



## NGFA Reelects Krug as Chairman

**...Calhoun, Nail also Reelected to Key Leadership Posts...**

**Paul L. Krug Jr.**, president of ADM Investor Services Inc., Chicago, Ill., was reelected as NGFA chairman during the 105<sup>th</sup> annual convention in New Orleans, La.

Krug is the 58<sup>th</sup> industry leader to serve at the helm of the NGFA, after having previously served two-year terms as first and second vice chairman, respectively. He also is a member of the NGFA's Board of Directors and

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*The NGFA's reelected industry officers and their spouses are shown during the concluding banquet of the NGFA's 105<sup>th</sup> annual convention at the Fairmont Hotel, New Orleans, La. Pictured are (from right to left): Reelected NGFA Chairman Paul L. Krug Jr., president of ADM Investor Services Inc., Chicago, Ill., and his wife, Jackie; First Vice Chairman Richard R. Calhoun, vice president, North American Grain and Oilseeds, Cargill Inc., Minneapolis, Minn.; and Second Vice Chairman Steve Nail, president and chief executive officer of Farmers Grain Terminal Inc., Greenville, Miss., and his wife, Anita.*

## NGFA Adopts Policy Statement on BSE Prevention

The NGFA's Board of Directors adopted a major policy statement concerning efforts to prevent the emergence of bovine spongiform encephalopathy during the 105<sup>th</sup> annual convention.

The policy statement, approved unanimously after being developed and recommended by the NGFA's Feed Industry Committee, "fully supports" the Food and Drug Administration's existing regulations that prohibit the feeding of ruminant-derived protein to cattle and other ruminant animals, and reiterates the importance of full compliance. To facilitate compliance and ensure consumer confidence, the NGFA policy statement recommends as a "best management practice" that feed mills that manufacture ruminant feeds voluntarily discontinue the use of prohibited ruminant-derived protein unless they have separate and distinct mixing, handling and storage systems to prevent accidental commingling or cross-contamination.

Active surveillance in the United States since 1990 has not detected a single case of BSE.

The NGFA's policy statement also reiterates its support for FDA and state inspections leading to "full and fair

enforcement" of FDA's BSE-prevention regulations to ensure compliance throughout the supply chain, including renderers, feed manufacturers, farmers and ranchers, transporters and meat processors.

To further reassure consumers, the policy statement says the NGFA will work with other involved parties – renderers; farmers and ranchers; meat packers; meat processors; food processors, manufacturers and retailers; and government – to provide mechanisms through which feed manufacturers can affirm their compliance with FDA's BSE-prevention regulations on the basis of existing government-based inspections. "In particular, the NGFA will work to facilitate marketplace acceptance of individual company-to-company assurances, including contractual guarantees, company affidavits and other mechanisms, which are responsive to customer needs," with reliance upon existing, government-based inspection efforts.

The NGFA's policy statement recommends that upon completion of the initial round of FDA and state inspec-

*(Continued on page 9)*



## USDA Considering Changes to Corn, Sorghum PCPs by May 1

The U.S. Department of Agriculture is considering implementing changes to the terminal markets used to compute posted county prices for corn and sorghum by May 1.

The changes, similar to those considered last year and reported in the April 20, 2000 edition of the NGFA's *Government and Grain*, would decrease from 17 to nine the number of terminal markets used to derive corn PCPs, and from 14 to six the number of terminal markets used to derive sorghum PCPs. One change being considered to last year's corn plan concerns the southeastern corner of Indiana, which would be assigned Cincinnati and Toledo as terminal market basing points, instead of Chicago and the Gulf. For sorghum, two changes are being considered compared to last year's plan: The southeastern section of Indiana, as well as Florida and Georgia, would be assigned Cincinnati and the Gulf as terminal market basing points.

In other warehouse-related news:

### USDA to Continue Sales of Grain Inventories:

USDA officials told the NGFA's Country Elevator Committee on March 14 that they will continue to sell in-store the Commodity Credit Corporation's growing inventories of corn and soybeans. Storing warehouse operators will continue to have 10 business days to purchase newly forfeited stocks before they are made available to third parties, as the local Farm Service Agency office will continue to retain warehouse receipts representing forfeited stocks for that period of time. USDA said approximately 23 million bushels of CCC-owned corn currently are available for purchase, and that catalogs could be issued if inventory volumes continue to mount.

In response to questions on how storing warehouse operators can be made aware when in-store loan collateral is forfeited into CCC's ownership, CCC officials said they are reluctant to issue a nationwide mandate that county FSA offices contact the storing warehouse operator. However, it was suggested that storing warehouse operators contact their local FSA offices to determine if they are willing to work out such an "early alert" arrangement so that the stocks may be purchased before the warehouse receipts are sent to USDA's Kansas City Commodity Office and made available for third-party purchase.

**USDA Announces Storage, Handling Rate Criteria for 2001-02 UGRSA Contracts:** During the March 14 meeting of the NGFA's Country Elevator Committee, USDA officials reported that they again will approve rate offers amounting to up to 1 cent per bushel per year increase for storage rates and 1/2-cent per bushel per year for handling rates submitted by warehouse operators for Uniform Grain and Rice Storage Agreement contracts for 2001-02. The new rates take effect April 1.

The level of rate increases permitted by USDA is identical to the levels allowed during each of the last nine years, and are reflected in the accompanying chart. The maximum storage rate continues to be 38 cents per bushel per year, while the maximum handling rate is 20 cents per bushel, with separate 10-cent-per-bushel maximums applying to receiving and load-out. USDA officials said that 89.6 percent of the rate offers submitted by warehouse operators were identical to rates in effect during the current 2000-01 UGRSA contract year.

<b>CCC's UGSA Rate Criteria (Effective for 2001-02 Contract)</b>		
	<b>Storage Rates</b> (cents/bu./year)	<b>Handling Rates</b> (cents/bu.)
<b>Maximum Rate</b>	38 ¢	10¢ receiving and load-out, respectively.  Total maximum handling rate: 20¢
<b>Maximum Increase Allowed</b> (if rate <u>not</u> reduced during 2000-01 contract year)	1¢	0.5 ¢ (total)
<b>Maximum Increase Allowed</b> (if rate reduced during 2000-01 contract year)	Amount of decrease, plus 1¢	Amount of decrease, plus 0.5¢ (total)

## NGFA Calendar

**May 22-23:** NGFA Trade Rules Seminar, Airport Marriott, St. Louis, Mo.

**June 20-21:** Feed Quality Assurance Workshop, The Galt House, Louisville, Ky.



## Committee Begins Hearings on Rail Issues

On Wednesday, March 21, the Senate Commerce, Science, and Transportation’s Subcommittee on Surface Transportation and Merchant Marine (Sen. Gordon Smith, R-Ore., chairman) kicked off a series of hearings into railway issues.

The panel heard testimony from Linda Morgan, chairman of the Surface Transportation Board, the agency that has overseen the nation’s railways since 1995. In her statement, Chairman Morgan argued that the Board had promoted “common-sense” government, issuing opinions that had been upheld by the courts ninety percent of the time. In addition, she highlighted the Board’s efforts to create a rate review process that was more fair to shippers.

With regards to mergers, Morgan told the subcommit-

tee that the Board was continuing to develop its new requirements pursuant to the merger moratorium announced in late 1999. The Board will receive testimony on the matter on April 5, and a final rule is expected in June.

In his opening statement, Sen. Smith said that the mission of his subcommittee for the 107<sup>th</sup> Congress would be to help the full committee pass legislation to reauthorize the STB and the Railway Safety Board. In addition, the subcommittee would examine rail issues in depth in order to arrive at a consensus on legislation to address the concerns of shippers and railroads alike concerning service and other matters. The next two hearings, still unscheduled, will cover the state of the rail industry, with testimony from both railroads and rail customers.

## House Agriculture Committee Continues Policy Hearings

The House Agriculture Committee moved forward on its examination of farm policy proposals, receiving testimony from the National Farmers’ Union, the National Association of Wheat Growers, the U.S. Rice Producers Association, and a group of livestock producer groups including the National Cattlemen’s Beef Association and the National Pork Producers Council.

In his testimony, Leland Swenson, president of the NFU, advocated the creation of a voluntary set-aside program and a Farmer Owned Reserve, and the elimination of AMTA payments. In addition, he urged Congress to rework the marketing loan program. Under the NFU’s plan, loan rates for individual crops would be set at no less than 80 percent of a three-year moving average of the “full economic costs of production.”

Dusty Tallman, president of the National Association of Wheat Growers, gave his group’s recommendations to the committee. In his statement, Mr. Tallman called on Congress to establish a floor for the loan rate on wheat at \$2.85 per bushel, to establish a guaranteed fixed payment similar to AMTA, and to freeze AMTA payments at 1999 levels.

Nolan Canon gave testimony on behalf of the rice producers. He argued for a continuation of planting flexibility and opposition to acreage idling; a \$6.50 per hundredweight floor for rice loan rates; a fixed, decoupled payment; and the creation of a counter-cyclical income support program.

Barb Determan, president of the National Pork Producers Council, expressed support for the core principles of the 1996 FAIR Act. She told the committee that livestock producers in general were always concerned about grain

prices, because of their effect on feed prices. She argued that the current loan programs needed to be rebalanced to allow for market-oriented planting decisions. She urged Congress to structure any new counter-cyclical program so as to avoid insulating the U.S. from world market forces.

Wythe Willey, president-elect of the National Cattlemen’s Beef Association, warned the panel that farm programs that result in distorted planting decisions will inevitably result in higher feed costs for livestock producers. He underscored his group’s continued opposition to acreage idling and a Farmer Owned Reserve program.

## Budget Resolution Could Set Higher Agriculture Spending

On March 21 the House Budget Committee approved a resolution that may set the stage for more funds to be spent on agriculture. The resolution, approved by a vote of 23 to 19, provides for \$19.1 billion in budget authority for agriculture in fiscal year 2002. Also, under the language of the resolution, if the House Agriculture Committee passes a new farm bill by July 25, the budget resolution could be amended to increase the agriculture baseline in accordance with the new farm programs. The additional spending would come out of a contingency fund that the resolution sets aside for “rainy day” expenditures or debt reduction. Failing that, the resolution makes available \$5.6 billion in the current fiscal year for “agriculture emergencies.”

During its deliberations, the committee defeated an amendment that would have increased the agriculture baseline by \$9 billion for FY02. The vote was 16 to 22.



# NGFA Convention Special

## NGFA Elects Members to Board of Directors

The NGFA's membership elected 15 members to its Board of Directors during the association's 105<sup>th</sup> annual convention. Subsequently, the board elected twelve of its members to serve on the Association's Executive Committee.

### Board of Directors

The NGFA's Board of Directors is responsible for approving the NGFA's budget and for setting the general policy parameters under which the association operates. It also receives reports from committees and reviews strategies being pursued to implement plans of action.

The 15 industry leaders elected to three-year terms were:

- Gary E. Beachner** ..... general manager, Beachner Grain Inc., St. Paul, Kan.
- Jim Blackwell** ..... director of commodities, Foster Farms Commodities Division, Fresno, Calif.
- Tom Bressner** ..... general manager, Assumption Cooperative Grain Co., Assumption, Ill.
- Gordon Denny** ..... director, grain marketing, Central Soya Co. Inc., Decatur, Ind.
- Gene Gill** ..... president, Gill Grain Co., Bradford, Ill.
- David Hoogmoed** ..... executive vice president, Purina Mills Inc., St. Louis, Mo.
- Mike Knobbe** ..... group vice president/grain, Ag Processing Inc., Omaha, Neb.
- Randal Linville** ..... chief executive officer, The Scoular Co., Kansas City, Mo.
- Bill Krueger** ..... vice president, Lansing Grain Co., Overland Park, Kan.
- John Miller** ..... president, grain division, Bartlett and Co., Kansas City, Mo.
- Sharon Mock** ..... director, traffic, Perdue Farms, Salisbury, Md.
- Doug Mortensen** ..... vice president, commodities, A.E. Staley Manufacturing Co., Decatur, Ill.
- Ron Olson** ..... vice president, grain operations, General Mills Inc., Minneapolis, Minn.
- Bob Salstrom** ..... senior vice president – North America – Asset Operations, ConAgra Trade Group, Omaha, Neb.
- Mike Sulzberger** ..... manager, Prairie Central Cooperative, Chenoa, Ill.

Elected to fill a vacancy for a one-year term was **Al Gosiak**, president, Pendleton Grain Growers Inc., Pendleton, OR

### Executive Committee

Elected to the Executive Committee, which is responsible for the NGFA's overall planning, policies and finances when the Board of Directors is not in session, were:

- Al Anderson** ..... senior vice president, administration and public affairs, Cenex Harvest States, St. Paul, Minn.
- John Anderson** ..... general manager, Central Washington Grain Growers Inc., Waterville, Wash.
- Paul DeBruce** ..... chief executive officer, DeBruce Grain Inc., Kansas City, Mo.
- Charles E. Gilbert** ..... vice president, A.L. Gilbert Co., Oakdale, Calif.
- Tom Hurd** ..... president, Grain Division, United Feeds Inc., Pittsfield, Ill.
- James W. Keistler** ..... merchandising manager, Twomey Co., Smithshire, Ill.
- John Miller** ..... president, grain division, Bartlett and Co., Kansas City, Mo.
- Doug Mortensen** ..... vice president, commodities, A.E. Staley Manufacturing Co., Decatur, Ill.
- Ron Olson** ..... vice president, grain operations, General Mills Inc., Minneapolis, Minn.
- John Skelley** ..... president, Arizona Grain Inc., Casa Grande, Ariz.
- Adrian Tew** ..... vice president, Louis Dreyfus Corp., Wilton, Conn.
- Harold Reed** ..... vice president, general manager, The Andersons Inc., Maumee, Ohio

Serving on the Executive Committee by virtue of their office are:

- NGFA Chairman **Paul L. Krug Jr.** ..... president, ADM Investor Services Inc., Chicago, Ill.
- First Vice Chairman **Richard R. Calhoun** ..... vice president, North American Grain and Oilseeds, Cargill Inc., Minneapolis, Minn.
- Second Vice Chairman **Steve Nail** .. president and chief executive officer, Farmers Grain Terminal Inc., Greenville, Miss.;
- Immediate Past Chairman **Michael Donnelly** ..... president, Donnelly Commodities Inc., Smithtown, N.Y.
- NGFA President **Kendell W. Keith**, Washington, D.C.





# NGFA Convention Special

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*("Officers" continued from page 1)*

Executive Committee. Previously, he served on the association's Risk Management Committee, which works to ensure efficient, sound agricultural commodity cash and futures markets, and to foster an environment in which risk-management tools offered by the private sector can compete with government-subsidized products, such as federal crop insurance.

Krug began his industry career in 1972 after serving two years in the Peace Corps in Thailand. He was with the Continental Grain Co. for more than 19 years in various trading and executive positions in grain, oilseed crushing and barge line operations. His international experience at Continental Grain included foreign exchange trading, ocean freight trading, grain trading and oilseed crushing operations in Brazil and England. He joined ADM Investor Services in his current capacity in November 1991.

He is a member of the Chicago Board of Trade, and formerly served on its Board of Directors. He also is a member of the New York Board of Trade. He is a past member of the Kansas City Board of Trade, the Minneapolis Grain Exchange, the St. Louis Merchants Exchange and the Baltic Exchange, based in London, England. Krug is a graduate of the University of Notre Dame, and received his masters in business administration from Cornell University. He was a U.S. Naval officer from 1969-72.

Krug's diverse experience with the NGFA includes previous stints as a member of the Trade Rules Committee and its Barge Trade Rules Subcommittee, the Arbitration Appeals Committee and the Barge Users Committee (which has since been renamed the Waterborne Commerce Committee). He also has served as an arbitrator.

### **Calhoun Relected as First Vice Chairman:**

Relected as the NGFA's first vice chairman was **Richard R. Calhoun**, vice president, vice president, North American Grain and Oilseeds, Cargill Inc., Minneapolis, Minn. Calhoun also is chairman of the board for Cargill Marine and Terminal Inc., the firm's barge line, stevedoring company and shipping agency.

With the NGFA, Calhoun previously served two years as second vice chairman, and is a member of the NGFA's Board of Directors and Executive Committee. Previously, he served on the NGFA's Terminal Elevator Marketing Committee, which he chaired from 1994-97, and as a member of the Rail Shipper/Receiver Committee. He also has served as an arbitrator.

Calhoun joined Cargill as a grain merchant in 1976. He held various merchandising and management positions for the company in the United States from 1976-85. After overseeing Cargill's trading with the U.S. Department of Agriculture's Commodity Credit Corporation in Kansas City, Mo., from 1985-89, he transferred to Minneapolis, where he primarily was involved in government trading and rail rate negotiations for the company.

He was promoted to his current responsibilities in 1998. He also has worked on international business development assignments for the company in Mexico and the Ukraine. Calhoun is a past member of the Kansas City Board of Trade. He was graduated with honors from Kansas State University, with a degree in business management.

**Nail Relected as Second Vice Chairman:** Relected as the NGFA's second vice chairman was **Steven F. Nail**, president and chief executive officer of Farmers Grain Terminal Inc., Greenville, Miss. Nail also serves on the NGFA's Board of Directors and Executive Committee. He also serves as a member of the association's Arbitration Appeals Panel, which is responsible for rendering final decisions under the NGFA's century-old arbitration system, and the Waterborne Commerce Committee, which addresses inland waterway and port issues affecting the industry. He also has served as an arbitrator.

Nail, a certified public accountant, began his career with Farmers Grain Terminal Inc. in 1983 as the cooperative's accounting manager. He was promoted to executive vice president in 1988 before being named president and chief executive officer in 1996. The company, founded in 1968, operates nine elevators and river terminals in Mississippi, Arkansas and Louisiana, with more than 12 million bushels of storage. It markets soybeans, corn, sorghum, wheat and rice for its 3,900 members, and in 2000 had sales in excess of \$137 million.

Prior to joining Farmers Grain Terminal Inc., Nail was commodity marketing accountant with MFC Services in Madison, Miss., and a staff accountant with the Greenville, Miss., accounting firm of Sayle and Macione. He is a 1977 graduate of the University of Mississippi, with a bachelor of business administration in accounting. He is a past president and director of the Mississippi Feed and Grain Association, and served as a director of the Delta Council and the Jefferson Bank.





# NGFA Convention Special

Photos by Randall C. Gordon  
V.P., Communications/Gov't Relations  
Alison J. Bawek, Mgr., Design/Production Services

## A Pictorial Celebration of NGFA's 105th Annual Meeting



*Charles Carey, vice chairman of the Chicago Board of Trade, Chicago, Ill., discusses electronic trading and other exchange issues at the grand opening breakfast.*



*Chicago Board of Trade Vice Chairman Charles Carey is shown following his keynote address with NGFA Chairman Paul Krug.*



*Dr. Lester Crawford (left photo), director, Center for Food and Nutrition Policy, Georgetown University, Washington, D.C. and Brad J. Kerbs (right photo), president, chief executive officer, Purina Mills Inc., St. Louis, Mo., discuss BSE, the potential impacts on the food supply and effective means of preventing BSE in the United States.*



*Matthew R. Sanders, analyst, Forrester Research Inc., Cambridge, Mass., discusses B2B commerce in the food and agriculture industry, electronic commerce and the characteristics of companies most likely to succeed.*

*Andrew P. Goldstein (from left to right), NGFA Transportation, Counsel, McCarthy, Sweeney & Harkaway, Washington, D.C.; Myles Tobin, vice president, U.S. Legal Affairs, Canadian National/Illinois Central Railroad, Chicago, Ill.; and John L. Bratten, Committee Chair, Rail Shipper/Receiver Committee, Vice President, Transportation, Central Soya Co. Inc., Fort Wayne, Ind. discuss rail contracting enforceability issues.*





*Dr. Terry Medley (from left to right), vice president, Biotechnology, Regulatory and External Affairs, DuPont, Wilmington, Del.; Austin Sullivan, senior vice president, General Mills Inc., Minneapolis, Minn.; chairman, Biotechnology Committee, Grocery Manufacturers of America; and David Shipman, acting administrator, grain inspection, Packers and Stockyards Administration, U.S. Department of Agriculture, Washington, D.C., discuss biotechnology, its integration in the market place and reactions from consumers.*



*Roger Nober (left), chief counsel, House Transportation and Infrastructure Committee, U.S. House of Representatives, Washington, D.C.; and John Bratten, Committee Chair, Rail Shipper/Receiver Committee, vice president, transportation, Central Soya Co. Inc., Fort Wayne, Ind., discuss truck hours-of-service rules and how it will affect agricultural transportation.*



*Steve Gill, director, Warehouse and Inventory Division, Farm Service Agency, U.S. Department of Agriculture, Washington, D.C., presents John C. Anderson, Committee Chair, Country Elevator Committee, Central Washington Growers Inc., Waterville, Wash., with a recognition of NGFA's involvement in the re-write of the U.S. Warehouse Act.*



*Panelists discuss the impact of electronic commerce in various agricultural market commercial activities. Pictured are (from left) Diane Knutson, vice president, agricultural products, Union Pacific Railroad, Omaha, Neb.; Greg Unruh, CyberCrop.com, Fort Collins, Colo.; Darren Stiekman, vice president, E-Commerce, Data Transmission Network Corp., Omaha, Neb.; Scott Cavey, E-Markets, Ames, Iowa; Mark Avery, publisher, Grain Journal, Decatur, Ill.; Chris Klenklen, president, Association of American Warehouse Control Officials, administrator, Grain Regulatory Services, Missouri Department of Agriculture, Jefferson City, Mo.; Carrie Thelen Bruck, president, 1stAg, Kansas City, Mo.; and Chris Slager CyberCrop.com, Fort Collins, Colo.*



## Changes to Trade Rules Approved; Take Effect April 15

The NGFA's membership approved a major rewrite and reorganization of the NGFA's Feed Trade Rules, Barge Trade Rules and Barge Freight Trading Rules, as well as amendments to the Grain Trade Rules, during the March 16 annual business meeting. As stipulated in the NGFA's Bylaws, the rules changes take effect 30 days thereafter – on **April 15**.

The rules changes were the same as mailed to all Active, Rail Associate/Trading and Affiliated Association members on Feb. 12, with the exception that an amendment was added to Barge Freight Trading Rules 10(A)(1), (B)(1) and 11(A) acknowledging that barge release and billing instructions could be given or confirmed by any means agreed to by the parties. A new booklet containing all of the updated NGFA rules is at the printer and will be available for purchase in early April. The changes will be one of the topics covered during the NGFA's Seminar on Trading, Trade Rules and Dispute Resolution to be conducted May 22-23 at the Airport Marriott Hotel in St. Louis, Mo. [See the enclosed flyer for program and registration information.]

**Rewrite of Feed Trade Rules:** The changes to the Feed Trade Rules, originally adopted in 1921, reduce the number of rules from 31 to 28, with new rule 28 covering definitions previously scattered throughout the rules. While many of the changes streamline the existing rules to make them more understandable and user-friendly, other changes are substantive and reflect changes in trade custom. Other rules have been combined and/or renamed to clarify their application. Among the most significant changes are:

- ◆ **New Feed Trade Rule 3** [Old Rule 2]: Concerning confirmation of oral contracts, this rule was rewritten to reflect the new wording used in Grain Trade Rule 3 that also was approved at this year's annual business meeting.
- ◆ **New Feed Trade Rule 5:** This rule was added to provide for electronic transmission of conventional paper-based documents.
- ◆ **New Feed Trade Rule 10** [Old Rule 8]: This rule, which addresses rail privileges, was reworded to clarify the application of rate-basing points to delivered sales.
- ◆ **New Feed Trade Rule 20** [Old Rule 7]: This rule, which applies to the production origin of feed, was expanded to encompass feed production at origins outside the United States.
- ◆ **New Feed Trade Rule 28A** [Old Rule 29]: This rule, pertaining to the definition of "business day" was reworded to clarify that a business day is defined as the hours from 8 a.m. to 5 p.m., (Chicago, Ill., time), excluding Saturdays, Sundays and legal holidays. Legal holidays are defined as those observed by the Chicago Board of Trade.

- ◆ **New Feed Trade Rule 28H** [Old Rule 17]: This rule, governing packaging (e.g., bagging) of feed, was rewritten to incorporate metric weights.

**Rewrite of Barge Trade Rules:** The rewrite of the Barge Trade Rules, first adopted in 1964, increase the number of rules from 11 to 15, with new rule 15 containing definitions previously scattered throughout the rules.

**Rewrite of Barge Freight Trading Rules:** The rewrite of the Barge Freight Trading Rules, first adopted in 1981, reduce the number of rules from 19 to 18, with new rule 18 containing definitions previously scattered throughout the rules. Some of the rules have been combined and renamed to clarify their application. Among the changes are these:

- ◆ **New Barge Freight Trading Rule 1** [incorporates part of Old Rule 8(b)]: This rule defines when "free time" and "demurrage" begin.
- ◆ **New Barge Freight Trading Rule 2** [Old Rule 3(b)]: This rule has been renamed as "Applicable Equipment/Barge" to provide a more accurate description of barge equipment.
- ◆ **New Barge Freight Trading Rule 3** [Old Rule 5]: This rule has been updated to reflect the terminology used in Grain Trade Rule 2, excluding Grain Trade Rule 2F that does not apply to barge freight.
- ◆ **New Barge Freight Trading Rule 4** [Old Rule 2]: This rule has been changed to reflect the new wording in Grain Trade Rule 3.
- ◆ **New Barge Freight Trading Rule 5:** This new rule was added to clarify contract alterations and reflects the terminology used in Grain Trade Rule 4.
- ◆ **New Barge Freight Trading Rule 6:** This rule was added to provide for electronic transmission of conventional paper-based documents.
- ◆ **New Barge Freight Trading Rule 7** [Old Rule 6]: This rule was added to reflect the definitions in Grain Trade Rule 14.
- ◆ **New Barge Freight Trading Rule 14** [Old Rules 13 and 14]: This rule, governing "failure to perform," was renamed and expanded to expressly address situations where either party fails to perform on a contract. While the current rule addresses failures to place and accept placement of barges, it was determined that it also had been applied in other default situations.

In addition, new Barge Freight Trading Rules 9(B) [Old Rule 9] and 11 [Old Rule 12(a)] were modified to reflect the current custom of the trade, while new Barge Freight Trading Rules 8, 12, 13, 15 and 16 were reworded to streamline and improve their clarity.





("BSE" continued from page 1)

tions of all identified renderers and feed manufacturers – and reinspections of facilities where warranted – that FDA maintain an ongoing, but targeted, inspection and enforcement effort. Specifically, the NGFA policy statement recommends that FDA develop a statistically valid random inspection program that traces the movement and use of ruminant-derived protein forward from rendering plants through the supply chain to facilitate continued compliance with the agency's BSE-prevention rule. In addition, the NGFA says it supports efforts by the Association of American Feed Control Officials to make BSE inspections a continuing part of routine feed mill inspections conducted by states.

The NGFA's policy statement also reaffirms the association's commitment to science-based measures to prevent the BSE agent from entering the United States, including retention and strict enforcement of existing import restrictions in place since 1989 on animals or animal proteins from countries where BSE incidents have been diagnosed or that may be vulnerable to its occurrence.

Consistent with its belief in science-based standards, the NGFA policy statement also "fully supports the continued use of ruminant-derived protein as a safe, nutritious and wholesome feed ingredient for non-ruminant species, for which it is legally approved."

The NGFA policy statement commits the organization to continuing its intensive ongoing BSE-prevention education, training and information efforts, in cooperation with its 38 affiliated State and Regional Grain and Feed Associations, to complement the efforts of government and industry to ensure a continued safe, abundant and wholesome food supply.

**Other NGFA Actions:** During its presentation to the NGFA Board of Directors, the Feed Industry Committee also discussed future initiatives that it plans to pursue concerning BSE prevention. These include analyzing the current financial and personnel resources of the Food and Drug Administration and the U.S. Department of Agriculture's Animal and Plant Health Inspection Service to perform domestic compliance inspections and import inspections at U.S. ports, respectively. In addition, the NGFA will seek support for additional scientific research to develop and validate practical and affordable tests for diagnosing BSE in live animals, as well as for developing a method for eradicating the central nervous system disease. While research is currently underway to develop such a test, current diagnostic tests are available only for testing the brain tissue of dead animals.

The Feed Industry Committee also met during the convention with transportation providers and mutually agreed to establish a task force to work with railroads,

truckers and renderers to develop "best management practices" for transporting animal byproducts to ensure proper cleanout of trucks and rail cars that haul ruminant-derived protein. Rail carrier representatives said industry practices currently are to designate a separate fleet of cars – considered to be part of their hazardous materials, or "hazmat fleet" – for rendered animal byproducts, but not to differentiate between ruminant-derived protein and other animal proteins. Carrier representatives suggested this could be an appropriate role for privately owned or leased cars.

The NGFA also worked with the National Milk Producers Federation to organize a March 29 meeting in Washington with FDA, USDA, the Association of American Feed Control Officials and interested livestock, feed, rendering, packing and meat-processing organizations to discuss different organizations' BSE-prevention efforts.

**FDA Updates NGFA on Inspections of Mills for Compliance with BSE-Prevention Rule:** During the March 14 meeting of the Feed Industry Committee at the NGFA's convention, FDA officials updated the NGFA on its progress in completing inspections and reinspections of commercial feed manufacturers for compliance with the agency's rule prohibiting the feeding of ruminant-derived protein to cattle and other ruminant animals.

As of Feb. 27, the agency said, 10,240 inspections had been conducted – approximately 2,000 by FDA and the remainder by state feed control agencies. In addition, the agency in December issued a "high-priority" reassignment to its district and field offices directing that reinspections be done of 834 firms where initial inspections detected violations with one or more aspects of the rule. Thus far, 157 reinspections of those firms had been conducted, FDA said, with only one firm found to still be out of compliance. FDA officials said that one of the most frequent violations by non-licensed feed manufacturing facilities involves failure to properly label feeds containing ruminant-derived protein with the caution statement that reads, "do not feed to cattle or other ruminants."

FDA officials also said its December reassignment included inspections of 428 renderers and licensed feed manufacturers that had not received an initial inspection. As of March, approximately half of those inspections had been conducted, the agency said. FDA said it should complete its inspections of renderers and licensed feed manufacturers by early June.

The agency said it has authorized its district offices to issue "warning letters" to facilities that are not in compliance with the BSE-prevention rule, and may classify some two or three facilities as being subject to recalls of feed because of violations. FDA warning letters and recall requests are made available to the media.

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("BSE" continued from page 9)

FDA officials also told the NGFA's Feed Industry Committee that prohibiting the use of ruminant-derived protein in all animal feeds (not just ruminant feeds) has always been a policy option, particularly if the BSE agent were ever to be detected in the United States. Acting FDA Commissioner Dr. Bernard Schwetz had alluded to this option in response to questioning at a recent hearing conducted by the House Appropriations Committee's Subcommittee on Agriculture, Foods and Drugs. But FDA officials said there does not appear to be a need to exercise this policy option at this time, both because active surveillance of suspect animals has not detected the BSE agent in the United States and because the available scientific evidence shows that the possibility that ruminant-derived protein – even if it did contain the BSE prion – poses a risk to other species is "very remote."

**Renderer, Meat Processors' Activities:** Meanwhile, officials representing the Animal Protein Producers Industry (APPI), which represents the renderers, and the American Meat Institute told the NGFA Feed Industry Committee about their respective activities related to BSE prevention. APPI has implemented a voluntary third-party inspection and certification program for the rendering industry to verify compliance with the requirements of FDA's BSE-prevention rule for its segment, using a widely respected outside auditing firm. APPI said its third-party certifiers will be subject to auditing by FDA, and that the inspection and certification results will be shared with the agency. Meanwhile, AMI has developed a model affidavit statement that its members, which operate meatpacking and processing businesses, can use when purchasing cattle from feeders that attest to compliance with FDA's BSE-prevention rule. AMI officials said that to their knowledge, their member companies are not demanding third-party certifications from feed manufacturers or feeders concerning compliance with FDA's BSE-prevention rule.

## USDA Implements EU Import Ban to Address Foot-and-Mouth Disease

The U.S. Department of Agriculture on March 13 imposed a temporary ban on the importation of selected animals and animal proteins from the European Union to protect against foot-and-mouth disease.

The ban affects the importation of live swine and ruminant animals, as well as any fresh (chilled or frozen) swine or ruminant meat and other swine- and ruminant-derived products from the EU. The ban is in addition to the one already in place against ruminants and ruminant-derived products from the EU to protect against bovine spongiform encephalopathy. The action was taken following the confirmation of foot-and-mouth disease in France and later in The Netherlands. On Feb. 21, USDA announced a similar ban against such imported products from the United Kingdom and Northern Ireland. Since 1929, the United States has been free of the highly contagious and economically devastating viral disease that infects swine, cattle and other ruminants.

USDA's action also contains the following additional elements: 1) A prohibition against travelers from carrying into the United States any agricultural products, particularly animal products, that could spread the disease. Passengers also will be required to declare any contacts they have had with farms to USDA and U.S. Customs officials upon entering the United States; 2) sending a team of 40 scientific experts to the EU to monitor, evaluate and assist in disease-containment efforts; 3) implementing a heightened alert at ports of

entry and airports, including placing additional inspectors and dog teams at airports to check incoming flights and passengers; 4) implementing a heightened alert and coordination with state agriculture officials and other USDA officials worldwide to monitor the situation; and 5) implementing a public education program that includes additional signage at airports. These include a toll-free information hotline at 1-900-601-9327.

The NGFA's web site --  
Check it out!



**Access NGFA's web site address  
by typing:**

<http://www.ngfa.org>

**Enter the user name:** ngfa

**Enter the password:** soybean



## EPA Confirms No Split Approvals for Biotech Crops

### ... Releases Report Concluding that Virtually No Cry9C Protein Expected in Wet Milled Products ...

On March 7, 2000, EPA announced two actions related to StarLink corn. First, EPA assured the public that the type of split pesticide registration, which approved StarLink to be used solely for animal feed, will no longer be considered a regulatory option for products of biotechnology. Second, EPA released for public and scientific peer review a draft paper examining how food processing affects levels of the StarLink protein in finished food.

The paper entitled "White Paper on the Possible Presence of Cry9C Protein in Processed Human Foods Made From Food Fractions Produced Through the Wet Milling of Corn" evaluates scientific information on how the wet-milling process affects levels of the StarLink protein in food products. It is a follow-up to last Fall's meeting of EPA's Scientific Advisory Panel (SAP) to evaluate the allergenicity of StarLink corn. The draft document, which is undergoing scientific and public

review before being finalized, explains that StarLink corn that undergoes the wet-milling process contains essentially no residues of StarLink protein in finished human food fractions. In contrast, food products from the dry milling process do contain protein, the report concludes.

After a 30-day public review period, EPA will evaluate the impact that this new information has on assessing potential exposure to StarLink corn from eating food manufactured through the wet milling process. The common food products from wet milling include corn oil, corn syrup, alcohol, and cornstarch, which account for approximately 80 percent of the food products manufactured from corn. Products of the dry milling process include flour, cornmeal and grits.

A copy of the draft paper is available on NGFA's web site [www.ngfa.org](http://www.ngfa.org) by clicking on the "StarLink™" section.

## Panel Criticizes EPA's Assessment of Risks Posed by Dioxin

A federal advisory panel has issued a draft report in which most members challenged EPA's assertion that dioxin is a human carcinogen. The criticism was contained in a March 13 report issued by Dioxin Reassessment Review Committee (DRRS), part of EPA's Science Advisory Board (SAB) reviewing EPA's reassessment of dioxin's health risks. The panel's final report is expected to be submitted to EPA by the end of April.

**Background:** Dioxin refers to a group of chemical compounds that share similar chemical structures and biological characteristics. Dioxins can be released into the air from waste incineration and burning fuels such as coal and fuel oil. Natural processes, such as forest fires and volcanos, can also produce dioxin. Importantly, the toxicity of the chemicals included under the term dioxin varies widely. One of the most studied and potent forms of dioxin is called 2,3,7,8-Tetrachlorodibenzo-p-dioxin (TCDD), to which other forms of dioxin is compared.

The EPA Dioxin Reassessment effort began in 1991, when the Agency announced that it would conduct scientific reassessment of the health risks posed by dioxins. Since then, the Agency has issued draft reports on exposure to and health effects of dioxin in 1994 and most recently in September 2000.

EPA claims that dioxin can cause cancer and result in adverse reproductive or developmental effects. EPA says that the primary exposure mechanism for dioxin is from animal fats where dioxin tends to accumulate. The Agency

reports that USDA's Food Safety and Inspection Service (FSIS), the U.S. Food and Drug Administration (FDA) and EPA are monitoring the level of dioxin in food and recently have initiated a *sampling effort focused on animal feeds*.

**Panel's Conclusions on Dioxin:** In its draft cover letter to EPA Administrator Christine Todd Whitman, the DRRS stated that most members of the panel "do not support the classification of TCDD as a human carcinogen." The panel cited a lack of consistent carcinogenic response across health studies, the small relative risks observed in each study, the possible impacts of confounding factors, and other factors as reasons for doubting the carcinogenic effects of dioxin. Furthermore, the panel urged the EPA to consider using other models that might show a generally lower health risk from dioxin. Importantly, the DRRS called into question EPA's analysis of the cancer risks to Americans from exposure to dioxin.

In addition to its conclusions on the carcinogenic potential of dioxin, the panel also noted that EPA should more carefully evaluate the sources and toxic potential of dioxin in food. The panel also stated that the Agency's use of so-called Toxic Equivalency Factors (TEF) is flawed. TEFs are an internationally recognized approach for comparing dioxins but the Agency's use of TEFs could be interpreted as being much more robust and scientifically supportable than is justified by the available data.



## Gilbert Wins Membership Prize

### ... A.L. Gilbert Co. Takes 'Ceres' Home to California ...

At the NGFA's 105<sup>th</sup> Annual Convention in New Orleans, **Charlie Gilbert**, A.L. Gilbert Co., Oakdale, Calif., claimed top individual honors in the annual membership recruiting competition. Gilbert sponsored the memberships of Purina Mills Inc., St. Louis, Mo., and Penny-Newman Grain Co., Fresno, Calif., to amass nearly four times the total recruiting points as his nearest rival. Gilbert was recognized at the convention's Grand Opening Breakfast and awarded a free weekend in Hilton Head, S.C., courtesy of **John P. Stewart Inc.**, Albuquerque, N.M., and the **Westin Hilton Head Resort**, site of the 2002 NGFA Annual Convention.

Gilbert's recruiting exploits also enabled **A.L. Gilbert Co.** to claim first place in the annual company competition. The solid bronze statue of Ceres, Goddess of the Harvest, traditionally awarded to the company winner, will reside in Oakdale, Calif. for the coming year.

When all the applications were counted, the year's total was 95 new members. A total of 69 recruiters made the year's strong showing possible. Improvements

were shown in reducing non-renewals, with the year's total of 83 showing an improvement over the previous year by 16. Another positive feature of the year's campaign was that 13 former members that previously had failed to renew were brought back into the NGFA membership. Performances in both areas were attributable to greater focus by the NGFA's Membership Recruiter Network on those elements of the membership program.



*Charlie Gilbert, crowned "King of the Mardi Gras" for his membership recruiting prowess, is congratulated by Recruiter Network Chair JoAnn Brouillette, Demeter LP, Fowler, Ind.*

Watch for a special **Focus** insert in the next *NGFA Newsletter* with a comprehensive recap of the year's membership program and recognition of leading NGFA recruiters.



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