



NGFA Members Reelect Officers during Convention

Steven F. Nail was reelected as the NGFA's top industry officer during the 109th annual convention at the Hotel Del Coronado in San Diego, Calif.

Nail, who is president and chief executive officer of Farmers Grain Terminal Inc., Greenville, Miss., is the 60th industry leader – and the first from Mississippi – to serve at the helm of the NGFA. He previously served two-year terms as the association's first and second vice chairman, respectively. He also is a member of the NGFA's Board of Directors and Executive Committee.

He chaired the NGFA's Long-Range Planning Committee in 2001-02 that revised and updated the association's strategic five-

(Continued on page 9)



The NGFA's newly elected officers are shown during the convention. Pictured are (from left): Immediate Past Chairman Rick Calhoun, vice president, grain and oilseed supply chain, North America, Cargill Inc., Minneapolis, Minn.; Second Vice Chairman Tom Coyle, general manager, Chicago & Illinois River Marketing LLC (a wholly owned subsidiary of Nidera Handelscompagnie B.V. of The Netherlands), Chicago, Ill.; Chairman Steven F. Nail, president and chief executive officer, Farmers Grain Terminal Inc., Greenville, Miss.; First Vice Chairman Ronald D. Olson, vice president, grain operations, General Mills Inc., Minneapolis, Minn.; and NGFA President Kendell W. Keith.

Presence of Antibiotic-Resistant Gene Complicates Resolution of Bt10 Corn Issue

Efforts to resolve the inadvertent limited release by Syngenta of its unapproved Bt10 biotech corn event in commercial channels has been complicated by the company's revelation on March 31 that the Bt10 event contains a gene that confers resistance to the antibiotic ampicillin. Syngenta maintains that the gene is inactive in Bt10 corn.

The revelation was made public following a meeting between officials of Syngenta and the European Union, after which EU Health and Consumer Protection Commissioner Markos Kyprianou said the European Commission "deplored the fact that a GMO which has not been authorized through the EU's comprehensive legislative framework for GMOs, nor by any other country, has been imported into the EU, and we are writing to U.S. authorities asking them to guarantee, by taking the appropriate measures, that present and future exports of maize to the EU do not contain GMOs which are not authorized for the EU market."

Syngenta said the Bt protein spectrum produced by the Bt10 event is identical to the protein produced by the Bt11 variety resistant to the European corn borer that was approved for commercialization in 1996 in the United States. The Bt11 event was approved for food and feed use in Japan in 1996, and received such approval in the European Union in 1998.

Syngenta on March 21 for the first time announced that it had determined that the unapproved Bt10 event had been distributed between 2001 and 2004 in "a small number of its corn breeding lines used primarily for pre-commercial development" in as many as eight states. Syngenta told the NGFA it made the discovery late last year and immediately reported it to the Environmental Protection Agency, Food and Drug Administration and U.S. Department of Agriculture – each of which plays a distinct role in the approval process for biotech-enhanced commodities. Syngenta said all current plantings and seed stock containing the Bt10 event had been identified, and either had been destroyed or "otherwise contained."

(Continued on page 2)



("Bt10 corn" continued from page 1)

Syngenta officials said that the Bt10 corn differs from Bt11 by only a handful of nucleotides on a section of the gene that does not code for the protein toxin. Continuing efforts are underway by the NGFA, North American Export Grain Association and other groups in cooperation with U.S. government agencies to address any potential concerns of U.S. corn export markets.

The European Commission said it had been informed by Syngenta that up to 10 kg. of Bt10-containing corn had been imported inadvertently as Bt11 corn for research in Spain and France. Up to an additional 1,000 metric tons of Bt10 food and feed products also may have entered the EU through the Bt11 export channels since 2001, the EU said.

The three U.S. federal agencies responsible for ensuring food and feed safety responded promptly with a joint statement that the inadvertent distribution of an unapproved Bt10 biotech corn event by Syngenta posed no safety concern for humans, animals or the environment. "The U.S. government is communicating with our major trading partners to ensure they understand there are no food safety or environmental concerns that could affect trade," the statement read.

Yet there are indications that U.S. corn exports may be disrupted, as various export markets are requiring a more formalized regulatory approval. In addition, it is clear that the U.S. government and Syngenta will need to provide additional information to facilitate the necessary regulatory decisions regarding Bt10 in several major U.S. corn export markets.

Treasury Department Rejects Industry Petition to Exempt All Preexisting Contracts to New Payment Rules for Trade with Cuba

The U.S. Treasury Department's Office of Foreign Assets Control (OFAC) has rejected a petition submitted by the NGFA, North American Export Grain Association and more than 30 other organizations urging that it either grandfather or issue a general license covering all contracts that had been entered into before the agency issued its Feb. 22 final rule "clarifying" that payment must be received before agricultural commodities destined for Cuba leave U.S. ports.

OFAC's regulation provided a 30-day grace period under which shipments of agricultural commodities to Cuba could continue to be made under previous trade practice, in which payment often is received after shipments depart the United States but before title and possession to the goods transfer to the Cuban buyer. In a letter dated March 23, OFAC Director Robert Werner wrote that "we do not see any issues raised...that had not been considered previously in formulating the 30-day transition period" provided under the regulation. But Werner also wrote that OFAC is "always prepared to consider specific licensing requests based on extraordinary or unique facts that would justify such a request."

The OFAC "clarification" changed the definition of "cash in advance" as used in the Trade Sanctions Reform and Export Enhancement Act of 2000. The law prohibits U.S. exporters from providing payment or financing terms for U.S. agricultural commodities sold to Cuba other than through "payment of cash in advance" or through certain financing arrangements, such as letters of credit issued by third-country (non-U.S.) banks. OFAC's policy interpretation means that for shipments occurring after

the grace period that ended March 24, payments received by exporters after shipments have left U.S. ports but before title transfers to the Cuban buyer at destination no longer comply with the "payment of cash in advance" requirement.

At the time the OFAC final rule was issued, U.S. exporters had negotiated contracts for the sale of approximately 950,000 metric tons of U.S. agricultural commodities to Cuba valued at \$250 million. The vast majority of these contracts containing the "unrestricted cash in advance" payment terms were scheduled to ship after the March 24 grace period granted by OFAC, and now may need to be renegotiated unless OFAC issues special licenses in response to "extraordinary or unique facts" referenced in Werner's letter.



Calendar

April 27-28, 2005: NGFA Feed Quality Assurance Workshop
(Joint workshop with California Grain & Feed Association and California Department of Food & Agriculture), Tulare, Calif.

May 3, 2005: NGFA Legal Council
Washington, D.C.

May 10-11, 2005: NGFA Rail Shipper Receiver Committee
Washington, D.C.

July 27-28, 2005: Operations, Management & Technology Seminar - "Grain Quality Management"
Airport Marriott Hotel, Kansas City, Mo.
(Joint Seminar Series with the Grain Elevator and Processing Society)



Busy Agenda Awaits Congress as it Returns from Holiday Recess

Congress returns this week after its spring recess to a very busy legislative calendar.

The House and Senate passed sharply different budget resolutions, and a joint conference committee will attempt to resolve those so that a final budget can be agreed to before the arbitrarily set April 15 deadline. However, since there is no penalty for missing the deadline, it is expected that the House-Senate negotiations will be prolonged. The sharpest difference between the two measures is in spending cuts, as the House approved \$68.6 billion in mandatory spending cuts over five years while the Senate approved just \$17 billion over the same time frame.

The House version includes cuts in mandatory spending from nine authorizing committees, including \$20 billion from the Energy and Commerce Committee, which is likely to be Medicaid; \$18 billion from the Education and the Workforce Committee in increased premiums for the Pension Benefit Guarantee Corp.; \$5.3 billion from the Agriculture Committee; \$18.6 billion from the Ways and Means Committee, which is likely to be student loan programs; and the remainder comprising savings consisting of small cuts from the other five committees. In the Senate version, cuts to Medicaid were struck from the measure. That left the Senate bill calling for cuts of \$2.8 billion from agriculture, \$5.3 billion from the Pension Benefit Guarantee Corp., \$2.7 billion from the Energy and Natural Resources Committee, \$2.6 billion from the Commerce Committee and the remainder from three other committees.

In addition to mandatory spending cuts, the budget resolutions call for tax cuts and a cap on discretionary spending. The House includes \$106 billion in tax cuts, while the Senate version includes \$129 billion. The discretionary caps are nearly identical, with the House approving an \$843 billion cap and the Senate an \$848.8 billion cap. Negotiations will begin to intensify as Republican leaders look to pass a budget as soon as possible to proceed to other legislative priorities.

Other Agenda Issues: Also on the congressional agenda are a \$81 billion supplemental appropriations bill to primarily fund the war on terror, other annual appropriations bills, a bankruptcy reform measure and a host of appointee confirmations, including those of Dr. Lester M. Crawford to head the Food and Drug Administration; Charles Conner to become deputy secretary of agricul-

ture; Rep. Rob Portman, R-Ohio, to become U.S. trade representative; and John Bolton to serve as U.S. ambassador to the United Nations.

The issues likely to be considered during the spring session affecting the grain, feed and processing industry include a Water Resources Development Act (WRDA), which would authorize funding for rehabilitating the locks and dams on the Upper Mississippi and Illinois Rivers; legislation reauthorizing the highway bill; and legislation implementing the Central American Free Trade Agreement (CAFTA). The NGFA encourages members to contact their congressional delegations in support of these important industry priorities. Please contact NGFA Director of Legislative Affairs Chris Holdgreve for more information on each of these issues, as well as for Capitol Hill contact information.

► **Water Resources Development Act:** This legislation currently is being drafted in Congress. In addition to the Upper Mississippi River and Illinois Waterways navigation project, the measure will encompass a host of other critical waterway and port projects that maintain U.S. infrastructure and the competitive advantage. The NGFA expects a bill to be introduced in the Senate by mid-April, with the House to follow soon after.

► **Hours of Service Amendment to Highway Bill:** The agricultural exemption to the Department of Transportation's hours-of-service regulations may be considered as part of the highway reauthorization bill in the Senate. This provision would codify the agricultural exemption to the hours-of-service regulations during planting season, as determined by the state, and clarify the definition of an agricultural commodity to include feed. Such a provision was included in the House version of the highway bill. In the Senate, the Commerce Committee is likely to consider a similar provision when it considers the highway bill in early April.

► **CAFTA:** The House Ways and Means and the Senate Finance Committees have scheduled hearings for April 21 and April 13, respectively, regarding legislation that would implement the U.S.-Central American Free Trade Agreement (CAFTA). This comprehensive agreement would expand U.S. agricultural exports and put U.S. agriculture on an equal footing with its competitors in these markets.



NGFA, Other Shipper Groups Recommend Changes in Fuel Surcharge Formulas with Class I Carriers

As part of its ongoing work with three other national shipper organizations, the NGFA hosted a session at its 109th annual convention on a study conducted by Escalation Consultants Inc., Gaithersburg, Md., that assessed how various rail fuel surcharge formulas relate to the costs and revenues of Class I rail carriers.

The study's major conclusions, presented by Escalation Consultants' Jay Roman, were as follows:

- ▶ Over the period analyzed (the fourth quarter of 2001 through the first quarter of 2004), the average customer that has paid the fuel surcharge typically is paying more than the railroads incurred in increased fuel expenses (this analysis included fuel hedging activity of carriers, which on net, reduced the average market fuel price paid by carriers during the analytical period); and
- ▶ When fuel costs are low, the dollars affected by a bias in a fuel surcharge mechanism also are low. But when fuel costs increase dramatically, the dollars affected by a surcharge bias also increase dramatically.

Roman presented information regarding how the various surcharge formulas respond to the market. He noted that the rate of increase from 2001 to 2004 in crude oil prices was 60 percent, while the price of wholesale diesel only increased by 48 percent. He noted that this raised questions regarding some surcharges that are based upon crude oil prices, and whether they appropriately reflect actual market prices in fuel over wide price ranges. He also presented some examples showing that individual shipments, in some cases, were absorbing extraordinarily high fuel surcharges simply because the surcharge percentage was being applied to the overall rail rate, as opposed to the actual cost of the fuel. The study was funded by the NGFA, the National Industrial Transportation League (NITL), Forest Products Association of Canada (FPAC) and The Fertilizer Institute (TFI), each of which also has been active in trying to address rail customer concerns as to how fuel surcharges are being assessed.

NGFA President Kendell Keith followed Roman's presentation with a summary of how the NGFA and the other associations were approaching the issue. He said that because fuel surcharges are becoming common in other transportation industries, including trucking and airlines, the associations' objective in approaching rail carriers was not to eliminate the surcharges, but to make them more equitable among shippers and more closely related to actual cost increases on individual movements. He said the shipper groups had been recommending that each of the Class I carriers change to a surcharge system that is linked more closely to actual costs incurred, such as a mileage-based system, and that surcharges be based upon a transparent market price of diesel that

reflects the market in which the carrier actually purchases fuel.

Keith presented some examples in the grain shipping industry in which fuel surcharges for an identical length and type of movement, but for three different commodities, ranged from \$142 to \$212 per car. He noted that the computed cost-based surcharge for the same movement would have been a uniform \$108 per car. He noted that the shipper groups, while recommending that rail carriers review the mileage-based formula, were open to discussing other cost-based approaches to surcharges. Keith also noted that if the carriers change their surcharge formulas, not all rail shippers could expect to have the surcharge they are paying reduced in every case. Depending upon the carrier involved and the level of existing rail rates relative to the cost of fuel for the individual shipment, shippers on average could expect to benefit from such a change, which would be more equitable overall. However, some shippers could experience an increase in fuel surcharges, simply because their current rail rates are less than industry averages.

Keith noted that the four shipper groups already had met with the following carriers: BNSF Railway, Canadian National Railway, Union Pacific Railroad, Norfolk Southern (via telephone conference) and the CSX. Another meeting is scheduled with the Canadian Pacific for April 19.

Carrier Changes Made Thus Far: Since meeting with the NGFA and the other groups, two Class I carriers have announced significant changes to surcharge formulas. The Canadian National announced a change, effective April 1, effectively reducing the calculated surcharge, particularly in higher price ranges of crude oil prices. According to estimates provided by Escalation Consultants at the convention, the CN's new program reduces its surcharge beginning April 1 from 14 percent to 9.6 percent. On March 29, the BNSF Railway announced it would begin assessing fuel surcharges on a mileage basis effective Jan. 1. That will be the first mileage-based surcharge in the rail industry. In commenting on the change, BNSF's chief marketing officer stated, "...we believe a mileage-based fuel surcharge program is the most direct and accurate method of reflecting the impact of fuel price changes on BNSF and our valued customers."

Keith concluded the convention open forum session by noting the changes adopted by some carriers in their fuel surcharge policies, and some acknowledgement that there might be a better approach. He further noted that none of the carriers with which the NGFA had met with privately had "shut the door" to considering changes to surcharge calculations. In addition, he noted that since surcharges had become such a huge economic issue to much of the grain, feed and processing industry, he expected many NGFA member companies to urge that the association continue pursuing the issue.





NGFA, GEAPS Launch New Facility Security Website

A new facility security website was launched April 1 by the NGFA and the Grain Elevator and Processing Society (GEAPS) that provides a comprehensive source of current bioterrorism- and facility security-related information relevant to the grain-handling, feed manufacturing and grain processing sectors.

“With the increased focus on facility security within all sectors of agriculture, one of the real challenges facing the industry has been to know where to find the latest relevant information pertaining to each individual sector,” said NGFA/GEAPS Joint Safety, Health and Environmental Quality Committee Chairman **Mark Daniels**, director of health and safety for CHS in St. Paul, Minn. “Now, the grain handling, feed manufacturing and processing industry has one place to look for information on regulatory requirements, compliance guidance and education and training materials that can help all types and sizes of facilities enhance security.”

The website, which will be updated frequently, contains four major sections:

- ▶ **Nonclassified security alerts and notices** that may be issued periodically by the U.S. Department of Homeland Security (DHS) or other government agencies. In addition, facilities with facility security specialists can register on the website to be placed on a list-serve to receive security alerts specific to grain elevators, feed mills, corn and soybean processing plants, flour mills and grain export facilities if and when such alerts are issued.
- ▶ **Federal government security requirements** that apply to grain-handling, feed manufacturing and processing operations. Included are requirements issued by the U.S. Food and Drug Administration, U.S. Department of Agriculture, DHS, U.S. Coast Guard and U.S. Department of Transportation, as well as the Bioterrorism Act passed by Congress. This section provides an NGFA-prepared summary of each of the requirements, as well as portals for direct access to the source documents developed by each agency. Hyperlinks to other important federal government security web sites also are provided.

- ▶ **Facility security education, compliance guidance and training materials** developed by NGFA and GEAPS on how to conduct a facility vulnerability assessment and how to develop and implement a facility security plan. This section also contains information on upcoming conferences and seminars scheduled by government agencies, as well as the NGFA and GEAPS, on agro-terrorism prevention and facility security.

- ▶ A special section that outlines **which federal security requirements apply to specific types of grain, feed or processing facilities.**

The website is being provided as a service to the industry by GEAPS and the NGFA, and is accessible to both members and non-members through the homepages of their respective websites: www.geaps.com or www.ngfa.org.

The website was the brainchild of the NGFA/GEAPS Joint Safety, Health and Environmental Quality Committee, which Daniels chairs. Input for the site was provided by a task force co-chaired by Grain Subcommittee Chairman **Stacy Schmidt**, director of safety, health and environmental protection for The Andersons, Maumee, Ohio; and Feed Subcommittee Chairman **Paul Luther**, environment, health and safety leader for Land O'Lakes Purina Feed LLC, St. Louis, Mo. Also assisting as part of the task force were **Larry Bongle**, operations manager, ConAgra/Peavey Co., Omaha, Neb.; and **Rick Treeman**, vice president and safety and environmental manager for Johnston Enterprises, Enid, Okla.

Input also was received from NGFA/GEAPS Joint Grain Grades and Weights Committee Chairman **Robert C. Smigelski**, Agriculture Group operations manager for The Andersons, Maumee, Ohio; and NGFA Food Safety Committee Chairman **Arvid L. Hawk**, grain handling coordinator for Cargill Inc., Minneapolis, Minn.

A prototype of the facility security website was unveiled March 1 during the 2005 GEAPS Exchange in Albuquerque, N.M. The site was launched after incorporating input received on the prototype.



Convention Special

NGFA's 109th Annual Convention – A Pictorial Review

More than 650 industry members and guests who gathered in beautiful San Diego, Calif., for the NGFA's 109th annual convention praised the uniformly excellent program and speakers, as well as the substantive open forum committee meetings and the opportunities for networking and socializing with industry colleagues. For the third consecutive year, the North American Export Grain Association (NAEGA) conducted its Board meeting in conjunction with the NGFA's convention, and organized an open forum session on Trade in the Americas featuring speakers from the United States, Europe and South America. Mark your calendars now for the NGFA's 110th annual convention – **March 5-7, 2006 at the Charleston Place Hotel, Charleston, S.C.**



Carl Hausmann, president and chief executive officer of Bunge North America Inc., St. Louis, Mo., delivers a highly acclaimed industry keynote address that focused on the changing business model for grain companies – from a “grain-trading” to an “agro-supply service” industry. “The world needs more grain production, and there is a recognition that the world needs more than U.S. production,” Hausmann said, noting the challenges posed by engaging in more liberalized world trade. He also identified three major “outcome influencers” – economics, including the growing trade in animal proteins; the role of government; and the varying food cultures in different regions of the world. “The challenge for industry leaders is to navigate through and identify which of these outcome influencers can be affected.”



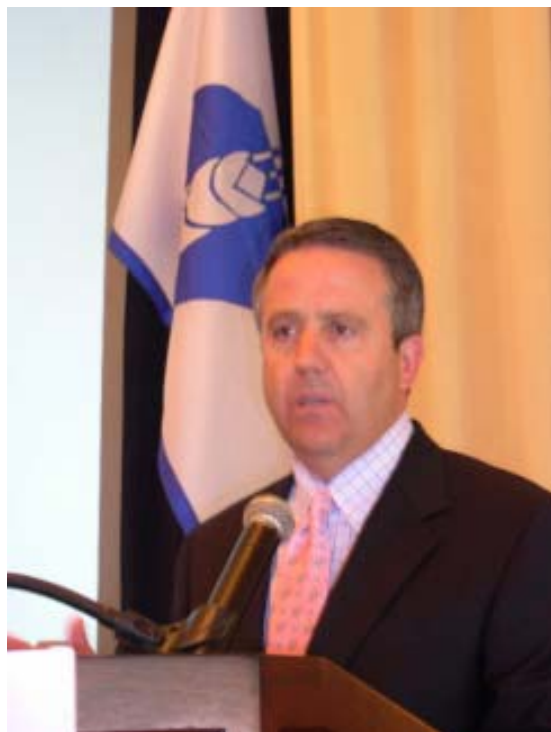
Sen. John Thune, R-S.D., who became the first person in 52 years to defeat a sitting Senate party leader when he defeated then-Senate Minority Leader Tom Daschle, reviews the agenda facing Congress in 2005, including highway, rail and inland waterway infrastructure legislation. Thune also addressed a record crowd at a NGFA GrainPAC breakfast.



The changing landscape for world agricultural trade was the focus of three outstanding speakers (seated, from left): Dr. Klaus Schumacher, director, Economics Department, Toepfer International and president of COCERAL, Hamburg, Germany; Carole Brookins, former U.S. executive director to the World Bank, Washington, D.C.; and Dr. Marcos Jank, president, Institute for International Trade Negotiations and associate professor of international economics and trade policy at the University of São Paulo, São Paulo, Brazil. Brookins noted that more than 95 percent of America's potential customers over the next 20 years will live in developing countries that need to develop infrastructure to become both importers and exporters of products. Dr. Schumacher provided a succinct outlook for the grain market following the enlargement of the European Union, as well as EU food and feed safety policies. And Dr. Jank focused on the challenges presented by regional trade agreements and their potential impact on a multilateral accord under the World Trade Organization's Doha Development Agenda. Also pictured is Bill Hale, senior vice president, Grain and Oilseed Supply Chain, North America for Cargill Inc., Minneapolis, who moderated the session as chairman of the North American Export Grain Association.



Rail Issues



BNSF Railway Chairman and Chief Executive Officer Matt Rose says the carrier views agriculture as a growth market, with increased and less volatile demand for rail export movements. He also cited what he termed the railroads' increased efficiency and productivity, and said BNSF's shuttle train system is "vital" to improving its efficiency. He encouraged shippers to work to expedite border crossings for rail shipments, particularly with Mexico.



The mechanisms used by carriers to assess rail fuel surcharges was the focus of a panel consisting of (from left): Andrew P. Goldstein of the law firm of McCarthy, Sweeney & Harkaway, PC, Washington, D.C., who serves as NGFA's transportation counsel; and Jay Roman of Escalation Consultants Inc., Gaithersburg, Md., who conducted a major study on the issue for the NGFA and other shipper groups. Also pictured are NGFA President Kendell W. Keith and NGFA Rail Shipper-Receiver Committee Chair Lynn Hiser, director, Transportation Americas for Tate and Lyle Ingredients Americas Inc., Decatur, Ill.



◀ *Sir Eldon Griffiths, national patron of the World Affairs Councils of America, discusses the challenges facing America's relationships with the rest of the world in a riveting address. Griffiths is an accomplished diplomat, serving former Prime Minister Margaret Thatcher and serving 17 years in the British Parliament.*

Marty Ruikka, owner of PRX Geographic, Chelsea, Mich., discusses the results of a recent ProExporter Network study that, among other things, found that ethanol production could grow at twice the current pace without undermining the availability of corn for other U.S. domestic and export uses. He also said the study found that cellulose is not expected to be a major source of renewable fuels largely because of the excessive transportation costs involved versus the volume of convertible material, noting that it takes 64,000 truckloads of corn cobs to produce 20 million gallons of ethanol but only 16,000 truckloads of corn to produce 40 million gallons. ▶





Convention Special

NGFA Elects Members to Board of Directors

NGFA members elected 14 members to serve on its Board of Directors during the association's 109th annual convention.

Elected to three-year terms were:

Kevin Adams President and Chief Executive Officer, CGB Enterprises, Mandeville, La.
John Anderson Chief Executive Officer, Ritzville Warehouse Co., Ritzville, Wash.
Ron Barkema Manager, Grain Department, Prairie Land Cooperative, Hubbard, Iowa
JoAnn Brouillette President, Demeter LP, Fowler, Ind.
John Fletcher General Manager, Central Missouri AGRIService LLC, Marshall, Mo.
Scot Hillman Chief Executive Officer, J.D. Heiskell & Co., Tulare, Calif.
Jack Heim General Manager, Walton Agri-Service Inc., Upper Sandusky, Ohio
Fran Marron Grain Team Leader, Ag Partners LLC, Albert City, Iowa
Dean McIntosh Grain Merchandiser, Attebury Grain Inc., Amarillo, Texas
Edward P. Milbank President, Milbank Mills Inc., Chillicothe, Mo.
John Petty Executive Director, Wisconsin Agri-Service Association Inc., Madison, Wis.
Jon Setterdahl Grain Marketing Manager, Farmers Cooperative Co., Farnhamville, Iowa
Jeff Stroburg Chief Executive Officer, West Central Cooperative, Ralston, Iowa
Mike Sumpter Trading Manager, CGB Enterprises Inc., Mandeville, La.

Elected to fill a vacancy for a two-year term was:

Jeff Adkisson Executive Vice President and Treasurer, Grain and Feed Association of Illinois, Springfield, Ill.

Elected to fill a vacancy for a one-year term was:

Scott McWilliams Vice President, Bartlett Grain Co., Kansas City, Mo.

Subsequently, **David C. Lyons**, vice president, government relations, Louis Dreyfus Corp., Washington, D.C., was appointed pursuant to the NGFA Bylaws to fill a vacancy on the Board following the resignation of Mike, formerly director of operations for South Dakota Wheat Growers Association, who has left the firm.

NGFA Board Elects Members to Executive Committee

Members of the NGFA's Board of Directors elected 13 of its members to serve on the 18-member Executive Committee during the 109th annual convention. Elected to serve on the Executive Committee were:

Kevin Adams President and Chief Executive Officer, CGB Enterprises, Mandeville, La.
Allen J. Anderson Vice President, Governmental and Public Affairs, CHS, St. Paul, Minn.
JoAnn Brouillette President, Demeter LP, Fowler, Ind.
Sharon Clark Vice President, Commodities and Traffic, Grain and Oilseed Division, Perdue Farms Inc., Salisbury, Md.
Paul DeBruce Chief Executive Officer, DeBruce Grain Inc., Kansas City, Mo.
Tim Gallagher Senior Vice President and Manager, Grain Division, Bunge North America Inc., St. Louis, Mo.
Dave Gordon General Manager, Northwest Grain Growers Inc., Walla Walla, Wash.
David Hoogmoed Vice President, Sales and Marketing, Land O'Lakes Purina Feed LLC, Arden Hills, Minn.
Paul Krug President, ADM Investor Services Inc., Chicago, Ill.
Butch Meibergen President and Chief Executive Officer, Johnston Enterprises, Enid, Okla.
Hal Reed President, Grain Division, The Andersons, Maumee, Ohio
Robert Salstrom Senior Vice President, North American Grain, ConAgra Trade Group Inc., Omaha, Neb.
Jeff Stroburg Chief Executive Officer, West Central Cooperative, Ralston, Iowa

Also serving on the Executive Committee by virtue of their office are:

NGFA Chairman **Steve Nail** President and Chief Executive Officer, Farmers Grain Terminal Inc., Greenville, Miss.
First Vice Chairman **Ronald D. Olson** Vice President, Grain Operations, General Mills Inc., Minneapolis, Minn.
Second Vice Chairman **Tom Coyle** General Manager, Chicago & Illinois River Marketing LLC
(a wholly owned subsidiary of Nidera Handelscompagnie B.V. of The Netherlands), Chicago, Ill.
Immediate Past Chairman **Rick Calhoun** Vice President, Grain and Oilseed Supply Chain – North America,
Cargill Inc., Minneapolis, Minn.

NGFA President **Kendell W. Keith**





Convention Special

(“Officers” continued from page 1)

year planning document. He also has served as a member of the Arbitration Appeals Panel, which is responsible for rendering final decisions under the NGFA’s Arbitration System, and the Waterborne Commerce Committee, which addresses inland waterway and port issues affecting the industry.

Nail began his industry 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. It markets soybeans, corn, sorghum, wheat and rice for its members.

Olson Reelected First Vice Chairman: Reelected as NGFA’s new first vice chairman was **Ronald D. Olson**, vice president of grain operations for General Mills Inc., Minneapolis, Minn. Olson previously served a two-year term as second vice chairman, and also serves on the NGFA’s Board of Directors and Executive Committee. He is a former member of the association’s Grain Grades and Weights Committee, which addresses grain inspection and weighing practices that facilitate grain marketing responsive to customer needs.

Olson has served in his current capacity with General Mills since 1996. As such, he is responsible for providing strategic and operating leadership for all aspects of its Grain Division. His responsibilities include managing a network of country and terminal elevators; commodity risk-management; and managing inter-company relationships with marketing divisions, research and development, and quality/regulatory groups.

Olson joined General Mills from Atwood-Kellogg Company, where he was president from 1990-95. At Atwood-Kellogg, he managed a staff of 100 that provided financing, marketing, futures hedging, auditing and tax, bonding and regulatory compliance services to country elevators in the Dakotas and Minnesota. From 1971-90, he worked at Continental Grain Co., in various capacities, including as vice president and Northwest Region manager from 1981-90.

An Iowa native, he is a graduate of Iowa State University with an undergraduate degree in agricultural business and a masters in economics.

Olson currently serves as one of 18 members of the Secretary of Agriculture’s Advisory Committee on

Biotechnology and 21st Century Agriculture, which is examining long-term impacts of biotechnology on the U.S. food and agriculture system and developing recommendations to guide USDA on pressing issues related to the application of biotechnology in agriculture. He also is in his fifth year as a member of the Commodity Futures Trading Commission’s Agricultural Advisory Board, and is a past board member and chairman of the Minneapolis Grain Exchange. He also chairs the board at the Agricultural and Food Science Academy, a St. Paul, Minn.-based charter high school.

Coyle Reelected Second Vice Chairman: Reelected as the NGFA’s second vice chairman was **Tom Coyle**, general manager of Chicago & Illinois River Marketing LLC, Chicago, Ill., which is a wholly owned subsidiary of Nidera Handelscompagnie B.V. of The Netherlands. In this capacity, Coyle oversees the company’s grain origination and marketing, and the operations of its two export facilities located in Illinois and Wisconsin, one of which is the largest delivery warehouse for Chicago Board of Trade futures.

Nidera, established in 1920, is an international commodity trading business based in Rotterdam, with principal subsidiaries located in other European countries, as well as in Singapore and the United States. In addition, Nidera S.A. (Argentina) operates a network of export grain elevators and processing plants, and is extensively involved in agricultural inputs, such as seed, crop nutrition and crop-protection products.

Coyle has served as chairman of the NGFA’s Risk Management Committee since 1998. The committee represents the interests of grain hedgers and users of the nation’s futures markets. He also serves as a member of the NGFA’s Board of Directors and Executive Committee, and has served as an arbitrator.

Coyle began his grain industry career with the former Continental Grain Co. in 1976, where he eventually became vice president of origination for its North American Grain Division in Chicago. During his career with Continental Grain, he also worked as a facility manager, regional merchandiser, soybean trading manager, regional manager (in Minneapolis, Minn.), assistant general manager (Kansas City, Mo), and as vice president of marketing and business development.

He is a graduate of DePaul University in Chicago, and received his masters in business administration from The University of Dayton (Ohio).





FDA, USDA Announce Food Security Awareness Training Program

The Food and Drug Administration and U.S. Department of Agriculture have announced a jointly developed food security awareness training program intended primarily for company officials responsible for facility security and food security, as well as those responsible for implementing emergency response plans in the event of a terrorism incident.

The training program, which is offered in three formats – including a one-hour web-based version – is intended primarily for federal, state and local food regulatory officials. But FDA said the course also is appropriate to all sectors of the agricultural and food industry – “from growers to retail” – to acquaint them with the risk factors for intentional contamina-

tion of the U.S. food supply. Based upon the NGFA’s initial review of the web-based training program, it is heavily geared to the food sector, rather than grain handlers or feed manufacturers. But several portions of the program addressing vulnerability assessments and preventive strategies have relevance for all industry sectors.

For members receiving the *NGFA Newsletter* electronically, more information on the training program and the various options for obtaining it is available by clicking here. The actual FDA web-based course may be accessed by clicking here.

NGFA Membership Ratifies Amendments to Bylaws, Arbitration Rules

The NGFA’s membership ratified amendments to the NGFA Bylaws, Arbitration Rules and Rail Arbitration Rules during the association’s 109th annual meeting on April 1 in San Diego.

Bylaws Amendment: The amendment to the Bylaws authorized the election of two directors from among the executive staff of State/Regional Grain and Feed Associations. For many years, the NGFA’s Board has consisted of **industry** representatives from NGFA-member companies appointed by NGFA-affiliated State and Regional Grain and Feed Associations, an established policy that is **not** affected by the amendments to the Bylaws. But this was the first time affiliate executive staff members have been eligible to serve. As noted elsewhere in this edition of the *NGFA Newsletter*, **Jeff Adkisson**, executive vice president and treasurer of the Grain and Feed Association of Illinois, Springfield, Ill.; and **John Petty**, executive director of the Wisconsin Agri-Service Association Inc., Madison, Wis., became the first affiliate executive staff members to be elected to the NGFA Board. More than one-third of the NGFA’s Board is elected or appointed by State and Regional Grain and Feed Associations affiliated with the NGFA.

Arbitration Rules Amendments: The NGFA’s membership ratified changes to the NGFA Arbitration Rules previously adopted by the NGFA Board of Directors on Sept. 10, 2004 concerning the procedures for oral hearings. The first amendment clarifies long-standing policy that new evidence or documents cannot be introduced for the first time during an oral hearing of an arbitration case. A second amendment ratified by the membership increases the arbitration service fees assessed to recoup some of the out-of-pocket expenses associated with processing arbitration cases, while still keeping the arbitration system affordable and accessible. The new fee schedule also incorporates changes in the ranges of claims to which the fees apply, so as to ensure

that the service fees do not disproportionately increase from one range to the next. The changes are as follows:

▶ For arbitration cases involving claims of up to \$100,000, the arbitration service fee was increased to \$400, plus 1 percent of the damages sought. Previously, the fee amounted to \$300, plus 1 percent of the damages sought for claims ranging up to \$20,000.

▶ For claims ranging from \$100,001 to \$500,000, the fee was increased to \$900, plus ½ percent of the claim. Previously, the fee was \$400, plus ½ percent of the claim for claims ranging from \$20,001 to \$150,000.

▶ For claims of \$500,001 or more, the fee was increased to \$2,501, plus ¼ percent of the claim. Previously, the fee was \$1,200 plus ¼ percent of the claim for claims of \$150,001 or more.

A third set of approved amendments related to oral hearings addresses the deadlines for receiving advanced deposits for expenses required to be submitted by parties requesting such hearings. The changes conform the deadline for submitting advance payments for arbitration case oral hearings, regardless of whether the hearing pertains to an original decision or an appeal decision. In both situations, advance deposit now is required within 10 days after the notice of the estimated amount is provided to the party requesting the hearing.

Rail Arbitration Rules Amendment: Finally, the membership approved changes to the Rail Arbitration Rules that clarifies that interest and arbitration costs are **not** included in the \$200,000 per case limit on the size of rail arbitration claims eligible for consideration under the NGFA’s unique Rail Arbitration System for resolving certain kinds of disputes between carriers and rail shippers/receivers. The membership also approved designating ethanol as another commodity covered by the NGFA’s Rail Arbitration System.



GIPSA Proposes Fee Increase for Official Agencies

The U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration (GIPSA) has proposed a fee increase for overseeing private and state agencies that perform official inspection and weighing services, as well as a new method for calculating those fees.

During fiscal year 2004, the most recent year for which data are available, USDA reports that its cost for overseeing official designated and delegated agencies exceeded the fees assessed by nearly \$1.1 million, which necessitated the fee increase proposal. It was the largest loss among categories in GIPSA's official inspection account, and contributed to a net shortfall of \$55,541 in the agency's trust fund account for official inspection and weighing services.

Under the new proposed fee structure, published in the March 21 *Federal Register*, GIPSA would charge a flat fee of 1.1 cents per ton to designated and delegated official agencies to cover the cost of GIPSA oversight activities. Currently, GIPSA charges a per-unit fee based upon the conveyance (i.e., per barge, truck and railcar) that the agency estimates equates to an average of 0.8 cents per ton. Thus, GIPSA says its proposed new fee structure would increase the cost of average domestic official inspections performed by official private and state agencies by 0.3 cents per ton – representing approximately 1.5 percent of the average cost of domestic official inspection costs. In addition, GIPSA said it would calculate the fee assessed to official agencies by multiplying the number of trucks, barges, railcars or submitted samples inspected by a private agency or state by an

assigned tonnage for each mode of transportation (e.g., 19.39 tons per truck and 103.42 tons per railcar). The 1.1-cent fee also would replace fees charged by GIPSA whenever an official private or state agency performs a protein, aflatoxin or similar service.

With the exception of the state of Washington state, GIPSA is proposing that the new 1.1-cent-per-ton fee be applied to vessels, as well. Thus, designated states performing official inspection services at export would see the GIPSA oversight fee decline from 1.6 cents per ton to 1.1 cents per ton. The 1.6-cent-per-ton fee was implemented in 2004 as part of a comprehensive overhaul of GIPSA's administrative tonnage fee on exports. GIPSA noted it has a long-standing agreement with Washington state whereby the state pays GIPSA for direct local costs, along with its portion of the GIPSA's national administrative costs. Currently, this fee is 1 cent per ton, and is paid directly by exporters to GIPSA based upon the total tons exported. GIPSA officials told the NGFA that the 1 cent fee likely will be reduced slightly in response to the new fee proposal.

Comments on GIPSA's proposal are due by May 20, and may be submitted electronically to comments.gipsa@usda.gov, by fax to 202-690-2755, or by mail to: Tess Butler, GIPSA, USDA, 1400 Independence Ave., S.W., Room 1647-South Bldg., Washington, D.C., 20250-3604. All comments should reference "March 21 *Federal Register* notice, page 13411, Fees Assessed by the Service." The NGFA/GEAPS Joint Grain Grades and Weights Committee will be evaluating the proposal and providing comments to GIPSA.

OSHA Review Commission Proposes Revisions to Procedural Rules

The Occupational Safety and Health Review Commission is seeking comments by April 4 on several proposed revisions to its procedural rules for hearing cases brought before the independent federal adjudicatory agency.

The commission is an independent federal agency that reviews cases in which employers or employees object to citations or penalties resulting from OSHA inspections. As such, it functions as an administrative court, with established procedures in which administrative law judges conduct hearings, receive evidence and render decisions.

The commission said that several of the proposals, published in the March 4 *Federal Register* would constitute significant changes in its practices and procedures. For example, the commission is proposing new rules to allow and facilitate electronic service and filing of

pleadings, briefs and other documents. In addition, the commission is proposing restrictions on when non-attorneys may represent employees in commission proceedings and changes to the eligibility limits on E-Z Trial that should allow more cases to qualify for resolution under these procedures (which would be renamed as "simplified proceedings"). The commission also proposed to revise its Rule 5 to give administrative law judges discretion when requiring parties to respond to motions and eliminate the three-day grace period for mailing documents. Further, the commission is proposing to reduce the eligibility limits of cases for mandatory settlement procedures to those involving an aggregate penalty of \$200,000 to those with an aggregate penalty of \$100,000. In addition, the commission proposed several changes to its Rule 52 on discovery.



Membership Matters

by Todd Kemp
Director of Marketing

Membership Recruiters Awarded Major Prizes at San Diego Convention

During the NGFA annual convention's general session on April 1, fabulous membership prizes were awarded to membership recruiters.

► **Nootbaar Prize:** In a random drawing conducted by past NGFA President Herb Nootbaar, **Scott Gower**, Riceland Foods, Stuttgart, Ark., was awarded the annual Nootbaar Prize of \$1,000 cash! The prize is endowed through a generous contribution by Nootbaar, a strong supporter of the NGFA's membership program over the years. All membership sponsors over the past year were eligible for the drawing.

The three leading recruiters in the NGFA's Individual Competition and the leading recruiter in the Affiliate Competition were awarded the following:

► **Grand Prize – Golden Gate Get-Away:** Won by **Bob Kennedy**, Pioneer, a DuPont Co., Johnston, Iowa. The prize consists of airfare for two to San Francisco, sponsored by J.W. Nutt Co., N. Little Rock, Ark.; two nights' lodging, provided courtesy of the Westin St. Francis, San Francisco; and a Napa Valley Wine Train Excursion, sponsored by Monsanto Co., St. Louis, Mo.

► **Second Prize – Low Country Luxury:** – Won by **Mike Sumpter**, CGB Enterprises, Mandeville, La. The prize

consists of airfare for two to Charleston, S.C., sponsored by Feed Management Systems, Brooklyn Center, Minn.; two nights' lodging, provided courtesy of the Charleston Place Hotel; and dinner at "High Cotton" Restaurant, sponsored by QuickFarm, Charleston, S.C.

► **Third Prize – Southwestern Sojourn:** Won by **Ron Olson**, General Mills Inc., Minneapolis, Minn. The prize consists of airfare for two to Phoenix, Ariz., sponsored by Arizona Grain Inc., Casa Grande, Ariz.; and two nights' lodging and golf, courtesy of Wild Horse Pass Resort, Phoenix, Ariz.

► **Fourth Prize – Windy City Weekend:** Won by **Jeff Adkisson**, Grain and Feed Association of Illinois, Springfield, Ill. This prize consists of airfare for two to Chicago, sponsored by R.J. O'Brien, Chicago, Ill. and Demeter LP, Fowler, Ind.; two nights' lodging at the GATX corporate apartment (Talbot Hotel), provided courtesy of GATX Rail, Chicago, Ill.; and tickets to a Chicago Cubs game, sponsored by ABN AMRO Inc., Chicago, Ill.

Watch for a special report in your next NGFA Newsletter on all the prizes and fun surrounding the 2005 Membership Awards in San Diego!



National Grain and Feed Association
1250 Eye St., N.W., Suite 1003
Washington, D.C. 20005-3922

TIME SENSITIVE