



## **NGFA, Other Major Grain Groups Recommend that Producers Obtain Written Certification that Seed Tests Negative for StarLink™ Protein**

The NGFA joined with three other major trade associations representing grain handlers, grain exporters, corn millers and corn processors in issuing a joint statement on March 8 recommending that buyers of raw corn “urge every corn grower to obtain written certification from their seed suppliers” that hybrid corn seed being purchased for planting in 2001 has been tested and found to be negative for the presence of the Cry9C protein found in StarLink™ corn.

The NGFA, Corn Refiners Association, North American Export Grain Association and the North American Millers Association noted that the tolerance for Cry9C protein effectively is zero for corn processed into human food in the United States, as well as raw corn shipments destined for major U.S. export markets. StarLink corn has been approved by the U.S. Environmental Protection Agency for use in animal feed, but not for use in food because of potential concerns over allergic reactions in some highly sensitive segments of the human population.

“Given this situation, it is only prudent to expect that many U.S. corn customers and U.S. regulators in 2001 will continue to use very sensitive ELISA technology to test for the presence of Cry9C,” the joint statement said. “Therefore, corn farmers also should be prepared to have corn deliveries tested at the first point of sale. Requesting certification (that seed has tested negative for Cry9C) will greatly assist in controlling the potential for positive tests for Cry9C protein in 2001 farmer corn deliveries.”

The joint statement said that buyers of corn in the commercial market “as a prudent business practice may wish to assure themselves that appropriate certifications have been received” by producers from whom they buy.

The commercial grain-based groups said that based upon information provided by the seed industry, it

*(Continued on page 4)*

## **FDA Nears Completion of Inspections for Compliance with BSE Rule**

The NGFA has learned that the Food and Drug Administration is nearing the end of its inspections of rendering plants and commercial feed mills to verify compliance with the agency’s regulations that prohibit the feeding of prohibited mammalian protein to cattle and other ruminants.

The agency’s ban on feeding ruminant-derived protein to ruminant animals is one of several steps taken by the U.S. government -- including an import ban on animals and animal proteins from Europe -- to prevent the occurrence or spread of bovine spongiform encephalopathy (BSE) in the United States. Active surveillance in the United States of the most susceptible livestock since 1990 has not detected a single case of BSE.

FDA’s Center for Veterinary Medicine, in partnership with several states, in 1998 launched a major undertaking to inspect all rendering plants and commercial feed mills, in which educational materials also were disseminated. The initiative has intensified since FDA reported on Jan. 28 that it had inspected 9,947 rendering and feed manufacturing

facilities. Reinspections also are being conducted of facilities that did not pass the initial inspection, either in part or in full.

In a separate, but related development, the National Association of State Departments of Agriculture on Feb. 27 approved a resolution that “calls on all states to attain 100 percent compliance in meeting federal regulations established in response to BSE...[S]tate cooperation is absolutely necessary...to maintain the BSE-free status of the United States.” NASDA’s resolution was sparked by a Feb. 15 letter from the Association of American Feed Control Officials – the professional organization of state and federal feed regulatory officials – that requested the support of state agriculture directors in fulfilling the inspection commitment.

Separately, AAFCO has established a BSE Task Force to develop a model program for states that will provide a template to incorporate BSE compliance and education efforts into routine, ongoing feed mill

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## Cry9C in the Seed

**A**s you will read on page 1, the NGFA this week joined the Corn Refiners Association, North American Millers Association and North American Export Grain Association in recommending that commercial corn buyers urge their farmer customers to request written verification that corn seed has been tested according to USDA protocols and found to be negative for Cry9C protein, the same protein contained in StarLink™ corn.

If you purchase corn from farmers, you know best how to manage your own risks because you know your own customers and the likely market outlets for its use. But as you plan how to manage your business in the year ahead, please keep in mind the following **facts** about the situation as it now stands with the residual Cry9C protein that could be present in seed intended for planting in 2001:

- ◆ While industry and government have known since December that some Cry9C protein was intermingled in corn seed intended for planting in 2001, and testing has been ongoing since that time by some seed companies, **testing remains entirely voluntary. No government agency has the power to compel such testing by the seed industry.** Yes, USDA has agreed to pay smaller seed companies to destroy seed that tests positive, and large seed companies are absorbing their own costs of necessary seed destruction. While these are encouraging developments, they do not guarantee that all corn seed for sale in 2001 has been tested.
- ◆ A high-ranking official with the Food and Drug Administration stated in a recent meeting with representatives from the industry, Environmental Protection Agency and USDA that, absent any decision by EPA to provide an exemption

from tolerance for Cry9C protein, FDA intended to continue to test for the protein in the marketplace.

- ◆ While EPA and FDA continue to review the allergenicity issue with the StarLink (Cry9C) protein, there is no firm time frame for a decision on exemption from tolerance (which would allow StarLink corn to be treated as equivalent to all other corn in the U.S. market). FDA is in the process of generating additional factual information, including the results of blood tests now underway on a few persons who have contacted FDA and alleged they have had allergic reactions after eating corn-based products. But that information could take several months to generate. Further, a quick decision by EPA after the facts are in is not assured. Much, no doubt, depends on the weight of the evidence.
- ◆ Some of our major export markets remain extremely sensitive to the presence of Cry9C protein, and even if EPA ultimately grants an exemption from tolerance, there is no assurance that our export customers will alter their stance expeditiously.

By all accounts, the quantity of hybrid seed corn intended for sale in 2001 that may contain Cry9C protein is very small. Further, even in the seed that contains it, the percentage of Cry9C is reported to be generally small.

But facts speak for themselves. Depending upon your sensitivity to harvested corn containing Cry9C protein coming into your plant/operations in 2001, as a prudent business practice, corn buyers may wish to assure themselves that appropriate certifications – namely that seed has been tested and found to be negative for Cry9C based on USDA testing protocols – have been received by growers.

### Congress Completes Action Revoking OSHA Ergonomics Rule

The House on March 7, by a 223-206 vote, completed congressional action on legislation revoking the Occupational Safety and Health Administration's massive and far-reaching ergonomics standard. President Bush has said he will sign the bill (S.J. Res. 6), which received Senate approval on March 6 by a 56-44 vote.

In the House, 16 Democrats, mostly from Southern states, joined 207 Republicans in voting to overturn the OSHA ergonomics rule. In the Senate, six Democrats voted with all 50 Republicans to reject the rule. It marked the first use of the Congressional Review Act, which became law in March 1996 and allows Congress to vote to disapprove a federal regulation by a simple majority of both chambers. The NGFA was part of a broad coalition of business groups that urged Congress to overturn the OSHA ergonomics

rule, which was issued on Nov. 15 and had been scheduled to take effect on Oct. 15.

OSHA's ergonomics rule, which would have covered more than 100 million workers in virtually every industry (including grain elevators, feed and flour mills and processing plants) would have required most employers regardless of business size, to develop a comprehensive ergonomics program to address musculoskeletal disorders if an employee reported a MSD incident that he/she believed was work related.

Following the congressional action, Labor Secretary Elaine Chao said a new proposal to address repetitive-stress injuries is likely. But significantly, under the Congressional Review Act, any new rules could not be "substantially similar" to those just disapproved by Congress.



## American Farm Bureau Testifies on Farm Policy Recommendations

The American Farm Bureau Federation on Feb. 28 called for “rebalancing” commodity loan rates, creation of a counter-cyclical income support program and an expanded Conservation Reserve Program during testimony before the House Agriculture Committee.

AFBF President Bob Stallman testified that the organization had developed a “toolbox” to assist as many commodities as possible – at an estimated additional cost of \$11.7 billion per year compared to current agricultural baseline spending.

AFBF’s policy recommendations include the following: 1) maintain direct fixed Agricultural Marketing Transition Act (AMTA) payments, without recalculating base and yield data, while allowing oilseed producers to receive contract payments, estimated to cost \$500 million more annually; 2) rebalance loan rates to reflect historical price relationships between program crops and soybeans, while allowing the soybean loan rate to remain at \$5.26 per bushel (estimated to cost an additional \$2.3 billion annually); 3) create a counter-cyclical income support system for wheat, feed grains, oilseeds, cotton and rice that would allocate additional payments whenever a state’s gross receipts for a given commodity decline to less than a percentage of the 1996-99 average for that commodity, at an estimated price tag of \$3 billion a year. Further, AFBF asserted that since the counter-cyclical payments would not be linked to *current* prices and production, it would not count against the \$19.1 billion limit on trade-distorting supports that are allowed under the United States’ commitments for 2001 under the World Trade Organization; 4) expand the Conservation Reserve Program to 38 million acres (up from the current 36.4 million) to include more buffer strips, wetlands and other “environmentally sensitive” lands, as well as create a green payment incentive for conservation activities, estimated to cost \$3 billion annually; 5) “improve” the loan deficiency payment program to make it more “flexible,” at a cost of \$300 million a year; 6) repeal the \$75,000-per-person payment limit on LDP and marketing loan gains; and 7) other spending initiatives, including counter-cyclical income payments for fruits and vegetables and improved agricultural export, rural development and research programs, estimated to cost \$2.2 billion annually.

**Barley Growers Testify:** Today, the National Barley Growers Association – calling barley an “endangered” sector because of declining acres that it attributed to higher loan rates for other grain crops – called on Congress to increase AMTA payments for barley at the 27.2 cents per bushel in effect in 1999.

The association urged that the barley loan rate be set at no less than 85 percent of the five-year Olympic average of barley prices during the 1996-2000 period, and that loan-

repayment rates be determined on the basis of “all-barley” prices. It also recommended that posted county prices be set at levels that will not encourage producers to forfeit feed barley. And it urged that producers be allowed to lock-in loan deficiency payments at any time after a crop is planted. It also recommended a counter-cyclical income support program totaling a maximum \$3 billion per year, with payments made on historical base acreage and yields when market prices and the AMTA payment (including per-bushel or per-unit farm program payments) are less than an established market support level for each commodity.

**Future Hearings:** Scheduled to testify next are the National Farmers Union (March 14) and the National Association of Wheat Growers (March 15).

## China WTO Negotiations Stall

Negotiations designed to pave the way for China to enter the World Trade Organization are proceeding at such a slow pace that it may require President Bush to request renewal of China’s normal trade relations status in June.

Under WTO procedures, once all the necessary bilateral and regional trade agreements have been completed between China and the other members of the WTO, China then must iron out a protocol for any special provisions with a “working group” of WTO members. Once that has been completed, a draft of all of the trade agreements’ market access schedules, and a copy of the working group’s report, are submitted to the WTO membership for approval.

The delay involves China’s negotiations with its working group, in which it is seeking “developing-country status,” allowing the Chinese government to subsidize its economic sectors at levels that non-developing WTO-member states are prohibited from doing. The United States is concerned that this stance may contradict some terms of its bilateral agreement with the Chinese. Under terms of the U.S.-China bilateral agreement, the Chinese agreed to remove unfair technical and phytosanitary trade barriers against U.S. grains, oilseeds, meat products and citrus. But implementation of those protocols has been erratic, and the United States is continuing its talks with the Chinese. For its part, the bilateral agreement required the United States to give China permanent normal trade relations status, exempting China from the annual review process required by current law for all non-market economies. Congress passed, and President Clinton signed in October 2000, legislation to give China such trade status. But that law only takes effect when China is an official WTO member. Until then, trade relations with China still are governed by the old law, which requires annual renewal of China’s most-favored-nations trading status.



# Country/Terminal Corner

by Randall C. Gordon  
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appears that there is a "high rate of compliance" with the U.S. Department of Agriculture's request on Dec. 29 that hybrid seed companies voluntarily test seed stock for the presence of Cry9C protein using USDA testing protocols.

"While we appreciate the voluntary efforts of individual seed companies to perform tests of their planting seed and parent lines, it is so important to our customer base to eliminate Cry9C protein from the U.S. corn supply that we urge purchasers of corn who buy directly from farmers to discuss this issue with growers," the joint statement said. "It is our understanding that seed companies are prepared to provide written verification that seed being sold has been appropriately tested and found to be negative for Cry9C."

The joint statement noted that two major producer organizations – the National Corn Growers Association and the American Farm Bureau Federation – already have urged their farmer-members to request certification that seed corn intended for planting has been tested using USDA protocols, and found not to contain the Cry9C protein.

## **USDA Announces Plan to Purchase Hybrid Seed Corn Testing Positive for Cry9C from 'Small' Seed Companies**

In a related development, USDA announced on March 7 that it would immediately offer, through its Commodity Credit Corporation, to purchase hybrid corn seed containing trace levels of the Cry9C protein from small corn seed companies under a voluntary program.

Data provided to USDA by the American Seed Trade Association show that testing by its 250 member companies detected the presence of Cry9C protein in less than 1 percent of the hybrid corn seeds intended for sale in 2001.

USDA said it plans to offer seed dealers the wholesale price – estimated to range from \$35 to \$50 per bag – for seed that has been tested and found to contain trace levels of Cry9C protein. USDA estimated it could purchase up to 400,000 bags of seed, at a total estimated cost of \$15 million to \$20 million. Corn seed purchased by USDA is to be destroyed.

USDA said that seed companies licensed by Aventis CropScience, the registrant of StarLink, to sell hybrid seed corn containing the Cry9C protein (such as Garst) will not qualify for the voluntary purchase offer. In addition, some other major seed companies – including Monsanto, Dow and Pioneer Hi-Bred International, have opted

not to participate. However, USDA said each of these seed and biotechnology providers have agreed to continue testing seed stock to detect the possible presence of Cry9C using USDA testing protocols, and have provided assurances that they voluntarily will remove seed that tests positive from the market. USDA has said it will monitor the performance of major seed companies concerning this matter.

USDA on Dec. 29 had advised companies producing hybrid corn seed to undertake a voluntary action to test their seed stock and parent lines using protocols developed by USDA's Grain Inspection, Packers and Stockyards Administration to determine whether trace levels of Cry9C were present.

The NGFA has learned that details of the CCC purchase program are under development, and are scheduled to be sent to the seed corn industry during the week of March 12.

The NGFA expressed its appreciation to USDA for its efforts to ensure that "every precaution is taken to prevent seed containing Cry9C protein from being planted in 2001.

"Industry and government have worked cooperatively for the past five months to control individual lots of corn that have tested positive for the Cry9C protein," said NGFA President Kendell W. Keith. "USDA's announcement that it will purchase seed lots testing positive for Cry9C from smaller seed companies should give U.S. corn customers an additional measure of confidence that every effort is being made to avoid the inadvertent commingling of corn containing Cry9C in the grain stream. In addition, major seed companies have complied voluntarily with USDA's testing standards at their own cost and are to be commended for their commitment to the U.S. corn marketplace and its customers."

Keith said the joint effort by the NGFA, Corn Refiners Association, North American Export Grain Association and North American Millers Association to encourage corn buyers to urge growers to request written certification that hybrid corn seed has been tested and found to be negative for Cry9C protein is another measure designed to prevent inadvertent commingling of such corn in commercial grain stocks intended for food or export. "While we appreciate the efforts of USDA and the voluntary testing by the corn seed companies, it is only prudent for the marketplace to seek 100 percent verification that the seed has been tested," Keith said.





## **EPA Announces No More 'Split Approvals' for Biotech Commodities; Releases Draft Study on Affect of Corn Processing on Presence of StarLink Protein**

Concurrently with USDA's announcement, the U.S. Environmental Protection Agency announced it no longer will consider as a regulatory option the type of "split pesticide registration" for biotechnology products as occurred for StarLink™ corn.

EPA also released for public comment and scientific peer review a draft paper that concludes that the corn wet milling process removes any traces of Cry9C protein in finished human food products. The agency said previous studies on the dry corn milling process have not removed the Cry9C protein from finished food products.

EPA said that based upon the study's findings, "it is reasonable to conclude that there is virtually no Cry9C protein in wet-milled products and that there is no likely health concern for the public associated with the consumption of any food fraction produced by wet milling of corn as long as reasonable steps are taken to ensure that StarLink corn is not diverted to wet milling." EPA said data show that "corn protein will not be present in high fructose corn syrup, corn oil or alcohol (ethanol)." Further, the agency said data indicate that corn starch will

contain, "at most, such extremely low levels of corn protein that there is virtually no potential human exposure to Cry9C protein prior to entry into the food processing chain."

However, the draft study also encouraged the continued testing of corn for Cry9C prior to entry into the food processing chain and diversion of any shipments testing positive to approved domestic animal feed or industrial purposes to "insure that food fractions from wet milling contain virtually no Cry9C protein." It recommended as a "possible scenario" that testing occur whenever a corn wet mill produces food starch.

The draft paper emanated from last fall's meeting of EPA's Scientific Advisory Panel that evaluated the available scientific information on how the wet-milling process affects levels of Cry9C protein in food products. EPA said it is providing a 30-day comment period for scientific and public review before the study is finalized.

EPA said that after receiving public and scientific review, the agency 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," which accounts for approximately 80 percent of the food products manufactured from corn.

The EPA draft report is available in the StarLink section of the NGFA's web site at [www.ngfa.org](http://www.ngfa.org).

## **NAS Study Urges Corps of Engineers to Consider 'Nonstructural' Alternatives to Locks and Dam Renovation**

An 11-member committee assembled by the National Academy of Sciences National Research Council has recommended that the U.S. Army Corps of Engineers not undertake an expansion of the system of locks on the Upper Mississippi and Illinois River system until it assesses less-costly "nonstructural alternatives," such as improved scheduling of barge traffic passing through the locks and "better equipment for hooking barges together faster."

The NAS/NRC released its recommendations on Feb. 28, in response to a request from the U.S. Army to examine the agency's more than \$50 million, 11-year feasibility study -- now scheduled for completion in September -- for modernizing the locks and dams of the Upper Mississippi and Illinois River system. The NAS/NRC analysis was requested after controversy erupted last year over the economic models being used by the corps to assess the costs and benefits of the project. "Although the corps has made important improvements in its analysis, it apparently considered lock extensions as the only means to reduce (river) congestion, ignoring a range of less expensive options that wouldn't require rebuilding locks and dams,"

said Lester Lave, economics professor at Carnegie Mellon University who chaired the NAS/NRC committee. "We're recommending not going down that track until nonstructural alternatives have been examined closely."

The NAS/NRC study said that the corps' analyses could be "overestimating" the barge demand that expanded locks could create, because of "flawed" grain-usage assumptions. Specifically, the NAS/NRC faulted the corps for allegedly not considering the possible uses of alternative ports and increases in domestic grain usage. The NAS/NRC study also criticized the corps for allegedly not adequately assessing the potential impacts that lock-and-dam expansion could have on non-barge activity on the rivers, including recreational uses.

Further, the NAS/NRC report urged Congress to provide funds for other federal and state authorities to research the environmental impact of current and proposed commercial activity on the rivers. In addition, Congress should "require the corps to have its environmental and lock-extension studies reviewed by an inter-disciplinary group of outside experts," the study recommended.





("BSE" continued from page 1)

inspections conducted by states. Reportedly, 34 states have been conducting BSE-compliance inspections, either under contract with FDA or on their own volition.

In another BSE-related development, Sen. Richard Durbin, D-Ill., has requested an update from the General Accounting Office – the investigatory arm of Congress – of the BSE-related portions of its previous report on

animal feed safety that was issued in 2000. Specifically, Durbin has asked GAO for details on its inspections of various industry sectors, its enforcement activities concerning compliance with the BSE-prevention rule, and whether BSE could emerge in the United States through such vectors as food or dietary supplements that are not associated with feed or feed ingredients. Durbin has asked the GAO to provide its update report within three months; GAO usually takes about six months to conduct its studies.

## NGFA to Participate in Codex Meeting on Animal Feeding Practices

The NGFA will participate as part of the official U.S. delegation when negotiations resume March 19-21 in Copenhagen, Denmark, on a draft code on animal feeding practices being developed by an *ad hoc* intergovernmental task force of the Codex Alimentarius Commission.

Codex was established in 1962 by two U.N. organizations – the Food and Agriculture Organization and the World Health Organization – to develop science-based international consensus standards, codes of practice and guidelines to facilitate international trade and a safe, wholesome food supply. The *ad hoc* task force was created to develop guidelines or standards on good animal feeding practices “with the aim of ensuring the safety and quality of foods of animal origin.” Codex standards are important because they are the agreed-upon method for resolving disputes that arise

in the World Trade Organization, and can influence domestic standards and regulations.

On March 6, the NGFA met with Food and Drug Administration officials and other interested parties to review the latest draft of the code and to recommend positions to be staked out by the U.S. delegation in the next round of negotiations. The draft code includes suggested definitions of a variety of terms, including feed and feed additives, as well as provisions concerning labeling, good manufacturing practices, recordkeeping and traceability (e.g., the extent to which feed or ingredients used in feed should be able to be traced back to the original supplier in the event of a recall). The NGFA will provide a complete report to members on the outcome of the next round of negotiations.

## Hog Producers Signal Plans to Sue USDA for Reinstating Pork Checkoff

A group known as the “Campaign for Family Farms” has signaled its intent to file a lawsuit against the U.S. Department of Agriculture for reinstating the national pork checkoff program.

The group is challenging USDA’s Feb. 28 announcement of a settlement with the National Pork Producers Council (NPPC) and the Michigan Pork Producers Association requiring a restructuring of the pork checkoff program as a condition for its continuation. The restructuring requires the National Pork Board, which administers the program, to: 1) employ its own management and staff, including a chief executive officer and chief financial officer; 2) manage separate contracts for promotion, research and consumer information projects; 3) maintain separate office operations from the NPPC; and 4) maintain separate communications from the NPPC.

Under the agreement, state pork producer associations will continue to operate independently and be accountable for checkoff funds, but may cooperate

on projects and communications with state affiliate organizations of the NPPC.

USDA said it would conduct a survey by June 2003 to determine whether the required 15 percent of producers and importers favor conducting another referendum to determine the fate of the checkoff program. If the required number request a referendum, USDA said, one would be conducted within one year thereafter.

Then-Secretary of Agriculture Dan Glickman had announced on Jan. 11 that a referendum conducted in 2000 on the pork checkoff had failed by a 15,051-14,396 vote. Glickman had ordered that USDA’s Agricultural Marketing Service prepare and issue a final rule to terminate the checkoff.

But the new Bush administration found that the referendum had not been conducted in accordance with the procedures specified in the law establishing the checkoff.





## CFTC Proposes Rules to Implement Reform Bill

The Commodity Futures Trading Commission this week proposed new rules that would implement the Commodity Futures Modernization Act (CFMA) passed by Congress last year. The agency said it would provide a 30-day comment period after the rules are officially published in the *Federal Register*, which has not occurred yet.

Among the proposals is to consider allowing agricultural commodity futures to be offered on so-called derivatives transaction execution facilities (DTFs), the type of exchange that would fall under an intermediate regulatory scheme. The proposal is designed to implement the law's tiered regulatory scheme concerning contract markets. Unlike the prior regulatory framework issued by the agency last year – which would have created three-tiers of regulated markets – the new proposed rules would create two: designated contract markets and registered DTFs. The CFTC proposed to exempt two markets from registration: exempt boards of trade and exempt commercial markets.

Unaffected by the proposed rule are the cash-forward exclusion and agricultural trade options program. The Part 35 swaps exemption would continue to apply to those agricultural swaps between eligible parties.

► **Designated Contract Markets:** Proposed Part 38 would govern designated contract markets, and features some changes from the previous regulatory regime. These markets are those boards of trade or trading facilities on which commodity futures contracts may be traded by any type of market participant, including agricultural commodity futures. Applicants meeting the Part 38 criteria would be deemed designated by the CFTC within 60 days of receiving an application, unless it appears that the application is insufficient or violates the law or CFTC rules.

The applicant would be required to meet a number of designation rules and demonstrate its ability to comply with core regulatory principles. The proposed rules also would provide notice on how the CFTC interprets certain CFMA requirements, as well as an appendix containing general guidance that establishes certain non-exclusive safe harbors for abiding by the core regulatory principles.

Under the proposal, the CFTC would permit contract markets simply to notify the CFTC on a weekly basis of amendments to some types of rules and would not require certification or notification of changes to rules that relate solely to administrative or ministerial matters. Violation of these proposed rules would not form a basis to void an agreement or a contract made on the contract market.

► **Derivatives Transaction Execution Facilities (DTFs):** The CFTC proposed to make this intermediate category of

regulation available to those contract markets that cater to certain eligible traders of contracts based on commodities that: 1) have a nearly inexhaustible supply; 2) are highly unlikely to be susceptible to the threat of manipulation; 3) have no cash market; 4) consist of security futures products; or 5) consist of futures and option contracts on commodities that are exempt or excluded from coverage under the Commodity Exchange Act – which do not include agricultural commodities.

The CFTC proposal said that the agency in a future rulemaking would consider whether a futures contract based on one of the enumerated agricultural commodities may be eligible for trading on a DTF if the contract is based on a commodity that is found to be highly unlikely to be susceptible to the threat of manipulation. Enumerated commodities include: wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghum, mill feeds, butter, eggs, *Solanum tuberosum* (Irish potatoes), wool, wool tops, fats and oils (including lard), tallow, cottonseed oil, peanut oil, soybean oil (and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, soybean meal, livestock, livestock products and frozen concentrated orange juice.

Finally, “eligible contract participants” would be allowed to trade contracts on a DTF. Such traders are defined under the CMFA as, essentially, institutional or high-net-worth individuals. “Eligible commercial entities” or commercial/investment firms entering transactions in connection with their business also would be eligible to execute trades on a DTF.

► **Exempt Markets:** Under the CFTC proposal, exempt markets would be those markets exempted from most provisions of the Commodity Exchange Act, except that the CFTC would retain antimanipulation and antifraud enforcement authority. Affected by this category would be exempt commodities traded on an electronic facility – agricultural commodities are excluded – and exchanges trading commodity futures contracts on excluded commodities, generally are traded on financial markets.

### NGFA Calendar

**March 14-16:** 105th Annual NGFA Convention,  
Fairmont Hotel, New Orleans, La.

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

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





# Membership Matters

by Todd Kemp  
Director of Marketing

## NGFA Recruiters Gallop to the Finish Line

### ...A FRENZY-D Finish to February...

As February drew to a close, a closely bunched field of NGFA recruiters rounded the turn and headed down the homestretch toward the wire and the waiting prize: a Kentucky Derby Weekend, generously sponsored by the following NGFA-member companies:



**CIT, New York, N.Y.** – Airfare for two to Louisville.



**AgriClick.com, Kansas City, Mo.** – Three nights hotel accommodations.



**Agrifusion, Lenexa, Kan.** – Kentucky Derby tickets.

*Sincere thanks to these members for making the February Frenzy prize possible!*

As the dust settled after the field crossed the finish line on Feb. 28, a total of 27 recruiters had qualified for the Kentucky Derby Weekend random drawing. And the winner was: **Art Otto, President, Schouten USA, Minneapolis, Minn.**

On the final afternoon, after losing one prospective member, Art went out and signed up Soufflet USA, Minneapolis, Minn. It goes to show: “It ain’t over ‘til it’s over!”

**Year-to-Date:** At this writing, just five days prior to the end of the 2000-01 membership-recruiting year, 89 new members had been recruited. Intrepid NGFA members

continued their “Drive for 105,” attempting to recruit 105 new members in time for the 105<sup>th</sup> annual convention. In addition, non-renewals had been reduced to 83 for the year, a drop of 16 from year-ago totals; and a new emphasis on re-signing former non-renewals had lead to 10 former member companies coming back to the NGFA. Watch the *NGFA Newsletter* for a post-convention report on final results!



*Rachel Duran, NGFA member services assistant, and Director of Marketing Todd Kemp conduct the March 1 random drawing for the winner of the Kentucky Derby Weekend. And the winner was...Art Otto, President, Schouten USA, Minneapolis, Minn.*



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**TIME SENSITIVE**



**NGFA's 105th Annual Convention**  
**March 14-16, 2001**  
**Fairmont Hotel, New Orleans, La.**

