



## Congressional Action Uncertain on Increasing LDP Payment Limit

Reps. Jo Ann H. Emerson, R-Mo., and Marion Berry, D-Ark., on July 19 introduced two bills in the House that would double the payment limit for marketing loan gains and loan deficiency payments (LDPs) to \$150,000 per person, up from the current \$75,000 limit.

But, favorable congressional action on either measure is far from certain.

The first bill (H.R. 4894) would increase the payment limit for the 2000-crop year only, while the second (H.R. 4895) would do so for the duration of the 1996 farm law – that is, through the 2002 crop year. Emerson serves on the House Appropriations Committee, while Berry serves on the Agriculture Committee.

An emergency agricultural spending bill passed by Congress last fall contained a one-year increase in the

payment limits for the 1999 crop year only. That bill also authorized the use of commodity certificates as a form of farm program payment to enable producers to exceed the payment limit through the 2002 crop year. USDA implemented the certificate program on Feb. 22 in such a way that the certificate value does not count against the payment limit.

But current crop production and price projections, as well as anticipated storage congestion this fall, have created concern that the certificate program will not be an adequate substitute for a payment limit increase for several reasons. First, issuance of commodity certificates is limited to farm program crops put under loan; they cannot be used as a way to circumvent the \$75,000-per-person payment limit that applies to

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## USDA to Initiate Rulemaking on Marketing of Biotech Commodities

The U.S. Department of Agriculture in early September is scheduled to begin a rulemaking on the role it should play in facilitating the marketing of biotechnology-enhanced commodities.

The initial rulemaking – which will be subject to a 60-day comment period – will include requests for comments on whether USDA should establish guidelines or procedures for segregating biotechnology-enhanced crops from non-biotech varieties, similar to the program envisioned under USDA's proposed national organic program rules. The proposed organic rules would establish a government-based process for certifying non-biotech production and handling systems. The proposed organic rules call for a system in which third parties would be certified to verify private-sector identity-preservation and segregation systems.

USDA's plans were revealed today at a meeting of its Agricultural Biotechnology Advisory Committee. The advisory committee announced plans to devote a major portion of its next meeting on Nov 14-15 to discussing the impact of the transmission of genetic traits from biotech products to non-biotech products, including the potential impact of such transmission on the ability to adequately segregate biotech from non-biotech products. The advisory committee also plans to examine the role USDA's public

seed-breeding program should play in developing new biotech varieties.

During its July 26-27 meeting, the advisory committee discussed USDA research priorities on the impact of biotechnology on producers and consumers. The committee strongly supported gathering additional data on the planting of biotech crops, the impact of biotechnology on organic and other farmers that do not plant biotech varieties, and the impact of biotechnology on U.S. agriculture. The advisory committee also reviewed nine biotech research topics being considered for study by the National Academy of Science. Among the topics being considered for research by the NAS are: 1) the impact of biotechnology on endangered species; 2) whether the U.S. regulatory system is properly addressing allergenicity in biotech crops; 3) the environmental issues associated with bio-engineered fish; and 4) the potential safety issues associated with the next wave of biotech products.

The USDA advisory committee also had a detailed discussion about USDA's research agreement with Delta and Pine Land Co. concerning the so-called "terminator gene" that renders the seed from biotech plants incapable of germinating and developing into mature, agronomically acceptable plants.



## CFTC Ag Advisory Committee Discusses Implications of Excluding Ag Futures from Regulatory Relief

During its July 19 meeting in Washington, the Commodity Futures Trading Commission's Agricultural Advisory Committee reviewed the agency's proposed new regulatory framework for futures, options and off-exchange derivative markets, and the implications of excluding agricultural futures from regulatory reform.

Under the CFTC proposal, on which comments are due by Aug. 7, futures exchanges would be permitted to choose between the degree of regulation that is prudent for their markets, depending upon the product being traded and the sophistication of the customer. Specifically, exchanges would be authorized to establish so-called "derivatives transaction facilities" to serve commercial clients under a lesser degree of regulation but still subject to CFTC oversight. However, the agency's current proposal would exclude enumerated agricultural commodities from such regulatory relief.

The NGFA presented a statement urging that agricultural contracts be permitted reasonable flexibility under a new regulatory structure to permit exchanges to compete for risk-management business. [See enclosed July 27 edition of *Issues and Actions*.] The American Cotton Shippers Association also favored some limited deregulation of agricultural futures and options markets. The following is a summary of views expressed by other organizations making comments at the CFTC Agricultural Advisory Committee session:

- ▶ **Futures Exchanges:** Most of the futures exchanges participating expressed support for extending regulatory flexibility to agricultural contracts, with more self-regulatory responsibility being assumed by the exchanges. An exception was the Kansas City Board of Trade, which voiced support for maintaining current regulations for the agricultural contracts.
- ▶ **National Cattlemen's Beef Association:** NCBA expressed cautious support for some deregulation of agricultural contracts. But it voiced concern about the market-responsiveness of exchanges to meet commercial user needs.
- ▶ **American Farm Bureau Federation:** AFBF said it was not as supportive of deregulation as the cattlemen. The AFBF representative suggested that farmer concerns about the structure of delivery markets and expansion of daily price movement limits suggested that the CFTC should not be taken "out of the loop" in developing exchange rules and their application.

▶ **National Association of Wheat Growers:** NAWG said that its farmer members are not the only customers – and maybe not even be the primary customers – of futures markets, but were just more "comfortable" having the CFTC involved from the outset.

▶ **American Soybean Association:** ASA said that while the Chicago Board of Trade listens to its customer base, the outcome does not always match the advice given by producers. ASA said it was uncertain at this stage what level of regulation it would support, but wanted to learn more about the implications.

The NGFA's delegate, William A. Dodds, grain merchandising manager for The Andersons, Maumee, Ohio, urged his fellow advisory committee members to "loosen up" a little so progress could be made. He noted that the farm organizations were expressing fear of the grain exchanges, the commodity buyers were expressing fear of the CFTC (and its Enforcement Division), and that these perceptions were based upon the past and represented looking backward. He urged the group to begin visioning for the future and asked that it seriously discuss the best structure to move agricultural markets forward and make them more competitive.

CFTC Chairman William Rainer closed the session by noting that based upon the discussion he had heard, the exchanges, if they were to be deregulated, needed to pay more careful attention to the image portrayed to all stakeholders of the market.

### NGFA Calendar

- July 31:** International Trade/Ag Policy Committee, O'Hare International Airport, Chicago, Ill.
- Sept. 10:** Executive Committee, Historic Inns of Annapolis, Annapolis, Md.
- Sept. 10-11:** Board of Directors, Historic Inns of Annapolis, Annapolis, Md.
- Dec. 3-4:** Feed Industry Council Meeting, Westin Crown Center, Kansas City, Mo.
- Dec. 3-4:** NGFA Trade Show, Westin Crown Center, Kansas City, Mo.
- Dec. 4-5:** NGFA Country Elevator Council Meeting, Westin Crown Center, Kansas City, Mo.
- March 14-17, 2001:** 105th Annual NGFA Convention, Fairmont Hotel, New Orleans, La.



## Commodity Groups Support Key Elements of 1996 Farm Law

At a July 19 House Agriculture Committee hearing, representatives of key farm commodity groups supported several elements of the 1996 farm law and opposed a return to supply control programs.

The American Soybean Association (ASA), National Association of Wheat Growers (NAWG) and National Corn Growers Association (NCGA) each said they continue to support the core elements of the 1996 law. Further, ASA and NAWG specifically testified they oppose acreage-idling programs, while the NCGA said it “continue(s) to support a market-oriented approach to farm policy – an approach that allows farmers to make production decisions for their operations and focuses on building demand....” The NCGA also urged improvements in the inland waterways system to maintain U.S. export competitiveness.

► **ASA:** In its testimony, ASA said it “continues to strongly support” the 1996 law, including its provisions on unrestricted planting flexibility. “We do not support going back to the old farm program and oppose making set-asides or other supply management programs an eligibility requirement” for farm program benefits, testified Marc Curtis, ASA chairman. “We also oppose establishing a reserve for soybeans, increasing acreage in the Conservation Reserve Program for supply control purposes or using environmental objectives to justify establishing an acreage-reduction or set-aside program in the form of a ‘short-term’ CRP.” ASA said it did support examining a counter-cyclical income support program, but noted that there are “many unanswered questions and issues about the effects and implications” of such an approach.

► **NAWG:** Meanwhile, NAWG said it supports continued planting flexibility and de-coupled farm program payments, and said that “wheat producers do not believe the current financial crisis (in agriculture) resulted from any failing of the farm bill.” NAWG President Terry Detrick said the organization opposes reestablishment of an acreage set-aside program, noting that it “does not believe that idling additional acres in exchange for a federal payment or similar types of non-market-oriented approaches are, in the long term, advantageous to wheat producers.” NAWG also said it opposes the reestablishment of a farmer-owned reserve or similar paid storage program; “[p]laying farmers to store their commodities indefinitely only postpones the problem and can, if done incorrectly, increase the financial impact of the eventual day of reckoning.” However, NAWG said it supports full use of the existing 36.4-million-acre CRP and a counter-cyclical income support mechanism that would be triggered if market prices decline to less than cost of production.

### Hill Highlights

► **Senate Vote on China Trade Bill Delayed Until September:** The Senate is scheduled to begin its August recess this week without taking action on its version of the China trade bill. Action was delayed until September by controversy over two issues: how to resolve the lingering dispute over Senate consideration of a China sanctions bill, and how to process the annual appropriations bills through the chamber.

The China sanctions bill (S. 2645), introduced by Sens. Fred Thompson, R-Tenn., and Robert Torricelli, D-N.J., would require the president to impose sanctions on China if it was found to be trading nuclear weapons technology to U.S. adversaries. Supporters of S. 2645 initially wanted the bill to be considered as an amendment to the legislation (H.R. 4444) that would grant China permanent normal trade relations (PNTR) status. Supporters of China trade, however, opposed this plan because attaching S. 2645 would mean that the House would have to vote again on the PNTR bill.

Meanwhile, gridlock over issues pertaining to a few of the appropriations bills has reduced Senate activity to a crawl. However, while the Senate leadership continued to debate appropriations issues, an agreement was reached that would permit the Democrats to offer an alternative to S. 2645 that reportedly would be less China-specific and provide more flexibility to the president. The effect is that all sides have agreed to permit a separate vote on S. 2645 without linking it to the China trade bill.

► **Status of CFTC Reauthorization Bills:** The House Commerce Committee on July 26 unanimously approved legislation (H.R. 4541) that would reauthorize the Commodity Futures Trading Commission. The bill previously was approved by the House Agriculture Committee. As the *NGFA Newsletter* went to press, the House Banking Committee was considering the measure. The next step will be for the three committees to resolve differences before sending a compromise bill to the House floor for a vote.

Meanwhile, in the Senate, the Banking Committee has yet to act on the bill (S. 2697) approved by the Senate Agriculture Committee on June 29. Senate Banking Committee Chairman Phil Gramm, R-Texas, and other senators were seeking to improve the sections of the bill that provide legal certainty on security laws, and on the division of regulatory responsibility between the Securities and Exchange Commission and the CFTC. Legislators and representatives from the Securities and Exchange Commission and the CFTC also are involved in the discussions.



## FRA Issues Guidelines for Applying for Rail Financing Loans

The Department of Transportation's Federal Railroad Administration has issued guidelines for applying for loans or loan guarantees used to finance projects to acquire, improve or rehabilitate rail equipment or facilities.

The agency on July 6 issued final rules – which take effect Sept. 5 – authorizing the FRA to extend up to \$3.5 billion in direct and guaranteed loans for acquiring, improving or rehabilitating rail freight or passenger equipment, including tracks, bridges, rail yards, buildings and shops, as well as refinancing of outstanding debt incurred as a result of such projects. Under the rules, at least \$1 billion is earmarked solely for non-Class I freight railroads, such as shortlines and regional railroads. The maximum loan repayment period is 25 years from the date the loan is executed, and the interest rate on direct loans is based upon a formula equal to the rate on Treasury securities of a similar duration. To qualify, an applicant is required to provide a letter from at least one commercial lender denying funding for the project. [See *NGFA Newsletter*, July 13, 2000.]

FRA said applications may be submitted at any time, and the agency will attempt to process them quickly. Among the guidelines issued by FRA's chief counsel are these:

► Prospective applicants should take advantage of the opportunity for a preapplication meeting by contacting

Jo Anne McGowan [(202) 493-6379] or Joseph Pomponio [(202) 493-6065].

► At the preapplication meeting, the prospective applicant should bring: 1) the dollar amount of the loan request and a description of the technical aspects of the project, including a map; 2) a description of the economic impact of the project and any related feasibility or market studies; 3) a description of how the project will enhance safety and the environment, promote economic development and U.S. competitiveness, preserve rail or enhance intermodal service to small communities and rural areas, and whether the project is included in the state transportation plan; 4) a description of the amount and type of collateral to be offered as security; 5) a current balance sheet and income statement, financial statements for the most recent four years and projected revenues; and 6) information regarding the project's potential environmental impacts.

Based upon the aforementioned information, the FRA said it will make a preliminary estimate of the credit risk premium. A final credit risk premium will be calculated after FRA completes its analysis of the application. The credit-risk premium is not due until an approved applicant is ready for the loan funds to be disbursed.

## BNSF/CN Call Off Rail Combination Following Court Decision

In a joint press release issued July 20, the Burlington Northern Santa Fe Railway Co. and Canadian National Railway announced that their respective boards of directors voted to immediately terminate their proposed combination agreement that would have created North America's largest rail system.

Their action followed a 2-1 ruling issued July 14 by the U.S. Court of Appeals for the District of Columbia Circuit that upheld the federal Surface Transportation Board's 15-month moratorium on rail mergers while the agency develops new rail merger rules. In its decision, the appellate court found that the STB "neither violated the statute or otherwise exceeded its authority" in imposing the moratorium. In so doing, the court rejected the contention of the CN, BNSF and the Western Coal Traffic League that the STB lacked the authority to impose the moratorium, violated the law in refusing to rule on the CN-BNSF merger application within a prescribed period of time and acted in an "arbitrary and capricious manner." The court concluded that the STB "...has reasonably interpreted the relevant statutes to accommodate a moratorium where necessary to carry out its duties to preserve competition and protect the public interest ... [F]orcing the (STB) to proceed pursuant to (the

statute) before it has had an opportunity to determine where the public interest lies would defeat altogether the purpose of the agency's review, whereas allowing the (STB) to focus for a reasonable time upon revising its criteria would likely enable the (agency) to meet its deadlines once it resumes processing (merger) applications."

While the court's majority denied the challenge to the STB's rail merger moratorium, its decision also stated: "[H]owever, we do not grant the agency a free pass; we expect that the (STB's) effort to devise new standards will be undertaken expeditiously, and that the agency will resume its acceptance and review of merger applications promptly at the end of the 15-month moratorium."

**BNSF/CN Response:** In the aftermath of the court ruling, the two railroads said that a regulatory decision on the CN/BNSF combination would be unlikely before late 2002. No break-up fees will arise from the termination of the CN/BNSF combination agreement because the companies mutually agreed to unwind their transaction.

In their joint statement, Paul M. Tellier, CN's president and chief executive officer, and Robert D. Krebs, BNSF

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# Rails, Rivers and Roads

by David C. Barrett Jr.  
Counsel for Public Affairs

(“BNSF/CN” continued from page 4)

chairman and chief executive officer, said: “CN and BNSF are both shareholder-driven organizations, and we have concluded it is not in the interests of our shareholders to assume the risks involved in waiting up to 2½ years for a decision on our transaction by the regulator in the

United States.” The two rail executives said their respective companies “intend to continue to strengthen the ties that have been established. . . , and to capture, to the extent that they can be realized by separate entities, the improvements and efficiencies that were identified as part of the combination preparation.”



## Tech Talk

by Thomas C. O'Connor  
Director of Technical Services

### EPA Issues Stringent New Water Quality Rules

The Environmental Protection Agency on July 13 published its strict new water quality regulations under the agency’s total maximum daily load (TMDL) program.

EPA Administrator Carol Browner approved the final rule on July 11, two days before President Clinton signed into law a military appropriations bill that included a provision prohibiting the agency from spending any funds during fiscal years 2000 or 2001 (lasting until Oct. 1, 2001) to issue or implement the TMDL rules. However, EPA delayed the implementation date of the final rule until 30 days after the date the congressional ban expires. Further, the agency reclassified the TMDL regulations as a “major rule,” which gives Congress 60 days to review and disapprove of the regulations under the Congressional Review Act.

EPA equates TMDLs to a “pollution budget” designed to restore the health of a polluted body of water. A TMDL is a written, quantitative plan and analysis for attaining and maintaining water quality standards in all seasons for a specific body of water and pollutant. Authorized under the 1972 Clean Water Act, TMDLs are determined by calculating the maximum amount of a pollutant a water body can sustain and still meet water quality standards. Congress originally designed the law to apply only to point sources of pollution (such as factories, including feed mills and processing plants) that require a National Pollution Discharge Elimination System (NPDES) permit. But in 1999, EPA proposed to apply the TMDL calculations to non-point sources, such as farming and animal feeding operations).

The final rule requires states within 10 years to develop comprehensive cleanup plans and TMDL implementation schedules for all polluted water bodies (which include rivers, lakes, streams and coastal waters); the final rule provides states with the option to request an extension of up to five additional years if needed. EPA states that more than 20,000 U.S. water bodies have been identified as polluted, including more than 300,000 miles of rivers and shorelines and 5 million acres of lakes. States would be required to submit an updated list of all polluted bodies of water every four years, instead of every two years as initially proposed. As part of their cleanup plans, the final rule requires states to establish

and submit to EPA for approval TMDLs for each polluted body of water – including the load allocations and wasteload allocations of the TMDL. If states fail to act or if EPA disapproves of the TMDL established by the state, the final rule requires EPA to set the TMDL and require the state to incorporate it into its water quality management plan. For point sources, the TMDL is to provide reasonable assurance that water quality standards will be met through the issuance of NPDES permits. For non-point and other sources, the load allocations in each TMDL are required to apply to the specific pollutant(s) and be implemented expeditiously.

Importantly, EPA made several changes when issuing its final rule. **For agriculture, the most significant was to delete its original proposal that would have expanded the agency’s authority to designate concentrated animal feeding operations or concentrated aquatic animal production facilities as point sources required to operate under a NPDES permit.** EPA said it omitted this option partly in response to concerns that EPA’s designation of concentrated animal feeding operations as requiring NPDES permits could conflict with state decisions on which operations require such permits.

#### **EPA Action Generates Congressional Opposition:**

Predictably, congressional reaction to EPA’s final rule was strong and swift. Rep. Charles Stenholm, D-Texas, and Jay Dickey, R-Ark., introduced a bill (H.R. 4922) that would require a National Academy of Sciences study of the scientific basis for – and costs of – the TMDL rule, and require the agency to solicit and respond to information provided by states and other parties on the potential cost of the rule.

A comparable bill (S. 2417) introduced in the Senate by Sens. Michael D. Crapo, R-Idaho, Robert C. Smith, R-N.H., and 31 cosponsors was approved July 26 by the Senate Environment and Public Works Committee. Crapo also has introduced legislation (S.J. Res. 50) with eight cosponsors that would nullify the EPA’s TMDL rule. Favorable action on that resolution is considered unlikely, because a single senator could filibuster it or President Clinton could veto it. Senators reportedly are considering attaching provisions to other spending bills that would delay implementation of the EPA rule.





# Country/Terminal Corner

by Randall C. Gordon  
V.P., Communications/  
Gov't Relations

*("LDP" continued from page 1)*

LDPs. That means producers bumping up against the payment limit will be required to pledge the commodity as collateral for a loan either in farm storage or at licensed warehouses that have a Uniform Grain and Rice Storage Agreement contract with USDA's Commodity Credit Corporation.

Tying up storage space with loan grain that cannot or will not be marketed for up to nine months will be problematic in areas where available storage space is expected to be tight. Further, there is a 30-plus-day delay at some Farm Service Agency county offices in processing loan applications, which limits the ability of the producer to quickly redeem the loan and obtain the marketing loan gains with certificates. Finally, since the loan redemption process with commodity certificates is a "simultaneous transaction" – that is, certificates are valid only for **immediate use** for redeeming outstanding commodity loans – producers are prohibited from using the farm program provision (Form CCC-697) that allows

them to lock in the loan repayment rate for up to 60 calendar days. Thus, the 60-day lock-in flexibility is unavailable to producers who confront the payment limit and need to redeem the loan with certificates.

Despite these concerns, favorable congressional action to increase the payment limit may be an uphill battle. Republican congressional staff members remain rankled by criticism leveled last year by some Democrats that the payment limit increase rewarded only "rich farmers" and encouraged "agricultural concentration," as well as by the initial objections of Secretary of Agriculture Dan Glickman in implementing the certificate program. Congressional staff members also report they were assured by some farm commodity groups that the certificate program would "fix" the payment limit issue through the remainder of the 1996 farm law. The NGFA has discussed the storage and grain marketing implications of the current payment limit with congressional staff members, and is working with the National Corn Growers Association to address the issue.

## U.S. Warehouse Act Bill Scheduled to be Introduced in House

Legislation that would rewrite, streamline and update the U.S. Warehouse Act is scheduled to be introduced late today in the House.

The bill, to be introduced by Reps. Ray LaHood, R-Ill., and Bob Goodlatte, R-Va., is similar to the bill passed on June 20 by the Senate Agriculture Committee. Both congressmen serve on the House Agriculture Committee, and Goodlatte chairs its Department Operations, Oversight, Nutrition and Forestry Subcommittee, which has jurisdiction over the bill. It is expected that the bill will be considered by the full House Agriculture Committee in September.

The House bill contains several changes from the Senate version in provisions that pertain to electronic documents in an effort to clarify that the current procedures under which lenders perfect security interests would not be altered by the bill. These changes reflect the efforts of the House Agriculture Committee staff, the NGFA, the National Cotton Council and the U.S. Department of Agriculture to clarify the bill's language so as to allay concerns raised by the American Bankers Association.

**The Bill's Provisions:** Among other things, the House bill – like its Senate counterpart – would update the existing statute to allow federally licensed grain warehouse operators to issue electronic

warehouse receipts, as well as electronically transmit under the authority of the U.S. Warehouse Act other documents (such as grade and weight certificates, phytosanitary certificates, bills of lading, export evidence certificates and other documents required by letters of credit) related to the purchase or sale of agricultural commodities.

The bill also contains the following provisions that would improve the existing statute: 1) authorize warehouse operators to enter into contracts or other agreements with depositors to allocate available storage space; 2) clarify that warehouse operators are not obligated to store commodities not customarily stored in the area; 3) specifically authorize commingling of grain of different grades and qualities (which under the current law is not authorized, even though USDA has used its regulatory discretion to permit it); 4) authorize USDA to accept financial instruments other than bonds (such as letters of credit or Treasury bills) from warehouse operators to cover deficiencies in net worth requirements; 5) expressly recognize the enforceability of arbitration for resolving disputes between warehouse operators and depositors; 6) require USDA to issue an annual report on steps it is taking to minimize fees, improve efficiencies and reduce costs of the federal warehouse system; 7) remove most economic regulation contained in the current law; and 8) protect the integrity of state warehouse laws and regulations from excessive federal preemption.





## USDA Proposes Payments to Increase Ethanol/Bioenergy Production

Ethanol and biodiesel fuel producers would be eligible to receive incentive cash payments for increasing their utilization of eligible U.S. agricultural commodities to increase bioenergy production under a proposal issued today by the U.S. Department of Agriculture's Commodity Credit Corporation.

CCC proposes to make quarterly cash payments to ethanol and biodiesel fuel manufacturers that increase production compared to the comparable quarter of the previous year by using increased quantities of the following commodities: corn, sorghum, soybeans, barley, wheat, oats, rice, sunflower seed, canola, crambe, rapeseed, safflower, flaxseed and mustard seed. Under the proposal, ethanol and biodiesel fuel plants with a capacity of less than 30 million gallons would receive a cash payment equivalent to one bushel for every 2.5 bushels of additional corn or soybeans used in production. For plants with a capacity of 30 million gallons or more, the payment rate would be one bushel for every 3.5 bushels of increased corn or soybean utilization. The payment ratio for other commodities would be announced by CCC. The per-unit value for the cash payments would be the same as the posted county price (PCP) for the respective commodity in the county where the ethanol or biodiesel plant is located, and would be the rate in effect on the last day of the production quarter for which the payment applies.

CCC proposes to allocate \$100 million in cash incentive payments for the program in the current 2000 fiscal year, as well as \$150 million in each of fiscal years 2001 and 2002. Because it expects payment requests to exceed available funding, CCC proposes a formula under which available funds would be allocated each fiscal year. No single manufacturer could receive more than 10 percent of the total payments available in a given fiscal year.

**Submitting Comments:** Comments on the proposal are due by **Aug. 28**, and should be submitted to: Alex King, acting deputy administrator for commodity operations, Farm Service Agency, USDA, STOP 0550, 1400 Independence Ave., S.W., Washington, D.C., 20250-0550. Comments also may be e-mailed to King at: [Alex\\_King@wdc.fsa.usda.gov](mailto:Alex_King@wdc.fsa.usda.gov). Among other things, CCC is seeking comments on the types of bioenergy (in addition to or instead of ethanol and biodiesel) that should be eligible for payments; the types of agricultural commodities eligible for payments; whether to tier payments based upon the bioenergy plant's capacity; and the expected impact of the incentive payments on commodity prices, fossil fuel prices, farm income, bioenergy production and prices, and international trade in agricultural commodities and energy.

## House Ag Subcommittee Approves U.S. Grain Standards Bill

Legislation (H.R. 4788) that would reauthorize the U.S. Grain Standards Act and extend for five years the operation of the official grain inspection activities of the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration was approved on July 25 by a House subcommittee.

The action was taken by the House Agriculture Committee's Subcommittee on General Farm Commodities, Resource Conservation and Credit, chaired by Rep. Bill Barrett, R-Neb. The bill would extend the operation of USDA's Federal Grain Inspection Service through Sept. 30, 2005, including the agency's authority to collect inspection and weighing fees. The bill also would extend FGIS's authority to operate a pilot program to permit a limited degree of competition in the domestic market between official agencies that are designated or delegated the authority to provide official inspection services. Specifically, the bill would authorize USDA to grant permission to more than one official agency to perform domestic inspection and weighing services within the same geographic area as part of a pilot program and allow an official agency to cross geographic boundary lines to provide such services **if**:

- ▶ the current official agency for that geographic area "is unable to provide inspection services in a timely manner; **or**
- ▶ a person requesting official inspection services in the geographic area has not been receiving it from the designated or delegated agency serving that area; **or**
- ▶ a person requests a barge lot probe inspection.

These provisions governing geographic competition among official agencies in the domestic market is somewhat more restrictive than a similar bill passed on June 20 by the Senate Agriculture Committee. In addition, the current version of the House legislation does **not** contain the Senate bill's cost-control provision, strongly supported by the NGFA, that would reduce from 40 to 30 percent the cap on FGIS's administrative and supervisory costs. Nor does it contain language found in the Senate bill that would allow GIPSA increased flexibility to contract for inspection and weighing activities.

It is hoped that the House Agriculture Committee will add these provisions when it considers the bill, which most likely will occur in September after Congress returns from its August recess.








# Membership Matters

by Todd Kemp  
Director of Marketing

## Major Prize Package Announced for *Membership Month* Recruiters

### ...St. Louis Sports Spectacular to the Lucky Winner...

*It could be you!* How would you like to win:

- ▶ Airfare for two to St. Louis (Courtesy of **Cybercrop.com**, Ft. Collins, Colo.) 
- ▶ Tickets and Stadium Club passes to the Cardinals/Cubs game on Sept. 16 (Courtesy of **Cargill Inc.**, E. St. Louis, Ill.) 
- ▶ Tickets to the Rams/49ers game on Sept. 17 (Courtesy of **Monsanto Co.**, St. Louis, Mo.) 
- ▶ Two nights' accommodations at the Regal Riverfront Hotel (Courtesy of **Monsanto Co.**) 
- ▶ Dinner at Mike Shannon's Restaurant (Courtesy of **Bunge Corp.**, St. Louis, Mo.) 

“These kinds of prize packages are a great incentive for recruiters to get a new member signed up, and a nice way of saying ‘thank you’ to the

people who help ensure the future of the NGFA,” said JoAnn Brouillette, of Demeter LP, Fowler, Ind., who chairs the NGFA Recruiter Network. “We also owe a big ‘thank you’ to our member companies that have sponsored the prize package.”

*How do you qualify?* Simply sponsor a new member during the NGFA's *Membership Month*, running now through **Friday, Aug. 18**. Every member who recruits a new member by then is eligible for a random drawing to determine the big winner.

Looking for a great weekend get-away? Want to see **Mark McGwire** and **Sammy Sosa** slug it out as the Cardinals drive for the division title? Want to watch **Kurt Warner** and the Rams begin defending their Super Bowl title? Then this fabulous prize package is for you!

*Questions?* Need membership information sent to a prospect? Call Todd Kemp or Rachel Duran of the NGFA's staff at (202) 289-0873; or e-mail your message to [tkemp@ngfa.org](mailto:tkemp@ngfa.org) or [rduran@ngfa.org](mailto:rduran@ngfa.org).



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

**TIME SENSITIVE**

