improve the abandonment process. Specifically, the STB cited several broad "initial concerns" with the rail carriers' petition, and requested public comment. For starters, the agency said it wondered if it had the statutory authority to waive consideration of whether the "public convenience and necessity" required or permitted the abandonment for a particular class of rail carriers based solely on the annual revenue of the carrier (i.e., Class II and III carriers). In this regard, the STB said it would be "useful to know the average length of lines abandoned by such carriers and the average number of shippers affected…, (as well as the) typical effect on local communities…." The agency also said it questioned whether it had the authority to waive its existing rail line abandonment procedures because of the statutory requirement to examine the potential environmental impacts. And the agency echoed a concern raised by rail labor unions that Class I railroads could use the new flexibility to spin off a failing line to a small-carrier shell that has no or few employees, thereby avoiding labor protections provided under abandonment proceedings.

The STB also requested comments on other alternatives for reforming the abandonment process, including reducing to one year the current two-year out-of-service exemption for abandonments. It also requested comments on whether it should grant abandonment applications if no objections have been within 30 days of the filing of a notice.

House Committee Revamps Rail Infrastructure Bill: The House Ways and Means Committee this week revamped a major rail infrastructure bill (H.R. 1631), deleting a provision approved last year by the House Transportation and Infrastructure Committee that would have authorized bond initiatives to finance high-speed passenger rail projects.

But the committee, chaired by Rep. Bill Thomas, R-Calif., retained provisions designed to expand the Railroad Rehabilitation and Infrastructure Financing (RRIF) loan and loan guarantee program from its current authority of $3.5 billion to $35 billion. In addition to increased RRIF funding authority, the bill also is designed to make the program more "user friendly" by making interstate compacts and magnetic systems, as well as steel wheel systems, eligible for such financing. In addition, the provisions would: 1) increase funding reserved for Class II and III rail carriers from $1 billion to $7 billion; 2) ease administrative requirements, including collateral requirements, artificial amount limits and a requirement that funding had to be rejected previously from another source; 3) require the Department of Transportation (DOT) to approve or disapprove applications within 180 days; and 4) prohibit DOT from imposing additional applicant fees. Most of these provisions already were included in a highway reauthorization bill enacted in 2005.

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Iowa DNR Air Permitting Discussions Continue

The Grain Committee of the Agribusiness Association of Iowa (AAI) is scheduled to meet on Feb. 8 to evaluate potential alternatives to the draft air permit template proposed last September to industry by the Iowa Department of Natural Resources (IDNR).

The IDNR-proposed template would establish limits that "small country grain elevator" equipment and operations would be required to meet for these facilities to obtain a general air quality construction permit. Under the IDNR proposal, to qualify, facilities would be required to operate no more than two grain-unloading stations simultaneously – and the two conveyors serving those stations could not exceed 4,000-bushels-per-hour capacity each. In addition, to qualify for the special small country grain elevator air permit, the facility also could operate no more than one grain dryer and one grain load-out station at a time. In addition, grain-receiving and load-out locations could operate only between 7 a.m. and 7 p.m. daily, and grain dryers could operate only from August through December (with a further restriction that no more than 4,000-bushels-per-hour of grain be dried).

These operating requirements as specified in the IDNR-proposed template are much more burdensome than those contained in existing air-permit programs already implemented in other major grain-producing states.

Current Iowa air pollution regulations require construction permits for any equipment capable of emitting air pollution built or modified after Sept. 23, 1970 – including equipment associated with grain elevator operations. Construction permits are required before construction, installation, or alteration of equipment or facilities begins. The IDNR in the past has not required most Iowa grain elevators to comply with the air construction permit requirements. The proposed permit template for "small country grain elevators" is IDNR's first step in initiating compliance activity in this area. Once the air permitting template for "small country grain elevators" is completed, the IDNR intends to begin developing additional air permit templates for larger grain handling and processing facilities.

During an initial AAI meeting conducted last October to review the draft IDNR proposal, the Grain Committee formed three subcommittees to explore and develop possible air-permitting alternatives. Over the past four months, each subcommittee has worked to develop an air-permit option that is more reasonable and less restrictive than the IDNR-proposed template. These options will be presented and discussed during the Feb. 8 meeting. If a consensus is reached during the meeting that a subcommittee's option(s) is (are) acceptable, this option(s) will be presented in the future to the IDNR for its consideration.

The NGFA has been working closely with AAI and NGFA-member companies that operate grain elevators in Iowa to evaluate the IDNR-proposed air permit template and to develop reasonable alternatives. The IDNR proposal, if finalized and implemented, would have significant adverse economic ramifications for Iowa grain handlers and potentially could have an impact on air permit regulations in other states when those regulations are revised in the future.

Calendar

March 5-7, 2006: NGFA's 110th Annual Convention
The Charleston Place Hotel, Charleston, S.C.

March 5, 2006: NGFA Trade Rules Committee
The Charleston Place Hotel, Charleston, S.C.

NGFA Country Elevator Committee
The Charleston Place Hotel, Charleston, S.C.

NGFA International Trade/Agricultural Policy Committee
The Charleston Place Hotel, Charleston, S.C.

NGFA Marketing & Business Development Committee
The Charleston Place Hotel, Charleston, S.C.

NGFA Risk Management Committee
The Charleston Place Hotel, Charleston, S.C.

March 6, 2006: NGFA Waterborne Committee
The Charleston Place Hotel, Charleston, S.C.

NGFA Rail Arbitration Rules Committee
The Charleston Place Hotel, Charleston, S.C.

March 7, 2006: NGFA Arbitration Appeals Panel
The Charleston Place Hotel, Charleston, S.C.

NGFA's Feed Legislative/Regulatory Affairs Committee; Feed Manufacturing/Technology Committee; and Animal Agriculture Committee
The Charleston Place Hotel, Charleston, S.C.

May 9-10, 2006: NGFA's Trade Rules Seminar
Kansas City Airport Marriott, Kansas City, Mo.

Aug. 1-2, 2006: NGFA/GEAPS Safety, Health and Environmental Seminar
St. Louis Airport Marriott, St. Louis, Mo.

Membership Matters

by Todd Kemp
Director of Marketing/Treasurer

February Frenzy Begins!

...Windy City Weekend Awaits a Lucky Recruiter!...

As the NGFA's 2005-06 membership year moves into the homestretch, culminating with the 110th annual convention in Charleston, S.C., this year's version of ***February Frenzy*** has begun!

Each year during February, all NGFA members are asked to make membership recruiting a high priority. And each year, successful recruiters qualify for a Grand Prize Drawing for a fabulous prize!

This year's prize is the Windy City Weekend, consisting of:

- Airfare for two to Chicago;
- Two nights at the ritzy Marriott Magnificent Mile hotel, located in the heart of Chicago's famed Mag Mile district; and
- Dinner for two at a hot Chicago restaurant.

Who Is Eligible: The Grand Prize Drawing will be conducted at close of business on Tuesday, Feb. 28. All successful recruiters will be entered in the drawing – those who sign more than one new member get multiple chances!

What You Can Do: Set aside just a few minutes each week for the next four weeks to think about and work on NGFA membership.

Identify a prospective member – a competitor, a supplier, a buyer,…any company in or related to the grain, feed and processing industry. Contact them and invite them to become a member of the NGFA. Then contact the NGFA's staff for appropriate follow-up: materials about membership benefits and a follow-up phone call.

If your prospect joins, it could be you spending a fun-filled weekend in the Windy City!

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TIME SENSITIVE