



NGFA

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Potential Proposed Changes to Federal Grain Warehouse Program Now Under Review by Participating Organizations

A draft framework containing potential changes to the federal grain warehouse program now are being reviewed by each of the five organizations, including the NGFA, that have been participating in the Grain Warehouse Working Group to determine if a consensus can be achieved.

The draft framework contains a package of proposals to amend the U.S. Warehouse Act and U.S. Department of Agriculture regulations. Among the major proposals is to clarify that the U.S. Warehouse Act vests in USDA the sole responsibility and liability for regulating and conducting examinations at federally licensed grain warehouses for storage and producer grain-payable obligations. The draft framework also would enhance depositor and producer grain-payable protection by adding guaranteed base levels of financial protection at the following levels: 1) 100 percent for stored grain obligations; 2) 100 percent for

producer cash grain payables for which payment is due within 30 days of delivery (basically, the time it takes for checks to clear); and 3) 50 percent for cash and credit-sale producer grain payables for which payment is due 31 to 365 days after delivery, with a \$200,000 limit per producer, per insolvency.

Still under active discussion within the Grain Warehouse Working Group is the type of federal grain warehouse license that would be recommended. There is a consensus that federally licensed grain warehouses would need to obtain a combined license covering **both** storage and producer grain-payable obligations. Yet to be determined is whether companies would be able to make licensing decisions on a **facility-by-facility basis**, or would need to license **all** of their grain facilities under the federal or state system on a **state-by-state basis**. If

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FDA Considering Changing Course on BSE-Prevention Feed Rule

The NGFA has learned that the Food and Drug Administration (FDA) is considering changing course on its plan to issue an interim final rule altering its regulations designed to prevent the establishment or spread of bovine spongiform encephalopathy (BSE) in the United States.

Actively under consideration within FDA is an option of issuing any changes to its BSE-prevention feed rule as a **proposed** regulation and seeking public comment, rather than as an interim final rule that would take effect immediately upon publication and be subject to change later after soliciting public comment. There also are indications that some of FDA's originally planned actions, previously announced on Jan. 26, **may be omitted** from a proposed regulation or interim final rule. Specifically, based upon negative feedback received by the agency on the unintended consequences and difficulty of effective enforcement, FDA appears to be reconsidering its plans to require dedicated equipment, facilities or production lines by facilities that manufacture ruminant feed and also handle mammalian proteins prohibited from being used in feed for cattle and other ruminants, as well as its plan to prohibit the feeding of poultry litter to cattle.

Further, the agency is actively considering requesting public comment on whether it should prohibit the use of **some or all** so-called specified risk materials (SRMs) in all animal feed. SRMs include the following material from cattle 30 months of age or older: the skull, brain, trigeminal ganglia (nerves attached to the brain), eyes, spinal cord and dorsal root ganglia (nerves attached to the spinal cord). SRMS also include the distal ileum (a portion of the small intestine), as well as tonsils. The U.S. Department of Agriculture (USDA) earlier this year banned the use of all SRMs in human food.

The NGFA learned that **if** FDA changes course, it is likely to make a public announcement prior to publishing a proposed rule reflecting the revisions it believes may be warranted in the BSE-prevention feed rule. It is unclear how soon a decision will be made. But it is clear that the matter still is under active consideration within FDA and no regulatory changes concerning the feed rule have been forwarded yet to the White House Office of Management and Budget, which is required to review and approve regulatory actions before they are published. That means formal action likely is weeks, if not a month or more, away.

(Continued on page 4)



(“Warehousing” continued from page 1)

the license determination was made on a state-by-state basis, an exception would need to be granted for companies with grain facilities that are regular for futures market delivery, which are required to be federally licensed; in these cases, companies likely would be given the option to license all of their remaining non-delivery grain warehouse facilities within a state under either the federal or state system.

The draft framework document was formulated by representatives of the American Farm Bureau Federation, Association of American Warehouse Control Officials, National Association of State Departments of Agriculture, National Farmers Union and the NGFA. It occurred after the NGFA, on behalf of the working group, conducted a third survey of federally licensed grain warehouses, in which a strong majority indicated they were willing to remain in the federal grain warehouse program despite the anticipated increased costs of providing the additional storage and producer grain-payable protection. The most negative responses from federal licensees occurred from warehouses in Oklahoma, where the state licensing system offers a producer-funded indemnity fund covering storage obligations, and no coverage for producer grain payables. Most of the “uncertain” responses came from federal grain warehouses located in Iowa, Kansas, North Dakota and Texas.

Under discussion is creation of an “Escrow/Trust Fund for Producer Grain Payables” within USDA that would consist of the following features:

- ▶ Retaining the current individual storage bond requirement for federally licensed warehouses.
- ▶ Implement a licensing-fee assessment that under “normal” conditions would generate a total of \$600,000 annually to cover the historical producer grain-payable losses that have occurred at federally licensed warehouses. This level of assessments would exceed by more than \$200,000 per year the expected annual payouts based upon the best available estimates of the loss history of federally licensed grain warehouses over the past 15 years. Under the initial concepts being discussed, assessments could fluctuate to as high as \$1 million per year total for up to five consecutive years if losses occurred that exceed the historical norm. The goal would be to structure the trust fund assessments in such a way that no federal warehouse’s licensing fee would increase less than 20 percent nor more than 40 percent compared to the licensing fees currently being paid.

- ▶ The initial proposal is to cap the fund at \$10 million, with a proviso to recapitalize the fund if it declines to

less than \$10 million because of insolvency claims.

- ▶ The current proposal is for the Commodity Credit Corporation to serve in the role of providing short-term borrowing authority to finance insolvencies that may occur while the fund is being capitalized, as well as to cover catastrophic losses that exceed the ability of federal grain warehouses to repay under the eventually agreed-to assessment formula. This is the historical role CCC has performed in the past on storage obligations, in which after grain assets are liquidated and the storage bond is fully utilized, CCC places itself at the last of the line of creditors until producers, banks and other depositors are made “whole.”

The draft framework document now being reviewed also would:

- ▶ Increase the minimum net worth for federally licensed grain warehouses from the current \$50,000 to \$150,000, phased in over two years.
- ▶ Change the method used to calculate net worth so that it is based on both licensed storage capacity and annual producer grain purchased at the first point of sale (to account for grain payable obligations).
- ▶ Require an annual financial statement that is a review-level or better prepared by a certified public accountant.
- ▶ Expand and codify requirements for financial statement and examination procedures.
- ▶ Enhance federal-state cooperation, including sharing of expertise in prudent examination procedures for producer grain-payable obligations.

Next Steps: With the assistance of the House Agriculture Committee, the Grain Warehouse Working Group currently is obtaining a preliminary budget estimate from the Congressional Budget Office on the cost of utilizing CCC in the role envisioned in the draft framework document. Preliminary estimates are expected in about two weeks, and will be important in evaluating the adequacy of the assessment formula envisioned under the draft proposal.

In addition, the NASDA Board of Directors will meet May 1 in Chicago, Ill., to review the proposal. The NGFA’s Country Elevator Committee and Executive Committee will be meeting in early June to do likewise. Other groups also are soliciting feedback through their appropriate membership channels.

A copy of the current version of the draft framework, as well as a summary, are posted on the NGFA web site and is accessible to members only.



WTO Cotton Ruling Dominates House Ag Committee Trade Hearing

A long-scheduled trade hearing by the House Agriculture Committee on April 28 was dominated by discussion of the preliminary ruling by the World Trade Organization that U.S. cotton subsidies are illegal.

U.S. Trade Representative Robert Zoellick testified that the administration will vigorously contest the still-confidential WTO ruling, which stems from the case brought by Brazil in September 2002 against U.S. cotton subsidies and their alleged affect on increasing U.S. production and exports, while reducing world prices. In addition to the U.S. cotton program, reports about the WTO ruling indicate that the subsidy element of U.S. credit guarantee programs for cotton, rice and soybeans also were deemed illegal. Both parties have the opportunity to review and comment on the report before it becomes final on June 18. If the report remains largely unchanged from its current form and the United States follows through on its appeal, a final decision would not be rendered by the WTO until the end of 2004 at the earliest. In his testimony, Zoellick warned that WTO litigation is counterproductive to achieving a successful outcome of the current Doha Round.

Several committee members questioned Zoellick about concerns over sugar being included in the Central American Free Trade Agreement (CAFTA). Zoellick countered by detailing the benefits the accord would have on a variety of other commodities, and noted that negotiations require compromise. He also stressed that sugar was omitted from the recently concluded U.S.-Australia Free Trade Agreement, and stated that it is not unusual in a bilateral trade agreement for sensitive commodities to be excluded. He indicated that the Australian agreement was first in the queue to come before Congress for ratification, and said he hoped it could be approved this year. He was less committal on CAFTA, noting it would be up the administration and congressional leaders to work out the timing issue of bringing the controversial agreement to a vote. Zoellick also stressed his belief consummating bilateral trade agreements complements the broader WTO negotiations, and said he was optimistic that a WTO framework agreement (absent specific figures for reductions in export subsidies and trade-distorting domestic supports) could be achieved this summer.

Hill Highlights

► **Attempt to Add Ethanol Mandates to Internet Tax Bill Fails:**

Senate Minority Leader Tom Daschle, D-S.D., this week failed in his attempt to add to an unrelated Internet tax moratorium measure the renewable fuels provision that would mandate a doubling of ethanol production by 2012.

The Internet tax bill would prohibit the imposition of taxes on a variety of Internet activities, including access fees. Senate Energy and Natural Resources Committee Chairman Pete Domenici, R-N.M., countered Daschle's move by offering a counter-amendment that would have added the entire pared-down version of the energy bill onto the internet tax measure. But both amendments were defeated, with Daschle's ethanol amendment being rejected over fears by Republican leaders that addressing solely the ethanol provisions would doom support for a broader energy bill that already has failed to generate the support necessary to break a filibuster.

The energy tax provisions, lifted out of the energy bill, remain a part of the corporate tax reform measure (S. 1637). That's the bill that would phase out and replace with more than \$170 billion in corporate tax cuts the foreign sales corporation/extraterritorial income tax benefit ruled illegal by the WTO, which is expected to be considered on the Senate floor again on May 3. But that schedule is contingent upon an agreement being reached on the number of amendments to be allowed. Republican

leaders have agreed to allow Sen. Tom Harkin, D-Iowa, to offer an amendment to overturn federal overtime rules, but are unlikely to allow additional non-germane amendments.

► **House-Senate Budget Negotiations Break Down:** A joint House-Senate conference committee was unable to complete a budget resolution this week after a Senate effort to forge a compromise on requiring offsets for any new tax cuts was rejected by the House.

The Senate version includes a "pay-as-you-go" provision, under which any increases in spending or reductions in revenue resulting from tax cuts would be required to either be offset or be approved by at least 60 senators. The Senate offer to the House would have included the "paygo" rule, but exempted from the requirement the middle-class tax breaks set to expire this year. The House rejected the offer over the paygo provision, since it would make approving additional tax cuts more difficult. While negotiations continue, options to proceed without a conference report are being explored. Among those options is a so-called "deeming resolution" to set spending levels for fiscal year 2005 appropriations. Time is an issue, since congressional appropriations committees are allowed to bring their bills to the floor starting May 15 if a budget resolution does not exist by then.



Feed Facts

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("BSE Policy" continued from page 3)

Health and Human Services Secretary Tommy Thompson and then-FDA Commissioner Dr. Mark McClellan had announced on Jan. 26 that the agency intended to implement an interim final rule that would amend FDA's BSE-prevention regulations in several important respects. Specifically, those previously announced – but not-yet-published – changes would:

◆ **Require Dedicated Equipment, Facilities or Production Lines:** Facilities (including on-farm mixer-feeders) that receive and use mammalian protein that currently is prohibited from being fed to cattle or other ruminants would be required to use dedicated equipment, facilities or separate receiving and production lines for manufacturing non-ruminant animal feed if they also manufacture products for cattle or other ruminants. FDA said this requirement "will further minimize the possibility of cross-contamination of ruminant and non-ruminant animal feed."

If implemented as originally intended, the dedicated facility change to FDA's BSE-prevention rule would mean that the clean-out procedures – such as flushing and sequencing – currently acceptable to FDA as methods for cleaning out mixing and conveyance equipment between runs of ruminant and non-ruminant feed no longer will be allowed. FDA's original intent was that the dedicated facility requirement be extended to distributors – including transport conveyances such as trucks, railcars and other vehicles hauling bulk feed or feed ingredients that contain or may contain restricted-use material banned from ruminant feed.

◆ **Prohibit the use of bovine-derived blood and blood products (including plasma) in feed for ruminants.**

◆ **Ban the use of poultry litter as a feed ingredient for ruminants:** FDA's original announcement also would have banned the use of poultry litter – consisting of bedding, spilled feed, feathers and fecal matter collected from poultry houses – from being used as a feed ingredient in cattle and other ruminants. Currently, FDA allows rations consisting of up to 40 percent poultry litter to be used in ruminant feed.

◆ **Prohibit the use of restaurant plate waste as a feed ingredient for ruminants:** The fourth feed-related action announced by FDA would have banned as a feed ingredient for ruminants the use of restaurant "plate waste," which consists of uneaten meat and other meat scraps currently collected from some large restaurant operations and rendered into meat and bone meal for ruminant feed.

The bans on poultry litter and plate waste, as well as the issue of dedicated equipment and facilities, had been

raised by FDA in its advance notice of proposed rulemaking published on Nov. 6, 2002, in which it sought public comment on whether it should change its 1997 final rule.

USDA Says Japan Drops Demand for 100 Percent Testing of U.S. Cattle: In another BSE-related development, USDA officials said that Japan's Ministry of Agriculture, Food and Fisheries dropped its demand that the United States test all cattle for BSE as a condition for resuming beef trade. During an address to a BSE Summit sponsored by the National Cattlemen's Beef Association that was attended by the NGFA on April 26-27, Dr. Peter Fernandez, associate administrator of USDA's Animal and Plant Health Inspection Service (APHIS), said Japan dropped the 100 percent testing demand during weekend discussions with a U.S. delegation led by Undersecretary of Agriculture for Farm and Foreign Agricultural Services Dr. J.B. Penn.

During the weekend discussions, the United States and Japan agreed to engage in a process in which they will establish by mid-May a working group of technical experts from both countries to resolve several matters. The working group is to meet "at least monthly" with a goal of reaching a "final conclusion" by "sometime around summer" on resuming importation of both U.S. and Japanese beef. Among the issues that the working group is to resolve are: 1) a definition of BSE and method for testing; 2) a definition of specified risk materials (SRMS) and acceptable methods for removal from cattle; 3) an appropriate surveillance and testing program for the cattle populations in both countries; 4) an appropriate implementation of feed rules in both countries that are designed to prevent the establishment or amplification of BSE; 5) an acceptable method for categorizing the BSE risk of various countries; and 6) an agreed-upon method for determining the age of slaughtered cattle. Japan also agreed to the U.S. request to engage outside third-party experts from the Office of International Epizootics (OIE) – the international animal health body – when warranted.

Senator Urges FDA to Implement Previously Announced Changes to BSE-Prevention Feed Rule: Meanwhile, in a related action, Sen. Maria Cantwell, D-Wash., flanked at an April 19 press conference by the state's agriculture director and head of the state's cattlemen's association, urged the FDA to implement its previously announced changes to the agency's regulations that prohibit the feeding of certain mammalian protein to cattle and other ruminants.

In a letter to Health and Human Services Secretary Tommy Thompson and Acting FDA Commissioner Dr. Lester M. Crawford, Cantwell urged FDA to "close several loopholes in the animal feed supply chain" by immediately issuing and implementing the interim final rule announced by the agency on Jan. 26. Cantwell chastised the agency for what she termed a "12-week delay (that) has left the public





without the protections...necessary to improve public health...(and) has also left the farmers, ranchers and rural communities in my state wondering about the commitment of the administration to strengthen the safety of the feed system at a time when international markets remain closed to U.S. beef.”

Cantwell also urged the administration to proceed through rulemaking to implement her proposed legislation (S. 2051)

FDA Plans Increased BSE Inspections, Feed Sample Testing

The Food and Drug Administration plans to increase compliance inspections under its BSE-prevention feed rule and heighten sampling of finished feed with the increased appropriations it anticipates receiving from Congress for fiscal year 2005, which begins Oct. 1.

During a recent address to the Food and Drug Law Institute (FDLI) attended by the NGFA, FDA Center for Veterinary Medicine Director Dr. Stephen F. Sundlof said the number of BSE feed rule compliance inspections will increase to 10,200 in fiscal 2005, with 3,800 of those scheduled to be done by FDA personnel and 6,400 by states. That compares to 6,600 inspections that the agency anticipates conducting during fiscal 2004, with 2,800 of those done by FDA and the remainder by states.

Sundlof said the inspection focus of both FDA and states performing BSE compliance inspections under contract with FDA will be on facilities at the “top of the pyramid” – renderers and commercial feed manufacturers that process, handle or use ruminant-derived material – as well as pet food salvagers. Since the BSE-prevention feed rule went into effect in 1997, Sundlof said inspections had resulted in 63 warning letters, one consent decree (X-Cel Feeds Inc., Tacoma, Wash., which entered into a consent decree and permanent injunction with FDA in July 2003 admitting liability for violating the BSE-prevention feed rule), and 47 recalls, with some of the products recalled from as far away as the Middle East. Sundlof said most of the companies currently out-of-compliance with the BSE feed rule are manufacturing poultry feed – not ruminant feed – and were cited for failing to affix the BSE warning statement, “Do Not Feed to Cattle or Other Ruminants.”

As for testing finished feed, Sundlof said the agency is scheduled to test 1,200 samples using an FDA/CVM-approved rapid assay test that detects prohibited ruminant protein if it is present. Half of the samples to be tested are domestic feed, while half are imports. Testing is slated to increase to 1,800 in fiscal year 2005. Sundlof said that if the tests detect prohibited protein in a sample, import shipments are rejected at the port of entry. For domestic samples, positive test results lead to a followup investigation by CVM of the company facility(ies) involved; if the followup

that would prohibit the use of all specified risk materials (SRMs) in all animal feed. “I understand that FDA’s position is that if additional cases of mad cow disease are found through the newly expanded (USDA) testing program, that FDA would strongly consider an SRM ban in animal feed,” she wrote. “However, the public health and economic implications of another case of mad cow disease are too serious to take a reactive approach.”

inspection detects a violation by the firm(s), FDA routinely issues a warning letter, he said. Sundlof said FDA/CVM is using the feed sample testing at this stage only for surveillance – not enforcement – purposes. But in so doing, he said, the agency is trying to verify that its reliance on reviewing recordkeeping of regulated facilities as its principal inspection technique is a “good substitute” for testing finished feed.

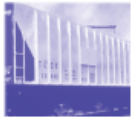
Sundlof also said FDA/CVM continued to evaluate different rapid assay tests being produced commercially, and said the agency is considering setting performance standards for such tests. He noted that two of the rapid assay tests being offered have very different sensitivity levels in detecting prohibited mammalian protein.

FDA Issues Updated BSE Feed Rule Compliance Report: The FDA on April 22 issued an update on its inspection and enforcement activities under the BSE-prevention feed rule. The report notes that the agency as of April 17 has conducted more than 29,000 inspections of facilities since the 1997 feed rule was implemented; approximately 70 percent of those inspections have been conducted by states under contract with FDA. Of the 2,474 active firms handling mammalian material prohibited from being fed to cattle or other ruminants, the agency reported that 11 – representing 0.4 percent of inspected firms – were classified as having violations significant enough to warrant official action by the agency (OAI status), such as the issuance of a warning letter.

Of the 115 active **rendering firms** handling prohibited mammalian material on their most recent inspection, FDA said none were classified as OAI. For **feed manufacturers**, only one of the 338 licensed feed manufacturers handling such prohibited mammalian material was classified as OAI, while six of 1,115 active non-licensed feed manufacturers handling prohibited mammalian protein were classified as OAI.

FDA’s report stated that approximately 31 percent (338) of licensed commercial feed manufacturers and 22 percent (1,115) of non-licensed commercial feed manufacturers on their most recent inspection were handling mammalian material prohibited from being fed to cattle and other ruminants.





Corps Indicates Intent to Pursue Major Lock and Dam Improvements

The U.S. Army Corps of Engineers has signaled that it will recommend a significant lock-and-dam renovation as its "preferred alternative" when it releases the results of its 12-year, \$70 million study on the Upper Mississippi-Illinois River System sometime in May.

In an interview, Lt. Gen. Robert Flowers, the Corps' chief engineer, said the agency's preferred alternative will request: 1) immediate implementation of small-scale measures to alleviate lock congestion; 2) authorization to begin preconstruction engineering and design work; and 3) authorization to construct five 1,200-foot locks to replace antiquated 600-foot locks on the Upper Mississippi-Illinois Rivers. The

preferred alternative also is expected to include a long-term plan for expanding seven additional locks, bringing the total number of improved locks to 12.

The NGFA and North American Export Grain Association have strongly favored new locks and dams at 20, 21, 22, 24 and 25 on the Upper Mississippi River, and at LaGrange and Peoria on the Illinois River. In addition, the most ambitious of the navigation plans being considered by the Corps calls for extending the locks at Locks 14-18, the stationing of switch boats at Locks 11-13, and the installation of moorings at Locks 12, 14, 18 and 24.

Extension of Existing Highway Law Becoming More Likely

It is becoming increasingly likely that Congress will need to extend – for a third time – legislation that authorizes spending on federal highway projects.

The House and Senate passed differing versions of a highway reauthorization bill on April 2 and Feb. 12, respectively. But Senate Democratic leaders have blocked the naming of members to a joint House-Senate conference committee to resolve differences between the two chambers because they have been excluded from meaningful participation in past conference committees. The House subsequently passed a 60-day extension of the current highway bill; but even that has been hog-tied in the Senate, where Sen. Kit Bond, R-Mo., objected because of the Democrats' blocking the naming of conferees.

The most significant of those differences is the wide disparity in authorized spending levels – with \$271.5 billion authorized in the House bill and \$307.4 billion in the Senate measure. The two chambers don't appear to even agree on how long the current law should be extended – the House is inclined to support a two-month extension while the Senate prefers one month. There also is a prospect that the existing law will be

extended into 2005 to avoid the increasingly partisan pre-election environment on Capitol Hill.

Ultimate passage of the highway bill is significant for grain elevators, farm supply dealers and feed manufacturers because both the House and Senate versions contain NGFA-supported language that would codify the agricultural hours-of-service exemption that would grant states the authority to determine which seasons or months of the year that waivers could be implemented on the limits on the length of time a truck driver could operate. The agricultural trucking exemption would be valid during peak planting, growing and harvesting seasons as determined by individual states and within 100 air miles of a farm or distribution point. Importantly, the legislation also would clarify that the definition of "agricultural commodity" includes feed, poultry and other agricultural products that the U.S. Department of Transportation previously has attempted to regulate under its hours-of-service regulations. The agricultural exemption also would apply to farm supply and commodity businesses (including crop input dealers, custom harvesters and farmer-owned cooperatives).

Supreme Court Declines to Hear Appeal of Missouri River Ruling

The U.S. Supreme Court on April 19 declined to hear an appeal of a lower-court decision on the U.S. Army Corps of Engineers' management of Missouri River water flows.

At issue was a petition filed by the states of Montana and North and South Dakota asking the Supreme Court to review a decision by the U.S. Court of Appeals for the Eighth Circuit in a case [*North Dakota v. Ubbelohde*, 03-935] that determined that a 1944 flood control law that led to the construction of dams and reservoirs on the Missouri River gave flood control and downstream-navigation greater priority than uses of the river for recreation, fish and wildlife. The states appealing the decision had opposed U.S. Army Corps of Engineers' management of water releases from Missouri River dams,

arguing that the agency "regularly shortchange(s) the fish and wildlife species in upstream states in favor of downstream navigation, resulting in decimation of critical habitat...."

The U.S. Army Corps of Engineers on March 19 had issued its final 2004 annual operating plan for the Missouri River. The 65-page plan represents what the Corps characterized as the "fulfillment of 14 years of concentrated effort, study and debate" on the long-term management of the Missouri River. Under the plan, the Corps will construct an additional 1,200 acres of shallow-water habitat by July 1 for the pallid sturgeon, which has been listed as an endangered species. The Corps said the plan will allow it to provide minimum navigation service without a split season.





World Body to Adopt Standard on Phytosanitary Risks of Biotech Crops

Officials at the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) have informed the NGFA that the governing body of the International Plant Protection Convention (IPPC) has approved new standards for evaluating potential risks to plants and plant health posed by living modified organisms (LMOs).

The action was taken when the group met in Rome in late March and culminates several years of work to develop an internationally recognized IPPC standard for biotech crops.

The IPPC is recognized under the World Trade Organization as the appropriate body for establishing phytosanitary standards for controlling pests of plants and plant products and in preventing their international spread. Countries that are signatories to the IPPC are required to ensure that their phytosanitary measures are technically justified, transparent, and not applied in ways that constitute arbitrary or unjustified discrimination or a disguised restriction, particularly on international trade.

The new standard provides a science-based procedure that countries can use to assess the risk of a biotech crop being a plant pest. This effort also complements the work by the Codex Alimentarius Commission – the international body recognized under the WTO for establishing science-based food safety standards – which has been working to develop standards for assessing potential food safety risks from biotech products.

Under the new IPPC standard, for an LMO to be categorized as a plant pest, it must be shown to be injurious or potentially injurious to plants or plant products under conditions in the area where it will be used. In addition to evaluating the risk to plants, the new standard also requires the evaluation of risks posed to beneficial organisms and soil organisms, as well as other negative effects on non-target organisms beneficial to plants.

APHIS said the United States supports the standard developed by the IPPC, which now will be forwarded to the IPPC Standards Committee for formal adoption.

In a related development, APHIS officials have informed the NGFA that a different body – the North American Plant Protection Organization (NAPPO) – has agreed to begin work on a regional standard to evaluate plant pest risks stemming from importation into the three countries of biotech crops (LMOs) for food, feed and further processing. NAPPO is a regional arm of the IPPC and consists of plant health officials from the United States, Canada and Mexico. NAPPO standards must be science-based, transparent and non-discriminatory and are applicable to phytosanitary measures adopted by the three member countries.

While the IPPC standard cited previously is focused on pest risks stemming from the release of biotech crops (LMOs) into the environment, the NAPPO standard would narrow the focus to risks when importing LMOs for food, feed and further processing. In light of the requirements under the recently adopted Biosafety Protocol that countries evaluate the risks to biodiversity from importation of LMOs for food, feed and further processing, the NGFA and North American Export Grain Association have urged NAPPO to place a high priority on completion of the standard, as it could help promote the application of consistent, objective and science-based procedures among parties to the protocol when evaluating risks to biodiversity from imports of commodity shipments containing LMOs. The Biosafety Protocol is an international environmental treaty that took effect in 2003 and contains requirements that will effect international shipments of LMOs. Importantly, standards developed by regional groups, such as NAPPO, are eligible to be adopted as recognized international standards under the IPPC provided they meet certain standards and are not in conflict with an existing IPPC standard.

APHIS officials said that the NAPPO Biotechnology Panel hopes to have available for public comment by July 2004 a discussion paper outlining the issues associated with developing a risk-assessment standard for LMOs for food, feed and further processing. Based upon comments received, the panel will revise the discussion paper and formally submit it along with a recommendation for proceeding with the new standard during NAPPO's annual meeting in October. Previously, NAPPO approved standards for evaluating LMO risks from research activities, field trials and general planting.



Calendar

May 4-5, 2004: NGFA Seminar on Trading, Trade Rules and Dispute Resolution
St. Louis Airport Hilton Hotel, St. Louis, Mo.

June 7-8, 2004: NGFA Executive Committee
Kansas City Board of Trade, Kansas City, Mo.

June 9, 2004: NGFA Country Elevator Committee
Embassy Suites Hotel, Kansas City, Mo.

June 10, 2004: NGFA/GEAPS Grain Grades and Weights Committee
NGFA/NAEGA Conference Room, Washington, DC.

June 22-23, 2004: NGFA Feed Legislative and Regulatory Affairs Committee, Kansas City, Mo.

July 27-28, 2004: NGFA/GEAPS Operations Management and Technology Seminar
KCI Airport Hilton Hotel, Kansas City Mo.





Membership Matters

by Todd Kemp
Director of Marketing

New Safety, Health, Environmental Compliance Seminar on Tap

...Focus is on Facility Security...

The first seminar in a new series offered jointly by the NGFA and Grain Elevator and Processing Society (GEAPS) will be conducted **July 27-28** at the Airport Hilton in Kansas City, Mo.

Entitled “*Effective Safety, Health and Environmental Compliance Programs*,” the seminar is designed and presented by industry professionals for their peers in the grain, feed and processing industry. The first seminar will include an emphasis on facility security. A second seminar on operations issues is planned for summer 2005, with the two seminars rotated annually thereafter.

The day-and-a-half seminar will cover safety and health basics; the role of human resources in safety and health programs; confined space safety procedures; an environmental responsibilities guide for operations personnel; safety focus on transportation and material handling; working safely around electricity; and a major session on facility and asset security. The program begins the morning of Tuesday, July 27, and adjourns mid-day on Wednesday, July 28.

For a detailed program description and schedule of events, see the enclosed flyer.

Tabletop Trade Show: The seminar also offers an excellent opportunity to firms that want to showcase their products and services. A tabletop trade show will run mid-day Tuesday through Wednesday morning – the show will be an excellent, targeted venue to market to these industry professionals. Information on the tabletop show was mailed separately to potential exhibitors. To request more information, please contact the NGFA at (202) 289-0873 or GEAPS at (612) 339-4625.

May Membership Incentives – Don’t forget! Every sponsor of a new member during May – and each new member, too! – will receive a 25-pound box of sweet and delicious Walla Walla onions, courtesy of NGFA-member company Northwest Grain Growers Inc., Walla Walla, Wash.

A second incentive is tied to the NGFA’s new emphasis on retention of current members. Any NGFA member credited with a “save” of an at-risk current member is entered in a drawing for a tasteful red and blue, NGFA-logo polo shirt. Want to be included on the NGFA Membership Network e-mail list so you can receive the run-down on “at-risk” members? E-mail me at tkemp@ngfa.org. You’ll be the envy of the town walking around in your NGFA-logo merchandise!



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TIME SENSITIVE

