



NGFA Testifies that Grain Marketplace Remains Highly Competitive

The NGFA told a Senate subcommittee today that the grain marketplace remains highly competitive, and cautioned against legislating cash contracting practices.

“The grain industry, like other mature, low-margin industries, is consolidating in response to competitive pressures to reduce costs,” said David S. Reiff, president of Reiff Grain and Feed Inc., Fairfield, Iowa, and a member of the NGFA’s Board of Directors. “But robust competition, particularly between first buyers who purchase grain from producers, and the highly transparent nature of the grain marketplace work together to ensure that competitive markets are the norm for U.S. grain farmers.”

The NGFA also used the opportunity to point out the negative impacts embedded in a bill (S. 20) introduced by Senate Minority Leader Thomas Daschle, D-S.D., that would impose federal standards on production and marketing contracts. Among other things, the bill would give producers three days after entering into a contract to review and rescind it, thereby increasing price risk for the buyer. The bill also would empower the secretary of agriculture to review, certify or void contracts not meeting the content or formatting requirements of the bill. Further, the bill would prohibit the use of arbitration to resolve disputes in producer contracts.

No action has been scheduled on the Senate bill, which is patterned after model legislation developed by the Iowa attorney general’s office that has been introduced in 18 states. Versions of the bill have passed at least one legislative chamber in five states – Illinois, Indiana, North Carolina, Oklahoma and Oregon.

The NGFA made the statements during a hearing on agricultural market concentration conducted by the Senate Appropriations Committee’s Subcommittee on Agriculture, Rural Development and Related Industries.

The NGFA noted that competing elevators frequently are located within a 10-mile radius in corn-growing states and within a 20- to 25-mile radius in wheat-producing areas. Further, he said, the global nature of the grain marketplace and the fact that the United States produces less than 25 percent of the world’s supply of major grains means that U.S. grain prices are influenced heavily by foreign competition and supply/demand conditions.



NGFA Board member David Reiff (center) is shown testifying before a Senate subcommittee on agricultural concentration issues. Reiff is president of Reiff Grain and Feed Inc., Fairfield, Iowa. Also testifying are (from left): William Roenigk, senior vice president of the National Chicken Council, and Fred Stokes, president of the Organization for Competitive Markets.

The NGFA also emphasized the transparency of the futures and cash grain marketplace and its price-discovery mechanism, which includes three public futures exchanges and private electronic market services that disseminate to producers cash grain market prices and bids for thousands of U.S. locations daily.

In addition, the NGFA said, increased vertical integration, joint ventures and special “just-in-time delivery” contracting practices have resulted from the demand for greater uniformity, choice and quality among retail customers.

Other Testimony: Among others testifying was Iowa Attorney General Tom Miller, author of the model contracting legislation, stated that the goal of the bill and those like it was not to ban contracting, but to give producers more negotiating power, so that they “do not become serfs on their own land.” He urged Congress to implement a wide range of measures designed to ensure more competition in the farm markets.

Mr. Dudley Butler of the Mississippi Cattlemen’s Association, also an attorney, told the panel that he was involved in extensive litigation concerning what he characterized as unfair arbitration clauses in some poultry contracts. He requested that Congress amend the Federal Arbitration Act to prohibit mandatory arbitration clauses, which he said were turning a legitimate alternative dispute resolution mechanism into a “weapon.”



Reporting to Our Stakeholders

NGFA members this week are being mailed a *2000-01 Annual Report* reviewing NGFA's services and the most notable accomplishments during the past year in representing members' business interests before government.

While the list is impressive, the 21-page report is relatively short in an effort to be readable and consumable.

In terms of member services, one of the major achievements noted in the report is the major restructuring and streamlining of the NGFA Trade Rules under the leadership of Chairman Jim Keistler. A number of people on the Trade Rules Committee spent huge amounts of volunteer time to make the rules more understandable and user-friendly.

In the arbitration arena, the NGFA entered its third year of offering rail arbitration services. And three U.S. appellate courts upheld the NGFA arbitration system as a fair and valid process for members and non-members alike. NGFA members can reference arbitration with continued confidence that it will withstand court review, if that again becomes necessary.

In the public policy arena, your national association took a leadership role in managing the market turbulence caused by StarLink™; joined livestock organizations and others in keeping the U.S. BSE-free; and testified twice to urge Congress to stay the course with the planting flexibility of the 1996 "Freedom to Farm" Act that sets the stage for economic growth in the ag sector. Other legislative achievements included passage of the reauthorization of Federal Grain Inspection Service, with some notable reforms, and a major overhaul and updating of the U.S. Warehouse Act. In the feed sector, the NGFA worked with the Food and Drug Administration and the Association of American Feed Control Officials to develop a guidance document for manufacturing practices for non-medicated feed, and began addressing environmental effects and regulation of concentrated animal feeding operations.

But not all issues important to the industry are at the national level. The NGFA's annual report notes a number of major issue areas being tackled at the state level by NGFA affiliate associations. State/Regional Grain and Feed Associations and the NGFA work cooperatively to support each other's efforts. This national-state partnership works for the best interest of you – our joint members.

Please take a few moments to review the NGFA Annual Report when it arrives. You'll be impressed what the industry volunteers and paid staff working on your behalf have accomplished. Also take a few minutes to look at the final section of the report, called "Making the Most of Your NGFA Membership." It gives some tips on extracting more value for your dues investment dollars. It also summarizes the direct value to members, and should be useful in communicating reasons why other companies should be participating and becoming members, too.

I thank you for your support of the NGFA through both your annual investment and contribution of human resources. The commitment shows!



Bush 2001 Trade Agenda Places Priority on Obtaining Fast-Track

President Bush on May 10 sent his 2001 international trade agenda to Congress, placing top priority on enactment of legislation that would grant trade-promotion authority – formerly known as “fast-track.”

By granting trade-promotion authority, which the president has not had since 1994, Congress retains the right to approve final trade deals negotiated by the administration with trading partners, but is required to vote to approve or disapprove the accords without amendment.

In his message to Congress, Bush said trade-promotion authority was being sought “for a sufficient time” to negotiate a new global trade agreement under the auspices of the World Trade Organization, a Free Trade Area of the Americas agreement for the Western Hemisphere, and separate bilateral trade accords with Chile and Singapore. The administration’s international trade agenda document cites “enhancing market opportunities for U.S. agriculture and reducing or eliminating tariffs and other barriers to U.S. exports” as its top negotiating objectives.

The Bush administration’s international trade agenda also calls for implementation of bilateral trade accords between the United States and Jordan, Vietnam and Laos, enactment of a Southeast Europe Trade Preference Act, renewal of the Andean Trade Preference Act and reauthorization of the general system of preferences

program to assist developing countries in transitioning away from foreign aid.

The document commits the administration to “work to ensure that provisions in trade agreements are compatible with important domestic policy objectives, such as health, safety, environmental protection and improved employment opportunities.” It also identifies a “toolbox” of actions the United States could consider taking to promote labor and environmental progress “in combination” with trade negotiations. Among such actions are to use labor standards in existing and proposed preferential trade programs, World Bank lending programs and U.S. Agency for International Development efforts. Concerning environmental standards, the document calls for “increas(ing) the extent to which key environmental concerns are included in multilateral and regional development bank lending and structural adjustment strategies,” including increasing such loans to support environmental-protection initiatives by recipient countries.

Of 130 preferential trade agreements that currently exist worldwide, the United States is a party to only two – the North American Free Trade Agreement and one with Israel. Meanwhile, the European Union now has 27 preferential or special customs agreements with other countries – 20 of which have been signed since 1990 – and is in the process of negotiating 15 more. Japan is negotiating a free trade agreement with Singapore, and is exploring free trade agreements with Mexico, Korea, and Chile.

House Committee Approves Rail Track Funding Bill

The House Transportation and Infrastructure Committee on May 15 approved legislation that would provide up to \$350 million in grants annually over the next three years (fiscal years 2002-04) to Class II and III railroads to finance freight railroad track improvements.

The bill (H.R. 1020), would provide up to 80 percent federal cost-sharing for projects to upgrade roadbeds, tracks and bridges to accommodate 286,000-pound rail cars. The bill would require the U.S. Department of Transportation to extend the grants “as soon as possible” but in no case less than the end of the third fiscal year after the project is approved. To be eligible, the track would need to have been operated by a Class II or III railroad on the date the bill is enacted, and have a ratio of benefits to costs that exceeds one. The bill was introduced by Rep. Jack Quinn, R-N.Y., who chairs the House

Railroad Subcommittee, and is cosponsored by Reps. Bob Clement, D-Tenn., and Spencer Bachus, R-Ala.

NGFA Calendar

- May 30-31: Grain Grades and Weights Committee**
NGFA's Conference Room, Washington, D.C.
- June 5: Animal Protein Transportation Task Force Meeting,**
Sheraton Omaha Hotel, Omaha, Neb.
- June 6-7: Feed Industry Committee Meeting.**
Sheraton Omaha Hotel, Omaha, Neb.
- June 13-14: Executive Committee Meeting.**
Four Seasons Resort at Las Colinas, Dallas, Texas
- June 20-21: Feed Quality Assurance Workshop**
The Galt House, Louisville, Ky.
- July 16-17: Country Elevator Committee Meeting,**
Henley Park Hotel, Washington, D.C.



NGFA Member Survey of Partially Unloaded Rail Cars Indicates Problem 'Small'

...Members Again Encouraged to Submit Reports...

Thus far, the results of an NGFA membership survey indicate that rail batch weighing of rail cars has not resulted in a significant problem of rail cars being partially unloaded at destination.

Since early March, the NGFA has been soliciting voluntary reporting by members of partially unloaded rail cars being placed at a shipping point. Because of concern that rapid handling at some destinations was leading to more incidents in which substantial grain or grain product was being left in cars, the voluntary survey attempts to determine the extent of the problem. [See *NGFA Focus on Industry Issues*, Feb. 8, 2001.]

After two-and-a-half months, the limited number of reports received from members show that 47 cars had

grain or grain products remaining in the cars when placed by the carrier for shipment. The most frequently identified product was soybean meal (18 of the 47 cars). Twelve cars contained some wheat, while nine cars contained corn. The average quantity of product reported in each car was 10,940 pounds.

However, several members of the NGFA Task Force on Destination Weights have said these data do not reflect the magnitude of the problem. This viewpoint is supported by the fact that only 16 different companies have reported data during the last 75 days.

In an effort to obtain more complete data, the NGFA is extending the reporting period for partially unloaded rail cars placed at shipping points until June 30. Please use the form below to submit reports.

NGFA Survey Report on Partially Unloaded Rail Cars Placed for Loading

[For use by rail shippers and receivers in reporting grain/product remaining in rail cars placed for loading during period Feb. 19 - June 30. (Note: Please report only quantities of 10 bushels or more per car. Please fax completed forms to: Lisa Wormke at (202) 289-5388. Please direct any questions to Matt Lisle or Kendell Keith at (202) 289-0873.)]

Shipping facility name/location: _____

Car number: _____

Date of car placement at shipping location: _____

Type of commodity/product remaining in car: _____

Approximate quantity of commodity/product left in car (lbs): _____ lbs.

Was the railroad notified by telephone/electronically promptly? Yes No

Disposition of commodity/product prior to loading: _____

STB Sets 'Fast-Track' Schedule for CN-Wisconsin Central Merger

The federal Surface Transportation Board has implemented an expedited procedural schedule for considering the proposed merger of the Canadian National Railway Co. and the Wisconsin Central Transportation Co., under which final approval could be granted by as early as Sept. 7.

The STB classified the transaction as "minor" after determining that it would have minimal regional or national transportation significance. In so doing, it reduced its six-month procedural schedule for considering the merger by 28 days. This is the first merger application submitted to the STB that will be governed by the agency's new rail merger rules, which are scheduled to be issued in June.

Under the CN-Wisconsin Central procedural schedule, parties wishing to participate in the proceeding are to file a notice of intent with the agency by **May 25**. Comments on the two railroads' safety integration plan and environmental assessment are due by June 13, while all comments on the merger itself and any suggested conditions to it are due by June 25. A response by the two carriers to comments submitted is due by July 25. Parties wishing to participate are to send an original and 25 copies of all pleadings referencing STB Finance Docket No. 34000 to: Office of the Secretary, Surface Transportation Board, Case Control Unit, 1925 K St., N.W., Washington, D.C., 20423-0001.





BSE Inspection Issues Raised at Senate Hearing

Food and Drug Administration officials were peppered with questions on how they plan to improve compliance with the agency's BSE-prevention rule during a May 10 Senate hearing on FDA's budget proposal for fiscal year 2002.

While the hearing was nonconfrontational, Sen. Tim Johnson, D-S.D., pointedly referred to FDA inspection data concerning rendering plants and feed mills that have been found to be out of compliance with the FDA's rules that prohibit the feeding of certain mammalian proteins to cattle and other ruminants.

In response, Dr. Stephen Sundlof, director of FDA's Center for Veterinary Medicine, said that 843 facilities previously found to be in violation had been reinspected, and that about 93 percent were found to be in compliance. Sundlof also said the agency has stepped up its enforcement action and is writing warning letters to the affected firms if violations are detected. In addition, he said, FDA has implemented 31 product recalls of feed manufactured by facilities found to have violated the BSE-prevention rules. Sundlof also said posting the inspection results on

FDA's web site, which was done last month, "should have a measurable impact in encouraging compliance."

FDA Acting Principal Deputy Commissioner Dr. Bernard A. Schwetz noted that the agency had reprogrammed an additional \$2.4 million in funds for the current 2001 fiscal year (which ends Sept. 30) to conduct BSE inspections. Under questioning from Sen. Thad Cochran, R-Miss., chairman of the Senate Appropriations Committee's Subcommittee on Agriculture, Rural Development and Related Agencies, Schwetz said the administration is proposing a \$15 million increase for BSE-prevention efforts for fiscal 2002, which begins Oct. 1, to: 1) continue inspections of feed mills, renderers and protein blenders for compliance with the BSE rule, particularly plants that handle prohibited mammalian protein and are subject to the rule's requirements to prevent cross-contamination; 2) develop additional education and information materials; 3) conduct research on BSE, including on the protein prion alleged to be involved in transmitting the disease and on developing a test for detecting prohibited mammalian protein in finished feed; and 4) strengthen import protections.

EPA Scientific Panel to Submit Dioxin Report

The Environmental Protection Agency's Scientific Advisory Board has decided to forward its long-awaited report on the health effects of dioxin to Administrator Christine Todd Whitman by as early as June.

The board's executive committee made the decision during a May 15 meeting, during which it reviewed and received public feedback on the April 16, 2001 draft report prepared by its Dioxin Reassessment Review Committee. While the final report is not publicly available yet, there are reports that it may recommend that the presence of dioxin be more tightly regulated.

Dioxins refer to a group of chemicals that can be released into the air from natural or manmade combustion processes, or are naturally present in the environment. One route of exposure to humans is through the diet, as dioxins are believed to concentrate in animal fat. Dioxins have similar chemical structures and biological characteristics, but widely varying toxicities. The most toxic form is 2,3,7,8 tetrachlorodibenzo-p-dioxin (TCDD). A special Dioxin Reassessment Review Subcommittee of the EPA's Scientific Advisory Board previously had developed a second draft report that questioned whether TCDD should be considered a human

carcinogen. [See *NGFA Newsletter*, April 19, 2001.] EPA initiated its review of dioxin in 1991.

EU Considering New Dioxin Limits: In a related development, the NGFA has learned that the European Union is considering whether to adopt strict new standards for dioxin in food and feed products. Under the draft proposal before the EU, the dioxin limits would be phased in over a four-year period beginning on Jan. 1, 2002. Products covered by the standard would include meat, milk, fish, eggs, vegetable oils, cereals, all feed material of plant origin, binders, roughage in feed, compound feedingstuffs, animal products in feed (including animal fat and fish oil), and vegetable oil and by-products in feed.

According to documents obtained by the NGFA, the EU would measure the dioxins as the sum of polychlorinated-dioxins and dibenzofurans that may be present in a product weighted by their so-called "toxic equivalent factors," which are established by the UN's World Health Organization. The WTO's toxic equivalent factors weight the presence of each dioxin based upon its toxicity relative to 2,3,7,8 tetrachlorodibenzo-p-dioxin (TCDD), the most potent form of dioxin; some less toxic forms of dioxin thereby are allowed to be present in greater concentrations.





South Dakota Ag Department to Make Decision on Changes to BSE Feed Regulations by Early July

The South Dakota Department of Agriculture is scheduled to make a decision by early July on whether to alter any of its proposed new feed regulations intended to implement a newly enacted state feed law that will impose additional requirements on manufacturers of feed and feed ingredients concerning efforts to prevent bovine spongiform encephalopathy (BSE).

The proposed rules were the subject of a May 7 oral hearing, during which all 10 witnesses – including the NGFA – testified in strong opposition. The NGFA’s testimony was presented jointly on behalf of itself and the South Dakota Grain and Feed Association (SDGFA) and the Pet Food Institute (PFI).

The South Dakota law (SDCL 39-14) requires all ruminant livestock feed manufactured or distributed

within the state to be labeled as to whether it was produced by a facility that handles or stores mammalian proteins that the Food and Drug Administration prohibits from being used in ruminant feeds. While this labeling provision – which exceeds the FDA rule – technically is in effect, the South Dakota Department of Agriculture said it is not being enforced until the regulations are final. As proposed, those regulations go even farther than the state law and would: 1) prohibit facilities that manufacture ruminant feeds for distribution or their own use from receiving, storing or handling mammalian protein that can be used legally as a feed ingredient for non-ruminant species; and 2) prohibit persons that transport or store ruminant livestock feeds for further distribution or for their own use from handling prohibited mammalian proteins in any distribution equipment or storing such proteins in the same building with ruminant feed.



Senators May Attempt to Enact Ergonomics Legislation

The NGFA has learned that an attempt may be made in the Senate to enact legislation that would require the secretary of labor to finalize a new ergonomics standard within two years.

If it occurs, the impetus likely will come from the Senate, where Sen. John Breaux, D-La., and eight colleagues have introduced a bill (S. 598) that would require a new ergonomics standard to be finalized within two years and take effect within 90 days thereafter. Co-sponsors include Senate Appropriations Committee Chairman Ted Stevens, R-Alaska, and Sen. Arlan Specter, R-Pa., who chairs the Appropriations Committee’s Subcommittee on Labor, Health, and Human Services and Education. It was during an April 26 hearing conducted by the subcommittee that Labor Secretary Elaine Chao came under repeated criticism for refusing to commit to a timetable for issuing a new ergonomics rule. [See *NGFA Newsletter*, May 3, 2001.] Other cosponsors are Sens. Blanche Lincoln, R-Ark., Mary Landrieu, D-La., Bill Nelson, D-Fla., Max Cleland, D-Ga., Zell Miller, D-Ga., and Tim Johnson, D-S.D. The Senate bill has been referred to the Committee on Health, Education, Labor and Pensions, chaired by Sen.

James Jeffords, R-Vt., although Specter has signaled he may try to attach the measure to the Department of Labor’s appropriations bill.

Under the Senate bill, the new standard would be required to address musculoskeletal disorders and workplace ergonomic hazards, but would specifically exempt non-work-related MSDs that occur outside the workplace or are aggravated by work. It also would require that the new standard not expand the application of state worker compensation laws, a major drawback of the ergonomic standard previously finalized by the Clinton administration, but which was revoked by Congress in its first use of the Congressional Regulatory Review Act. The bill also would require that a new ergonomics standard “clearly” articulate: 1) the actions required of employers to address ergonomic hazards; 2) the measures required of an employer under the standard; and 3) the compliance obligations of the employer.

A comparable bill (H.R. 1241) has been introduced in the House by Rep. Chris John, D-La., and six cosponsors, including Reps. Armory Houghton, D-N.Y., John Tanner, D-Tenn., Robert (“Bud”) Cramer, D-Ala., Cal Dooley, D-Calif., John Spratt, D. S.C., and Brad Carson, D-Okla. The House bill has been referred to the Education and Workforce Committee, chaired by Rep., John Boehner, R-Ohio, and no action is scheduled.





Industrial Hygienists Group Developing Consensus Standard for Lifting

The NGFA has learned that an organization comprised of government industrial hygienists and other occupational safety and health practitioners is developing a new consensus standard that would impose limits on the amount of weight that could be lifted by workers involved in certain repetitive lifting tasks thought to be important in determining whether lifting tasks creates a risk of work-related low back and shoulder injuries.

The organization – known as the American Conference of Governmental Industrial Hygienists (ACGIH) – is a private trade association that develops consensus time-weighted “threshold limit values” (TLVs) under which it is believed nearly all workers may be repeatedly exposed during their working life without developing work-related injuries or illnesses. TLVs have been established for a wide range of chemical hazards and physical agents (such as noise and ionizing radiation). Recently, ACGIH established such a TLV for ergonomic-related injuries to the hand, wrist and forearm. ACGIH standards are important because they can be used by OSHA as the basis for bringing action against employers under the general duty clause of the Occupational Safety and Health Act.

The TLV on lifting activities being considered by ACGIH consists of three tables with weight limits for two-handed, mono-lifting tasks within 30 degrees of vertical. The maximum weight limit in the proposed standard is approximately 68 pounds, and the minimum weight is approximately 4.4 pounds. The TLVs are presented for lifting tasks defined by their duration (either less than or greater than two hours per day) and by their frequency (expressed in number of lifts per hour). The proposed standard would require employers to implement appropriate controls when a lifting TLV is exceeded or when a lifting-related musculoskeletal disorder is detected.

According to ACGIH, the proposed TLV for lifting will be considered for approval by its Board of Directors at its November 2001 meeting. The NGFA’s Safety, Health and Environmental Quality Committee will be analyzing the potential impact of the proposed standard on the grain, feed and processing industry. Copies of the proposed lifting TLV may be obtained from ACGIH at www.acgih.org for \$50.

Tech Tidbits

► **Whitman Selects New Ag Counselor at EPA:** Environmental Protection Agency Administrator Christine Todd Whitman has named a Californian – Jean-Mari Peltier – to the reestablished position of counselor to the

administrator on agriculture policy. The post last existed in the first Bush administration, but was disbanded during the Clinton administration. In this capacity, Peltier will serve as the central contact for EPA on interagency issues with the U.S. Department of Agriculture, and will advise Whitman on congressional environmental issues affecting agriculture.

Peltier, president of the California Citrus Quality Council since 1999, formerly served as chief deputy director of the Department of Pesticide Regulation at California’s Environmental Protection Agency. She also has served as a member of the U.S. delegation to the Codex Alimentarius Commission’s Committee on Pesticide Residues, and is a past member of the U.S. Department of Agriculture’s Agricultural Technical Advisory Committee on Trade. She was a former legislative assistant for agriculture and interior issues for former Rep. Tony Coelho, D-Calif.

► **Henshaw Likely OSHA Administrator Pick:** President Bush is expected to nominate the safety director for a Missouri chemical company – **John Henshaw** – to be assistant secretary of labor for occupational safety and health. Henshaw currently is director of environment, safety and health for Astaris LLC, a joint venture between Solutia Inc. and FMC Corp., based in St Louis, Mo. The company supplies phosphorus chemicals, phosphoric acid and phosphate salts. Henshaw previously directed and managed safety and health programs for Monsanto Co. and Solutia. Henshaw is being promoted for the post by Sen. Christopher Bond, R-Mo., and has the support of several organizations, including the American Industrial Hygiene Association, where he served as the organization’s president from 1990-91.

► **GIPSA Verifies Performance of Additional StarLink™ Test Kits:** The U.S. Department of Agriculture’s Grain Inspection, Packers and Stockyards Administration has verified the performance of two additional test kits manufactured by Strategic Diagnostics Inc. for determining the presence of the Cry9C protein found in StarLink™ corn. The agency verified that the GMO✓™ Bt9 Maize Kit (Part No. 7110030) meets the manufacturer’s claims of being able to identify one StarLink kernel in a 10,000-kernel sample, although the quantitative claims by the manufacturer were not verified. GIPSA also said it has verified that the GMO Quick 4™ Bt9 Test Kit met the manufacturer’s claims of identifying one StarLink corn kernel in an 800-kernel sample. GIPSA’s validation of quick test kit performance is based on raw grain only, not processed food.



CCC Says About 25 Million Bushels Available for Third-Party Purchases

U.S. Department of Agriculture officials told the NGFA today (May 17) that approximately 25 million bushels of Commodity Credit Corporation-owned grains and oilseeds currently are catalogued and available for third-party purchase starting on May 21.

As of today, USDA said there were approximately 15.3 million bushels of corn, 4.3 million bushels of wheat, 5.6 million bushels of soybeans and "very small" quantities of barley and sorghum available from CCC's inventory for purchase. However, USDA said that activity has been brisk among storing warehouse operators in purchasing CCC-owned stocks since it issued its April 20 notice (BCD-4) announcing the upcoming sales, and that the quantity of available stocks likely will be lower when such sales start May 21.

Excluded from the sales will be approximately 93.3 million bushels of CCC-owned grain earmarked for the Emerson Food Security Reserve, as well as additional CCC-owned grain committed to other program uses. More

details on the parameters of CCC's third-party sales program were published in the May 3 *NGFA Newsletter*.

The following is an update on several other issues of interest to the industry.

Update on Bioenergy Program

As of May 11, USDA has authorized \$15.7 million in payments on 61.9 million gallons of ethanol and \$1.36 million in payments on 1.16 million gallons of biodiesel under its bioenergy program. USDA has entered into 54 agreements representing 79 plants in 19 states to participate in the program, under which it provides cash payments to bioenergy producers that increase their purchase and utilization of agricultural commodities compared to year-earlier levels to increase bioenergy production. Forty-two of the 54 companies are ethanol producers, while 12 manufacture biodiesel. Corn represents 93 percent of the commodities on which the payments have been made thus far. USDA has allocated up to \$150 million in annual payments for both fiscal years 2001 and 2002.



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