



NGFA

Newsletter[®]

Volume 57, Number 13, June 23, 2005

FDA Pledges Expeditious Safety Review on Syngenta's on Bt10 Corn

The Food and Drug Administration (FDA) has pledged to expeditiously review scientific data submitted recently by Syngenta AG in a formal request for a consultation to verify the safety of the Bt10 corn biotech event.

In response to a question posed by Senate Agriculture Committee Chairman Saxby Chambliss, R-Ga., during a June 14 hearing attended by the NGFA, FDA Center for Food Safety and Applied Nutrition Director Dr. Robert Brackett said that the agency had placed Syngenta's dossier at "the very top of the list" and that the agency "will move as quickly as we can" to perform its customary thorough review. The NGFA understands that FDA subsequently requested additional data that is in the process of being submitted by the biotech company. Brackett noted that the protein contained in Bt10 is identical to that found in Bt11 corn, which already had undergone FDA's safety assessment. That fact, combined with the extremely low levels at which Bt10 is thought to exist in the U.S. corn supply, led FDA to issue statement on April 27 concluding that the presence of Bt10 corn in the food and feed supply "poses no safety concerns."

But completing the formal FDA consultation process is significant because it would enable the agency to post Bt10 on its official website "List of Completed Consultations" of biotech-enhanced commodities. That list is relied upon by many foreign governments to verify that FDA has conducted a formal safety review of biotech-enhanced commodities for use in food and feed. For instance, it is expected that such a listing

for Bt10 could encourage Japan to implement a provision of its regulations that authorize a 1 percent tolerance for the presence of imported biotech-enhanced commodities for use in feed even though the trait has not been formally approved under Japan's biotech regulatory process. Currently, a zero tolerance exists on the presence of Bt10 in U.S. corn shipments to Japan, which has triggered demands from Japan that the United States certify that U.S. corn is free of Bt10 prior to shipment and implement an extensive domestic sampling and PCR-based testing protocol.

Japan previously announced that it detected Bt10 in two separate shipments of U.S. corn – the first on May 25 and the second on June 1 – which triggered its regulations requiring increased testing frequency for unapproved biotech events. Subsequently, Bt10 has been detected in two additional vessels at U.S. ports that were intended for shipment to Japan.

The inadvertent release of the Bt10 corn event was announced publicly for the first time on March 21 by Syngenta after the company said it had detected the unapproved event in five Bt corn breeding lines in the United States, three of which were used between 2001 and 2004 primarily for "pre-commercial" development. Syngenta AG said seeds produced using the Bt10 lines potentially could have been planted on an estimated 37,000 acres in as many as eight U.S. states. But the Bt10 corn event prior to now had never been submitted for "official" approval by the U.S. government because Syngenta said it never intended to release it for commercial use.

USDA Announces Key Issues for Farm Bill Forums

The U.S. Department of Agriculture has cited six "key issues" on which it is seeking public comment concerning the 2007 farm bill, and has announced that the first in a series of public forums will be conducted on July 7 in Nashville, Tenn.

The Nashville forum is scheduled for 6 to 10 p.m. Central Daylight Time at the studios of RFD-TV, and will be broadcast live on that network. Secretary of Agriculture Mike Johanns noted that USDA intends to develop recommendations for the 2007 farm bill, "and believes that public input is essential to the process by which these recommendations will be developed."

In a *Federal Register* notice issued June 17, USDA identified the competitiveness of U.S. agriculture in global and domestic markets as a key issue to be addressed. USDA noted that trade

agreements that reduce barriers to exports and imports of agricultural products "are expected to become increasingly important factors in U.S. and global agriculture," and posed a question as to how farm policy should be designed to "maximize U.S. competitiveness...and ability to effectively compete in global markets." A second issue raised by USDA concerned how to design farm policy in ways that avoid "unintended consequences...(that) discourage new farmers and the next generation of farmers from entering production agriculture." In this regard, USDA stated that "some observers" believe farm program benefits have been capitalized into ever-escalating land values that create a barrier to entry of new and young

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("Farm Bill Forums" continued from page 1)

farmers, while also reducing profits for existing producers and weakening U.S. agriculture's competitive position.

The other four major issues raised by USDA on which it seeks public comment concern how to: 1) "effectively and fairly" distribute farm program and other assistance to producers; 2) achieve conservation and environmental goals; 3) enhance rural economic growth by investing in infrastructure and new technologies; and 4) address agricultural product development, marketing and research-related issues. Concerning this latter topic, USDA cited suggestions that U.S. farm policy be more "flexible" in enabling greater support for a broader range of activities helpful to expanding markets, including product quality and new attributes, organic and specialty crops; value-added products, including renewable

energy and bioproducts, and other new uses for agricultural products; expanded basic and applied research; domestic and foreign market development; and similar activities.

Submitting Comments: In addition to the public forums, USDA is seeking comments by Dec. 30 on the questions posed in the *Federal Register* notice. The NGFA's International Trade and Agricultural Policy Committee will be taking the lead in developing the NGFA's statement. NGFA-member companies wishing to provide comments directly to USDA may do so by e-mail (FarmBill@usda.gov), or by mail to: Secretary of Agriculture Mike Johanns, Farm Bill, U.S. Department of Agriculture, 1400 Independence Ave., S.W., Washington, D.C., 20250-3355.

Senate, House Committees Informally Approve Draft Bills on CAFTA-DR

Two key congressional committees have informally approved draft legislative language that would implement the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), which would encompass the Central American nations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as well as the Dominican Republic.

Seeking to build on momentum generated by the "mock" markups conducted by the Senate Finance Committee and House Ways and Means Committee, the Bush administration today (June 23) submitted the formal implementing legislative language to Congress. Doing so triggers a requirement under the fast-track trade law that the bill receive an up or down vote, without amendment, within 90 days. Both committees would be required to approve the formal legislative language submitted by the administration before Senate and House floor votes can occur.

The strategy currently being contemplated by the administration would put the measure to a vote in the Senate first, followed closely by a vote in the House. There has been discussion that a vote could occur as early as the week of June 27 prior to Congress recessing for the July 4th holiday.

Supporters are hopeful that a positive vote in the Senate, the chamber much friendlier to free-trade legislation, would provide the necessary momentum to push it through a skeptical House. A confident House Ways and Means Committee Chairman Bill Thomas, R-Calif., was quoted as saying, "it is not a question of it will pass, but by how much." This stands in stark contrast to many recent reports that the measure still lacks the 218 votes needed to pass the House.

Congressional Committee Action: The House Ways and Means Committee conducted its "mock markup" on a draft bill on June 15, approving it by a 25-16 vote. The measure, a substitute introduced by committee Chairman Bill Thomas, R-Calif., included a provision that would require the administration to report on activities by the affected countries to build capacity on labor issues. It also includes a provision that would require the administration to recommend adjustments to the Trade Adjustment Assistance program to provide relief to the U.S. services industry if the accord has negative effects on that sector.

Meanwhile, the Senate Finance Committee on June 14 narrowly approved its draft version of CAFTA-DR implementing language. The committee vote came only after Sen. Craig Thomas, R-Wyo., agreed to support it after receiving commitments from the Bush administration that it would meet with sugar industry officials in an effort to reach an accommodation on "reasonable proposals" that address the sugar industry's concerns over the accord. Thomas signaled that he might vote against the final bill if those discussions are unsuccessful. Sen. Jeff Bingaman, D-N.M., also voted in favor of the draft bill, but reserved the right to object to the final version if his concerns over its potential impact on Central American labor and farmers were not allayed.

The mock markups give lawmakers a chance to recommend minor technical changes to the language of the bill that would implement trade agreements, including CAFTA-DR. It also serves as a mechanism for alerting the administration to more serious concerns about the accord that may need to be addressed before the final version of the measure is submitted for a vote.



Senate Adopts 8 Billion Gallon Renewable Fuels Mandate in Energy Bill

The Senate on June 15 adopted, by a 70-26 vote, an amendment to its version of the energy bill (S. 10) offered by Senate Energy and Natural Resources Committee Chairman Pete Domenici, R-N.M., that would require oil refiners to blend at least 8 billion gallons of ethanol, biodiesel and other renewable fuels annually by 2012. Today (June 23), the Senate voted 92-4 to limit further debate on the energy bill, which should lead to its passage by week's end.

The higher renewable fuel mandate was chosen over the 6 billion gallon mandate included in the version passed by the Senate Environment and Public Works Committee, chaired by Sen. James Inhofe, R-Okla., who had warned that the higher level could jeopardize the bill. The energy bill already passed by the House contains a 5-billion-gallon annual renewable fuels standard. The Senate's renewable fuels provision, championed by Sens. Jim Talent, R-Mo., and Tim Johnson, D-S.D., would mandate the following production levels: 4 billion gallons annually by 2006; 4.7 billion gallons by 2007; 5.4 billion gallons by 2008; 6.1 billion gallons by 2009; 6.8 billion gallons by 2010; 7.4 billion gallons by 2011; and 8 billion gallons by 2012.

Prior to passing the Domenici amendment, the Senate defeated by a 69-28 vote an amendment offered by Sen. Charles Schumer, D-N.Y., that would have stricken the renewable fuels

mandate from the energy bill. During floor debate on June 14, the Senate rejected an amendment offered by Sen. Barbara Boxer, D-Calif., that would have removed a provision granting product-liability protection to ethanol producers. The provision is similar to one included in the House-passed bill for manufacturers of MTBE, which has been implicated in ground-water contamination. In a related development, the Senate Finance Committee on June 14 unveiled a proposed energy tax bill that proposes \$10.9 billion in incentives over five years – and \$16.1 billion over 10 years – including for renewable fuels and conservation. About half of that amount would be targeted to modernizing the electrical power grid. The Senate committee approved the bill on June 16, and it will be added as an amendment to the omnibus energy bill currently being debated. The House version of the energy bill (H.R. 6) calls for \$8.1 billion in energy tax breaks over five years, most of it aimed at encouraging new domestic energy production.

The expected Senate passage will set up another contentious conference committee with the House to settle the differences between their respective versions of the bill. Supporters are cautiously optimistic that differences will be resolved and a final bill passed this year, citing the fact that the energy measure progressed this far only to fail in the Senate by two votes last year following a similar conference committee.

Hill Highlights

There were these other developments on Capitol Hill of interest to the grain, feed and processing industry:

► **House, Senate Agriculture Committees Preparing to Reauthorize U.S. Grain Standards Act, CFTC in July:** The House and Senate Agriculture Committees are striving by mid-July to act on separate bills that would reauthorize the U.S. Grain Standards Act (which encompasses the official grain inspection and weighing system overseen by USDA's Grain Inspection, Packers and Stockyards Administration) and the Commodity Futures Trading Commission (CFTC). Floor consideration of the two measures may occur prior to the congressional August recess under the timetable currently being contemplated. In fact, both bills may be bundled into a single measure to expedite passage.

During the past two weeks, the NGFA's Country Elevator Committee and Grain Grades and Weights Committee each spent time on Capitol Hill lobbying members of Congress on priority legislative issues for the industry, including the U.S. Grain Standards Act reauthorization. [See enclosed edition of *Issues and Actions*.] The process of drafting the reauthorization language has just begun, and committee staff members still are trying to resolve potential conflicts in various legislative

proposals to ease the prospects for enactment. Both bills likely will be considered by the House and Senate Agriculture Committees at the same time, along with any other pending legislation they may wish to consider before the summer break. The accelerated schedule is attributable primarily to the prospect of a significant debate over the fiscal year 2006 budget reconciliation bill scheduled for action by mid-September. Among other things, the budget reconciliation measure is required to identify \$3 billion in agriculture-related savings over five years.

► **Conference Committee Unlikely to Meet June 30 Target for Completing Deliberations on Highway Bill:** Continuing efforts to bridge the funding differences between the House- and Senate-passed versions of the highway reauthorization bill make it increasingly unlikely that the joint House-Senate conference committee will complete action by the June 30 target date. Rep. Don Young, R-Alaska, who chairs the House Transportation and Infrastructure Committee and is chairing the joint conference committee, set the target during an initial June 9 meeting of the 93 congressional conferees in part because it coincides with the expiration of the seventh temporary extension of the highway bill. But an eighth extension is likely, as negotiations continue to achieve mixed results. House conferees



are honing closely to the Bush administration's demand that no more than \$284 billion be authorized for highway, transit and road-safety projects through fiscal year 2009, while the Senate-passed bill calls for spending \$295 billion. On June 20 the Senate conferees agreed to offer the House a compromise figure of \$290 billion, splitting the funding difference in the two measures. The House has not responded yet, and the administration continues to threaten a veto of any bill authorizing spending that exceeds \$284 billion. Congressional staff members continue work identifying areas of consensus within the separately passed bills. A second meeting of the conference committee has not been scheduled yet.

The NGFA's efforts on the highway bill are targeted at maintaining language in both bills that would codify the agricultural exemption from the U.S. Department of Transportation's hours-of-service truck-driving rules, and expand the definition of agricultural commodities to include feed, livestock, poultry and milk – a provision authored and championed by the NGFA. The NGFA also is urging the conferees to delete a provision contained in the House-passed bill that would require truckers to impose a diesel fuel surcharge on shippers anytime diesel prices exceed a benchmark price of \$1.10 per gallon by more than a nickel.

► **Senate Appropriations Committee Approves Ag Spending**

Measure: The Senate Appropriations Committee on June 23 approved its version of a fiscal 2006 spending bill. The bill's discretionary spending total (\$17.3 billion) represents a slight increase over the fiscal 2005 level of \$16.8 billion that was approved by the House, which is still \$93 million more than proposed in President Bush's budget. Among provisions of interest: 1) the committee included **none** of the \$177 million in new user fees proposed in the president's budget; 2) \$819.6 million for the Natural Resources Conservation Service; 3) a \$20 million budget increase for USDA's Food Safety and Inspection Service – to a total of \$837 million – \$127 million more than the president's budget request; 4) \$808 million for USDA's Animal and Plant Health Inspection Service (APHIS) activities; 5) a \$64.9 million increase for the Food and Drug Administration – to \$1.84 billion; and 6) a total of \$1.27 billion for USDA's Agricultural Research Service, \$310 million more than a year ago and \$209 million more than proposed by Bush. The total spending in the bill represents an 18 percent increase over fiscal year spending levels, primarily due to increases in mandatory spending on farm subsidies and food stamps.

► **Upper Mississippi Lock and Dam Renovation Bills Advance:**

In a significant development, a House committee on June 22 approved legislation (H.R. 2864) that includes authorization for the Upper Mississippi River and Illinois Waterways navigation project, a key industry priority. The authorization was included in the Water Resources Development Act approved by the House Transportation and Infrastructure Committee. The next step for the bill is consideration on the House floor, which

is expected to occur by mid-July. Under the bill, the U.S. Army Corps of Engineers would be authorized to spend more than \$3 billion on the navigation project and ecosystem restoration associated with the authorized lock-and-dam construction projects. The House bill also would authorize \$10 billion in waterway improvement projects, virtually identical to the version passed by the House during the previous Congress.

Meanwhile, the Senate Environment and Public Works Committee already has completed work on its version (S. 728) of the water resources development bill, which also includes authorization for the Upper Mississippi River and Illinois Waterway navigation project – at a level of \$2.475 billion. Senate floor consideration of the bill, which was approved by the committee on April 13, has been delayed by action on the energy and highway bills. But the Senate is trying to complete action on the energy bill next week, and planned completion of the highway bill by the end of June could leave a small window for considering the waterways bill.

Here is a breakdown of the specific funding levels specified in both the House and Senate bills: \$1.795 billion in authorizations for the construction of new 1,200-foot locks at Locks 20, 21, 22, 24, 25, LaGrange and Peoria; \$235 million for moorings at Locks 12, 14, 18, 20, 22, 24 and LaGrange; switchboats at Locks 20 through 25; and the development and testing of an appointment-scheduling system. The federal funds would be matched by contributions from the Inland Waterways Trust Fund. Further, there is no fiscal year expiration on the funding authorization.

► **Senate Appropriations Bill Adds Funding for Waterway**

Projects: The Senate Appropriations Committee, by a 28-0 vote on June 16, approved a \$31.2 billion fiscal 2006 spending bill that would increase funding for the U.S. Army Corps of Engineers to nearly \$5.3 billion, including a significant increase for waterway operations and maintenance. That represents a 23 percent increase (\$966 million) over President Bush's budget request and is \$258 million more than called for in the House version of the bill. The increase is a positive outcome for the NGFA, which supported the efforts of the National Waterways Alliance to increase Corps funding for the next fiscal year, which begins Oct. 1.

The Senate appropriations bill would designate \$2.1 billion for port and waterway operations and maintenance, compared with \$2 billion in the House version and \$1.8 proposed by the Bush administration. The bill also significantly increases the waterway general construction budget – to \$2.087 billion versus \$1.763 billion in the House version and \$1.636 billion proposed by the administration. The energy and water development appropriations bill was approved by the House on May 24. The Senate version next moves to the floor for consideration, although the timing is unpredictable given the busy Senate agenda.





On Capitol Hill

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► Senate Committee Votes to Confirm Crawford as FDA Commissioner:

The Senate Health, Education, Labor and Pensions Committee voted June 15 to recommend confirmation of **Dr. Lester M. Crawford** to be commissioner of food and drugs. The voice vote came after an investigation by the Department of Health and Human Services' inspector general's office cleared Crawford of unsubstantiated anonymous allegations of inappropriate personal and professional conduct with a female colleague. But committee members Sens. Patty Murray, D-Wash., and Hillary Rodham Clinton, D-N.Y., both voted against Crawford's nomination and immediately placed a "hold" to delay Senate floor action over the administration's refusal to issue a decision on whether to approve over-the-counter distribution of a "morning-after" contraceptive pill known as "Plan B." Also voting against Crawford's nomination for the same reason was Sen. Barbara Mikulski, D-Md. In a statement, Clinton asserted that, "[a]t a time when FDA needs a strong leader to restore its reputation, I fear that Dr. Crawford's record demonstrates a lack of vision and drive to ensure that the FDA upholds its gold standard of drug regulation. He has failed to address the concerns raised by his own employees about the needs of the agency. And he cannot provide assurances that the FDA will make science, not ideology or other interests, the cornerstone of its decision making." Meanwhile, Sen. Tom Coburn, R-Okla., also followed through on his threat to place a "hold" on Crawford's nomination because FDA has not required warning labels on condoms stating that they do not prevent some sexually transmitted diseases.

► Jeffery, Lukken Await Senate Confirmation Votes to CFTC:

Ruben Jeffery III and Walt Lukken are awaiting Senate confirmation votes to serve on the Commodity Futures Trading Commission (CFTC) after sailing through a joint confirmation hearing on June 9 by the Senate Agriculture Committee. Jeffery, nominated for a term through April 13, 2007, currently is special assistant to the president and senior director of international economic

affairs at the White House National Security Council. President Bush has indicated his intention to name Jeffery chairman of the CFTC once he is confirmed. Meanwhile, Lukken has been nominated to serve a second term as a CFTC commissioner through April 15, 2010. CFTC commissioners' terms are for five years on a staggered basis. The hearing was very cordial, with senators of both parties expressing their desire for quick confirmations of both nominees.

During the confirmation hearing, Jeffery was lauded by senators for his recent service on the White House National Security Council's staff and as head of the Iraq Coalition Provisional Authority's Washington office. Prior to his government service, Jeffery spent a number of years with investment firm Goldman, Sachs and Co. in Paris, London and New York. He also previously coordinated federal aid designed to reconstruct lower Manhattan following the Sept. 11, 2001 terrorist attacks. In his opening statement, Jeffery listed the following as his top three priorities if confirmed as chairman: 1) Proceeding expeditiously to work with Congress on CFTC reauthorizing legislation; 2) vigorously executing the CFTC's legislative mandate to protect market participants through agency oversight; and 3) setting a "high bar" of professional excellence within the CFTC, building teamwork and maintaining high professional standards. Committee Chairman Chambliss said during the hearing he also hoped to act on the CFTC reauthorization bill as soon as possible this summer.

Lukken has served as a CFTC commissioner since August 2002. Previously, he served four years on the staff of former Senate Agriculture Committee Chairman Richard G. Lugar, R-Ind., during which he specialized in futures and derivatives markets, agricultural finance and tax issues. During his CFTC tenure, Lukken has chaired the agency's Global Markets Advisory Committee, which examines issues raised by the increased globalization of futures markets.



Tech Talk

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GIPSA to Begin Official Barley Protein Measurement Service July 1

For the first time, starting July 1, a new official test to determine barley protein content will be offered by the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration (GIPSA).

GIPSA previously issued a notice in the Nov. 4, 2004 **Federal Register** announcing the new service, which will be offered upon request and will utilize state-of-the-art artificial neural network calibrations on near-infrared transmittance instruments. The agency said its new testing service "will provide the information that producers need to realize the full value of their

product, and that maltsters need to optimize end-use production" for malting and brewing.

GIPSA began utilizing the artificial neural network technology, which has a greater precision of accuracy, on official wheat protein content measurements starting this May. Further information on the technology and its application to official barley protein measurements is available by clicking here, or by contacting Richard Pierce at GIPSA at 816-891-0430 or by e-mail at ANNProtein@usda.gov.





USDA Authorizes Emergency, Temporary Storage for 2005 Harvest

The U.S. Department of Agriculture on June 22 issued a notice to the trade (BCD-102) authorizing the use of "emergency" and "temporary" storage for the 2005 harvest for commercial warehouses operating under the Uniform Grain and Rice Storage Agreement (UGRSA) contract.

The NGFA, in a June 20 letter submitted to USDA Farm Service Agency Administrator James Little, had urged that USDA expeditiously authorize the use of emergency and temporary storage after the issue was reviewed by the association's Country Elevator Committee at its meeting earlier this month in Washington. [*See enclosed Issues and Actions publication for details.*]

Consistent with USDA's long-standing procedures and as specified in the notice, warehouse operators are required to obtain **pre-approval** from the appropriate federal- or state-licensing authority before utilizing either emergency or temporary storage. Under the notice, the use of emergency and temporary storage is restricted to wheat, corn and other feed grains unless otherwise permitted by the warehouse operator's licensing authority.

Emergency storage consists of outside ground piles, while temporary storage consists of structures that have a solid floor with rigid sidewalls, aeration and a cover. Eligible grain stored in emergency space is required to be removed and relocated to conventional storage by Jan. 31, 2006, while grain stored in temporary space is to be relocated to conventional storage by May 1, 2006. USDA does consider extensions on a case-by-case basis, based upon the availability of storage and the condition of the grain.

For emergency storage, USDA also requires that warehouse operators: 1) meet the same Commodity Credit Corporation security, net worth, bonding and insurance requirements as required for conventional storage space; 2) provide written justification to CCC in advance on the need for emergency storage in the local area; 3) make emergency storage space accessible for examination; and 4) maintain a separate inventory record of grain stored in such space, as well as account for such grain in the daily position record.

CCC-owned grain, as well as grain pledged as collateral for CCC marketing assistance loans, may be placed in

emergency and temporary storage space once use of such space has been approved. Warehouse operators remain responsible for the quantity and quality of grain stored in emergency and temporary space, and all such grain is considered part of the warehouse's commingled inventory.

Obtaining USDA Approval to Use Emergency, Temporary Storage: Federally licensed grain warehouse operators wishing to utilize either emergency or temporary storage are required in advance to notify Terry Chapman, chief of the Warehouse Licensing Branch at USDA's Kansas City Commodity Office at 816-926-6474 or by e-mail at Terry.Chapman@kcc.usda.gov. Grain warehouses operating under a state license are to contact their appropriate state licensing authority to determine their requirements governing the use of emergency and temporary storage.

After receiving approval from the appropriate government licensing authority, warehouse operators are to submit a written justification to Rochelle Murray at Rochelle.Murray@kcc.usda.gov (if requesting to use emergency storage) or Paul Overman at Paul.Overman@kcc.usda.gov (if requesting to use temporary storage). Requests also may be submitted to the appropriate official by faxing to 816-926-1426. These officials also should be contacted by UGRSA warehouses that are not federally licensed and operate in a state that does not have a licensing authority.

Members receiving the NGFA Newsletter electronically may obtain the USDA notice by clicking here.



Calendar

July 14, 2005: Joint NGFA Food Safety Committee and NAEGA Biootechnology Committee
NGFA Conference Room, 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)



Johanns Authorizes Release from Emerson Trust

Secretary of Agriculture Mike Johanns on June 22 formally authorized the release of an additional 500,000 metric tons (approximately 18.37 million bushels) of Commodity Credit Corporation-owned wheat from the Bill Emerson Humanitarian Trust for use as food aid for Africa.

USDA said that the U.S. Agency for International Development (USAID) specifically had requested 300,000 metric tons of hard red winter, and 200,000 metric tons of soft white wheat as part of the latest Emerson Trust release. As reported in the June 9 edition of the *NGFA Newsletter*, it is anticipated that the hard red winter wheat will be designated for use in Ethiopia, while the soft white wheat will be shipped to Eritrea.

In a notice (BCD-103) issued on June 22, USDA said it had not yet decided whether to utilize swaps or buy-sell transactions to meet the food aid needs. USDA officials told the NGFA today that they still were awaiting more information from USAID concerning a desired shipping schedule, and it likely still would be several more days before USDA was able to issue additional information. But USDA's notice did say that it

would make all of CCC's available Emerson Trust wheat stocks available to meet the latest USAID request. As of June 22, approximately 1.4 million metric tons (approximately 52 million bushels) of CCC-owned wheat were designated for use under the Emerson Trust. The quantities, by class, are listed in the chart below.

Emerson Trust		
(As of June 22, 2005)		
Class of Wheat	Quantity	
	Bushels	Metric Tons
Hard Red Winter (HRW)	28,566,622	777,471
Soft White (SWW)	19,567,341	532,546
Hard Red Spring (HRS)	4,131,643	112,447
Durum (DUM)	1,820,359	49,543
Hard White (HWW)	247,105	6,725
Soft Red Winter (SRW)	122,593	3,337
Totals (All Wheat)	54,455,663	1,482,069

DHS Hires Private Contractor to Collect Information, Pinpoint Locations of Ag, Other Facilities

The U.S. Department of Homeland Security (DHS) has contracted with a private firm – known as Techni Graphic Systems Inc, Wooster, Ohio – to solicit information from the private sector on the precise geographic locations and emergency contact information for agricultural facilities, financial institutions and other “critical infrastructure” establishments as part of the agency’s development of a “National Asset Database.”

NGFA members alerted the association recently that they had begun receiving telephone inquiries from representatives of Techni Graphic Systems – a company that specializes in geographic information system software technology that links buildings, addresses and people to specific geographic map coordinates – asking that they verify their facility name, address, telephone number and mapped location, and provide the name and emergency contact information for a designated company official. Techni Graphic Systems Inc. also is trying to capture similar information on fire stations, police and sheriff offices, hospitals and other “critical nodes.”

Industry members are advised that participation with this DHS-sponsored initiative is strictly voluntary; there is no legal requirement to do so. The project is expected to take several months to complete, so NGFA-member facilities may not be contacted for some time yet.

In a notice obtained by the NGFA, DHS said it was reluctant to rely upon similar information already obtained through “open

source research or from government officials,” presumably including such initiatives as the Food and Drug Administration’s facility registration requirements under the Bioterrorism Act. “Due to the nature of these sources, the asset information may not be accurate or complete,” wrote William Flynn, director of the Protective Security Division at DHS, in the notice. The division earmarked its funds to the National Geospatial Intelligence Agency to contract with Techni Graphics Systems Inc. to conduct the survey work.

Under Homeland Security Presidential Directive 7 issued by President Bush on Dec. 17, 2003, DHS was assigned primary responsibility to identify, prioritize and coordinate protection of critical infrastructures and key resources, with an emphasis on those that: 1) if exploited or attacked, could cause catastrophic health effects or mass casualties; 2) if lost or affected, would have significant economic impacts; 3) would impair the national defense; or 4) could profoundly affect U.S. national prestige or morale.

The NGFA has submitted an inquiry to DHS through the Food and Agriculture Sector Coordinating Council on which the NGFA serves concerning: 1) the lack of advance notice from DHS on this initiative, which created industry suspicions and concerns over the authority of an outside contractor to collect such sensitive business information; and 2) the apparent redundancy of this information-collection effort, which imposes additional time and resource demands upon the industry.





Results on BSE-Suspect Beef Cow Expected Soon

The results of tests are expected as early as June 24 on brain tissues from a suspect beef cow to determine if the United States has detected its second case of bovine spongiform encephalopathy (BSE) – and the first involving a native-born cow.

The head of the International Reference Laboratory in Weybridge, England, said the laboratory was on schedule to finish confirmatory tests this week to help resolve the conflicting test results on the beef cow that was first tested in the United States in November 2004. Ultra-sensitive rapid screening tests performed by USDA at the time yielded an “inconclusive test result,” which later was found to be BSE-negative utilizing the immunohistochemistry (IHC) test that USDA has termed the internationally accepted “gold standard.” USDA subsequently has said that the nonambulatory (downer) beef cow was born before implementation of the Food and Drug Administration’s 1997 BSE-prevention feed regulations.

Separately, the U.S. Department of Agriculture’s National Veterinary Services Laboratory in Ames, Iowa, is conducting additional analytical tests on brain tissue derived from the animal. Those results are scheduled to be announced in tandem with those received from the Weybridge lab, which is the premier European reference laboratory and is utilized by the World Animal Health Organization (known by its French acronym “OIE”). Dr. John Clifford, chief veterinary officer for USDA’s Animal and Plant Health Inspection Service, said in a June 16 statement that the Weybridge laboratory will conduct a combination of IHC and three different types of Western blot tests to determine if the suspect animal had contracted BSE. The Weybridge lab also was used to confirm the first – and thus-far only – case of BSE in the United States in December 2003.

USDA’s Office of Inspector General (OIG), as part of its ongoing audits of USDA’s BSE-related programs, said in a statement issued on June 16 that it initiated additional testing using the Western blot test recognized by OIE for this and two other cattle that had yielded inconclusive screening test results and negative IHC results because of what it termed “an unusual pattern of conflicting test results.” Subsequently, the Western blot test performed at USDA’s National Veterinary Services Laboratory yielded BSE-negative results in the other two cattle. The three cattle are among the more than 388,000 tested by USDA since June 1, 2004 under its enhanced surveillance of the U.S. herd; all of the others tested negative for BSE.

USDA’s OIG noted that it still is conducting two separate audits of USDA’s BSE-related program activities, and that final

reports on each are scheduled for release in late summer. One of the two audits is focusing on USDA’s implementation of its enhanced BSE surveillance program, including a review of the performance of USDA’s laboratories in conducting BSE tests on submitted samples. It was the review of what OIG termed “voluminous records and information” as part of this audit that detected “an unusual pattern of conflicting test results on one sample” and triggered the additional testing of that sample. The second OIG audit is evaluating USDA’s enforcement of the ban on so-called specified risk materials in meat products for human food, and controls to prevent central nervous system tissue from contaminating beef products processed using advanced meat recovery systems. This audit also is reviewing USDA’s procedures for obtaining brain tissue samples from condemned cattle for BSE testing, as well as the ante mortem procedures used to condemn nonambulatory and other cattle to prevent them from entering the food or feed chain.

Japanese Food Safety Commission Begins Hearings on U.S. Beef Safety: The Japanese Food Safety Commission subcommittee on June 21 began public hearings focusing on the safety of U.S. beef and conditions under which U.S. beef imports would resume – another step in the arduous, time-consuming process that it is hoped will lead to a reopening of the Japanese market later this year. The action follows the commission’s May 6 recommendation that Japanese regulations be amended to exempt cattle younger than 21 months from the requirement to be tested for bovine spongiform encephalopathy (BSE). That action was a necessary precursor to the commission considering the resumption of U.S. beef imports under a framework agreement reached last October.

In a related development, a group of Japanese lawmakers this week completed a visit to the United States to study U.S. safeguards intended to prevent the establishment or spread of BSE, as well as meat processing practices under which specified risk materials are removed from beef products intended for human consumption. The six-member Japanese delegation was led by Kenji Yamaoka, head of the farm panel of its House of Representatives, and included officials from Japan’s agriculture and health ministries. The Japanese officials met with U.S. government officials and meat industry representatives, and toured U.S. meatpacking and other facilities in the Midwest. Japanese officials have been quoted as saying that the potential discovery of a second case of BSE in the United States – and the first that may involve a native-born cow – is not expected to alter Japan’s plans to eventually resume U.S. beef imports since only products from cattle 20 months or younger would be eligible – an age group in which BSE has not been detected.





Latest FDA BSE Inspection Results Continue to Show Stellar Compliance

Updated results issued June 20 by the Food and Drug Administration (FDA) of inspections of commercial feed mills and other industry sectors continue to show an exceptional compliance rate exceeding 99 percent with the agency's regulations that prohibit the feeding of certain mammalian material to cattle and other ruminants.

As of June 11, FDA reported that more than 37,000 inspections have been conducted since the agency's BSE-prevention feed regulations took effect in the fall of 1997, with about 68 percent conducted by states operating under partnership contracts with FDA. Of those totals, 1,069 licensed feed mills and 5,145 non-licensed feed mills have been inspected. Based upon their most recent inspection result, only one licensed feed manufacturer (0.2 percent of the 411 firms handling prohibited mammalian material) had been cited for a violation [classified as "official action indicated" (OAI)] significant enough to warrant regulatory action by FDA. For non-licensed feed mills, only two firms were classified as OAI, amounting to 0.1 percent of the 1,920 active

firms handling prohibited mammalian material. Another seven licensed feed mills and 27 unlicensed feed mills were cited for minor violations [classified as "voluntary action indicated" (VAI)] that involve such infractions as minor recordkeeping lapses or conditions involving non-ruminant feeds.

For the rendering sector, two firms (1.1 percent) out of 176 active firms handling prohibited mammalian materials had been cited for OAI infractions on their most recent inspection, while eight other firms (4.5 percent) were classified as VAI.

Perhaps the most significant category of inspections – the 553 inspected active renderers, feed mills and protein blenders that actually use prohibited mammalian material to manufacture, process or blend animal feed or feed ingredients – showed that five firms (0.9 percent) were classified as OAI, while 20 (3.6 percent) were classified as VAI.

Members receiving the *NGFA Newsletter* electronically may obtain the FDA report by clicking here.

USDA's "Roundtable" Examines BSE Science, Economic Impact

The U.S. Department of Agriculture focused on the science surrounding bovine spongiform encephalopathy (BSE) and the economic and structural impact on the U.S. cattle, meat packing and processing industries resulting from the closure of the Canadian border to live cattle imports during its June 9 "roundtable" in St. Paul, Minn.

More than 200 people attended the event, which brought together USDA officials, producers, packers, and others to discuss the current court injunction that prohibits live Canadian cattle from entering the United States and the associated trade implications for U.S. beef. Representatives from several NGFA-member companies and staff attended the event. Representatives from the following invited organizations participated in the highly structured formal discussion: American Farm Bureau Federation, American Meat Institute, National Association of State Departments of Agriculture, National Cattlemen's Beef Association, National Farmers Union, National Meat Association, National Milk Producers Federation, National Renderers Association, and Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALFUSA).

In remarks focusing on animal health and food safety, USDA Animal and Plant Health Inspection Service (APHIS) Administrator Dr. Ron DeHaven and Food Safety and Inspection Service (FSIS) Acting Administrator Dr. Barbara Masters reviewed USDA's actions taken to further safeguard

the safety of the U.S food supply after the December 2003 diagnosis of the single case of BSE in the United States.

Meanwhile, USDA Chief Economist Dr. Keith Collins focused on the economic impact of BSE on the North American cattle and beef industries, reviewing North American beef trade both before and after the discovery of BSE in North America. Collins said that "the longer the Canadian border remains closed, the more likely Canada will continue to expand cattle slaughter and beef exports to the United States, and ultimately the rest of the world." He also said that "although U.S. cattle producers may see short-term gains due to the Canadian border closing, continued closure of the border will reduce our beef industry's ability to market beef around the world, which eventually, and perhaps permanently, will lower prices for U.S. cattle producers."

Representatives from the invited organizations provided brief statements regarding their organizations' respective positions on the safety of U.S. beef and the economic impact of BSE on the beef industry.

During closing remarks, Secretary of Agriculture Mike Johanns stated that "we've got to work together to decide these issues...on science-based principles to allow our cattle producers and beef industry to compete on a level playing field in world markets." Complete videos, remarks and transcripts from the USDA BSE roundtable now are available on APHIS' website at <http://www.aphis.usda.gov/lpa/issues/bse/bse.html>.





NGFA Membership...Business Value for Rail Shippers/Receivers

Companies with significant investment in rail transportation **should** be members of the NGFA! Here's why:

➤ **Rail Arbitration:** The NGFA negotiated this landmark agreement with the railroads in 1998. It is one-of-a-kind! **No** other organization or business sector has replicated this deal. And the railroads have agreed to arbitrate disputes **only with NGFA-member companies!** Most disputes get resolved before going all the way through the arbitration process to a final decision. Most importantly, just having access to rail arbitration often facilitates discussions and agreement with NGFA-members carriers.

Attempting to resolve disputes with carriers through the federal regulatory process or through the courts is unrealistic, lengthy and very expensive. By contrast, NGFA rail arbitration is practical, quick and affordable. No rail shipper should be without access to this system – and the way to get access is with NGFA membership!

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➤ **Representation with Carriers and Government:** The NGFA long has been the lead organization representing the interests of agricultural shippers/receivers. Whether it involves working with the federal Surface Transportation Board, Congress, or direct dialogue with the railroads on issues like fuel surcharges and freight rail service, the NGFA is the organization with impact. The NGFA's influential Rail Shipper/Receiver Committee leads the association's efforts on rail transportation policy and representation.

➤ **Information Services:** Timely and accurate information is key to the success of any business. The NGFA has the best information and has it first – and as a member, so do you!

➤ **Trade Rules/Contract Arbitration:** These core services are important to all NGFA members, rail shipper/receiver or not. The NGFA Trade Rules are relied upon as reflecting industry trade practices and providing guidelines to help prevent disputes. The NGFA Arbitration System has provided members a quick, inexpensive and practical way to resolve trade disputes for more than 100 years.

These are just a few reasons to become and remain a member of the NGFA. When your membership renewal notice arrives, think about the business reasons to belong. And if you know a rail shipper/receiver who is **not** yet receiving these benefits of membership that come from supporting the NGFA, invite him/her to join now!