



NGFA

Newsletter[®]

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Industry Begins Assessment of Hurricane Katrina Impacts

NGFA-member companies reported that they had gained access and begun to assess the operating conditions of their export elevators in the Mississippi River/Center Gulf region in the aftermath of Hurricane Katrina.

While at press time it still was too early to assess the extent of damage, if any, that may have occurred, the NGFA learned that power had been restored to at least one facility in the region and that it may have begun to unload barges that were berthed prior to the hurricane.

Importantly, the U.S. Army Corps of Engineers made considerable progress in the past 24 hours in surveying the Mississippi River channels and the deep-draft ports in the Mississippi/Center Gulf region. Those survey vessels are determining whether or not impediments to navigation exist in and around the Port of New Orleans and the Southwest Pass that services most of the industrial traffic – including grain vessels – in the area. It is expected that those assessments may be completed as early as Sept. 2.

The U.S. Coast Guard reported today that there are approximately 86 vessels awaiting transit to or through the Port of New Orleans. The agency also estimated that more than 100 barges

reportedly have sunk, or are aground, south of New Orleans, and the majority of buoys and other kinds of navigational markers are off station throughout the Gulf Coast.

As of Sept. 1, the Mississippi River was open to towboat and barge traffic (12-foot draft) only. The Gulf Intercoastal Waterway also was surveyed and is open to barge traffic (12-foot draft) from Mobile, Ala., to Carabelle, Fla. Tug and barge traffic has resumed in the port of Mobile. The ports of Mobile and Pensacola, Fla., are open, but only to vessels with a 12-foot draft or less. Deep-draft vessels were being allowed to move within their anchorages if they have pilots aboard. The ports of New Orleans, Gulfport, Pascagoula, and Destin/Panama City remain closed. All bridges, floodgates and locks are closed in the vicinity of the port of New Orleans.

The Mississippi River is open to tug and barge traffic only from Sea Buoy to Mile Marker 507, but remains closed to deep-draft vessels until the U.S. Coast Guard has completed arrangements with the Crescent City and Bar Pilots for bringing the vessels in and out, **and** after inbound vessels are screened. The Corps of Engineers reported that a survey boat running channel patrol (centerline depths) all the way to the sea buoy

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FDA Proposal to Amend BSE-Prevention Feed Rule Expected within Month

Following a series of meetings during the week of Aug. 22, the NGFA expects that the Food and Drug Administration will issue within the next month its long-pending proposed rule to amend its 1997 feed regulations designed to prevent the establishment or spread of bovine spongiform encephalopathy (BSE).

It is the NGFA's understanding that the proposed rule will call for a ban on the use of ruminant brain and spinal cord from cattle 30 months or older in all animal feed, as well as a ban on all dead stock of any age. FDA is expected to officially forward the proposed rule to the White House Office of Management and Budget (OMB) within the next two weeks for final review and approval before it is published in the *Federal Register*. OMB, which already has been briefed and interacted with FDA on the substance of the proposed rule, is required to review the policy efficacy and economic impacts of federal regulations before they are proposed or finalized. The NGFA previously

learned that the proposed rule, once issued, will be subject to a 75-day comment period.

During an Aug. 30 media conference call reporting on the results of the feed investigation surrounding the BSE-positive cow diagnosed in June in Texas, FDA Center for Veterinary Medicine Director Dr. Stephen F. Sundlof said there had been "a great deal of progress" on the proposed rule and that it would be issued "within the next month or two." While Sundlof declined to discuss the specifics of the proposal, he said the delay in issuing it was attributable to the complexity of the issue and the fact that FDA wanted to assess the findings of USDA's enhanced surveillance of the U.S. herd, which over the past 14 months has tested more than 452,000 cattle with only two BSE-positive findings. The agency also has had to consider the additional risk reduction that would result from banning additional mammalian material from all animal feed, he said, and weigh that against the environmental and economic impacts.

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Newsletter

by Randall C. Gordon
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"Hurricane Katrina" continued from page 1

found no depths of less than 49-feet. For the time being, though, all bridges, floodgates and locks remain closed in the vicinity of the Port of New Orleans.

The Intracoastal Waterway is open from the Mobile Ship Channel east to Apalachicola, Fla., and closed from the Mobile Ship Channel west to Pass Christian, Miss.

The U.S. Coast Guard is posting daily updates on a "stormwatch" website, which can be accessed at: www.uscgstormwatch.com.

Meanwhile, the Environmental Protection Agency issued a reminder to facility management to report spills that may have occurred in the wake of Hurricane Katrina. EPA said industries and businesses that encounter spills or discharges should contact its National Response Center immediately at 800-424-8802; the center is operational 24/7.



Forum

by Kendell W. Keith
President
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Hurricane Devastation on the Gulf Coast

This week we witnessed what's being termed the worst natural disaster to ever strike a major U.S. city when Hurricane Katrina first struck the coastal region near New Orleans, Gulfport and Biloxi.

What would have been a terrible disaster under any circumstances turned horrific as levees broke and flooded a reported 80 percent of the city of New Orleans. The television coverage of the loss of human life and human suffering will stay with us a long time. Our thoughts and prayers go out to the families who have lost loved ones, their homes and so many of their belongings. As you know, a number of companies in our industry have employees in the New Orleans and Mississippi Gulf region, as well as other affected areas, and those companies still are in the process of assessing the impacts on their employees, their families, facilities and operations.

Anyone familiar with U.S. export grain movements understands the serious implications for even a temporary closure of the New Orleans port, in particular for corn and soybeans. While assessments of damage and what will be required to resume some shipping continues, there are promising signals that commercial shipping capacity can come back on stream relatively soon if security and power are restored. Hopefully, that will happen soon, as the capacity of the center gulf is critical to maintain a reasonable flow of exports.

The NGFA and some of its member companies have been in daily – or more frequent – contact with the U.S.

The White House has established a command center to respond to the damage caused by Hurricane Katrina that is being overseen by the U.S. Department of Homeland Security.

The Mississippi Gulf traditionally is responsible for about 55 to 65 percent of U.S. raw grain (corn, soybean and wheat) waterborne exports. Of the 50.2 million metric tons exported from U.S. ports thus far in 2005 (as of Aug. 18), 29.7 million metric tons – or 59 percent – has been exported from the Mississippi Gulf. The preponderance of Mississippi River/Center Gulf exports is corn and soybeans; of this year's total exports from that region, 89 percent (26.2 million metric tons) comprises corn and soybeans.

The NGFA will continue to keep members updated through its website [www.ngfa.org] and periodic **NGFA E-Alerts** distributed exclusively via e-mail. If you are **not** receiving **NGFA E-Alert**, please e-mail Rachel Duran with your name, company and e-mail address at rduran@ngfa.org.

Army Corps of Engineers, U.S. Coast Guard, Department of Homeland Security and other government agencies. Barge companies have volunteered resources to assist in humanitarian relief in cleaning up and restoring basic services to the region. In many locations, shallow-draft barges and tugboats are one of the few means of reasonably safe transportation until overland routes are cleared. To the extent commercial companies in our industry and others are able to lend available resources to such a noble effort, they are to be commended.

Given the thousands of lives affected, anything you personally can do to contribute to the efforts of civic and religious agencies now working to relieve some of the human suffering also would be commendable. They clearly need our help!



Calendar

- Sept. 9, 2005:** NGFA Executive Committee and Foundation Trustees
Coeur d'Alene, Idaho
- Sept. 9-10, 2005:** NGFA Board of Directors
Coeur d'Alene, Idaho
- Dec 4-6, 2005:** NGFA Country Elevator / Feed Industry Council
Conference & Trade Show
Hyatt Union Station, St. Louis, Mo.
- March 5-7, 2006:** NGFA's 110th Annual Convention
Charleston, S.C.





Call to Action!

NGFA Members Urged to Notify Senators to Support Bill Authorizing Use of Independent Third Parties for Official Grain Export Inspections

NGFA members are urged to **immediately notify their senators** to voice strong support for legislation (S. 1582) currently pending before the Senate Agriculture Committee that would authorize the U.S. Department of Agriculture to designate independent third parties to conduct official inspections at U.S. grain export ports.

September is “crunch time” for the legislation, since it is required to be enacted by Sept. 30 to reauthorize USDA’s Federal Grain Inspection Service program under the authority of the U.S. Grain Standards Act. Sen. Tom Harkin, D-Iowa, has raised objections to the NGFA-supported bill. **Without a large number of contacts to senators – particularly to Sen. Harkin**

and other members of the Senate Agriculture Committee – in support of the legislation, the final version WILL NOT include the NGFA-supported provision to allow for independent third party agencies to conduct inspections at export locations for grains and oilseeds. The opposition is marshaling support and making considerable contacts on Capitol Hill.

After contacting senators on this issue (or if you already have), please notify NGFA Director of Legislative Affairs Chris Holdgreve at choldgreve@ngfa.org. Please include information on who you contacted and what, if any, response you received. This will be a great help as we coordinate grassroots efforts. See the nearby box for a list of Senate Agriculture Committee members and their contact information.

Core Messages to Senators

The core messages to convey to senators are as follows:

1. You support S. 1582, the reauthorization of the U.S. Grain Standards Act, and the provision that would allow for independent third party agencies to conduct inspections at export locations for grains and oilseeds.
2. This change is needed to preserve the government-based official grain inspection system and the economic competitiveness of U.S. exports.
3. USDA will maintain 100 percent oversight and continue to issue the same official export certificate.
4. This has the potential to positively affect the farm economy by reducing costs and making grain and oilseed exports more competitive in global markets. The provision will take costs out of the marketing system for the producer, and allow the marketplace to bid a higher grain price at the producer level.
5. In addition to the NGFA and the North American Export Grain Association, organizations supporting the provision include the: American Farm Bureau Federation, National Association of Wheat Growers, National Corn Growers Association, American Soybean Association, National Grain Sorghum Producers and the American Association of Grain Inspection and Weighing Agencies.
6. The impact on existing FGIS employees will be very limited, since more than 70 percent of current inspectors are eligible for retirement over the next five years and the provision would be phased in, starting at the smaller ports. The jobs will be shifted to third party inspectors primarily through attrition in the current inspector workforce.

Senators to Contact

Sen. Tom Harkin: (202) 224-3254; email: <http://harkin.senate.gov/contact/contact.cfm>

Sen. Harkin’s Ag Committee Staff Director **Mark Halverson:** (202) 224-2035; email: mark_halverson@agriculture.senate.gov

Senate Agriculture Chairman Saxby Chambliss, R-Ga., (the bill’s primary sponsor): (202) 224-2035; email: <http://chambliss.senate.gov/Contact/default.cfm?pagemode=1>

Sen. Richard Lugar, R-Ind.: (202) 224-4814; email: senator_lugar@lugar.senate.gov

Sen. Thad Cochran, R-Miss.: (202) 224-5054; email: <http://cochran.senate.gov/contact.htm>

Sen. Mitch McConnell, R-Ky.: (202) 224-2541; email: http://mcconnell.senate.gov/contact_form.cfm

Sen. Pat Roberts, R-Kan., (one of the bill’s cosponsors): (202) 224-4774; email: http://roberts.senate.gov/e-mail_pat.html

Sen. Jim Talent, R-Mo.: (202) 224-6154; email: <http://talent.senate.gov/Contact/default.cfm?pagemode=1>

Sen. Craig Thomas, R-Wyo.: (202) 224-6441; email: <http://thomas.senate.gov/index.cfm?FuseAction=Contact.Home>

Sen. Rick Santorum, R-Pa.: (202) 224-6324; email: <http://santorum.senate.gov/public/index.cfm?FuseAction=ContactInformation.ContactForm>





On Capitol Hill

by Christopher Holdgreve
Director of Legislative Affairs
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Senators to Contact (con't)

Sen. Norm Coleman, R-Minn.: (202) 224-5641; email:<http://coleman.senate.gov/index.cfm?FuseAction=Contact.ContactForm>

Sen. Mike Crapo, R-Idaho: (202) 224-6142; email: <http://crapo.senate.gov/contact/email.cfm>

Sen. Chuck Grassley, R-Iowa: (202) 224-3744; email: <http://grassley.senate.gov/webform.htm>

Sen. Pat Leahy, D-Vt.: (202) 224-4242; email: senator_leahy@leahy.senate.gov

Sen. Kent Conrad, D-N.D.: (202) 224-8463; email: <http://conrad.senate.gov/webform.html>

Sen. Max Baucus, D-Mont.: (202) 224-2651; email: <http://baucus.senate.gov/emailmax.html>

baucus.senate.gov/emailmax.html

Sen. Blanche Lincoln, D-Ark.: (202) 224-4843; email: <http://lincoln.senate.gov/webform.html>

Sen. Debbie Stabenow, D-Mich.: (202) 224-4822; email: <http://stabenow.senate.gov/email.htm>

Sen. Ben Nelson, D-Neb.: (202) 224-6551; email: <http://bennelson.senate.gov/contact/email.cfm>

Sen. Mark Dayton, D-Minn.: (202) 224-3244; email: <http://dayton.senate.gov/contact/email.cfm>

Sen. Ken Salazar, D-Colo.: (202) 224-5852; email: <http://salazar.senate.gov/contact/email.cfm>



Feed Facts

by Randall C. Gordon
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"BSE-Prevention" continued from page 1

If FDA ultimately proposes a ban on brain and spinal cord from cattle 30 months or older, it would be consistent with the NGFA's policy recommendations submitted in response to the agency's July 2004 advance notice of proposed rulemaking seeking comments on various BSE-prevention policy options. The NGFA's comments pointed out that the best currently available science and risk assessments show that removal of brain and spinal cord from cattle 30 months or older would further reduce by up to 90 percent what is believed to already be an extremely low level of BSE infectivity that potentially may be circulating in the U.S. and Canadian cattle herds, and would do so at a fraction of the environmental and economic impact that would result from a more expansive ban. It also is believed that such a policy would have the best chance of ensuring a continued harmonization of BSE-prevention feed rules between the United States and Canada. The Canadian Food Inspection Agency (CFIA) already has proposed a ban on a more expansive list of so-called specified risk materials from all animal feed, but has withheld action to finalize its BSE feed rule changes until FDA weighs in with its policy choice. CFIA officials have told the NGFA that they intend to finalize changes to Canada's BSE-prevention feed rule by year's end.

Investigation of Texas BSE Case Finds Compliance with BSE-Prevention Feed Rule:

The results of the investigation of the feed consumed by the nearly 12-year-old Texas Brahma crossbred cow that tested positive for bovine spongiform encephalopathy (BSE) in June found that affected feed manufacturers and renderers were in full compliance with the Food and Drug Administration's 1997 BSE-prevention feed rule.

The investigation, conducted jointly by FDA and the Office of the Texas State Chemist, identified 21 feeds or feed supplements used since 1990 on the farm where the BSE-infected cow was raised. FDA reported that the feed ingredients were purchased from three retail feed stores and were manufactured at nine mills. The investigation found that feed or feed supplements used on the farm since 1997 had not been formulated to contain prohibited mammalian protein. One feed was identified that contained an animal protein source that could not be identified. In addition, the investigation found one feed mill that had supplied feed to the farm where the BSE-infected cow was raised had used ruminant meat-and-bone meal in feed formulations for non-ruminant animals – in compliance with the feed rule. Several feed mills had used ruminant meat-and-bone meal prior to the 1997 feed rule, but had ceased to do so after the rule took effect. Based upon this finding, FDA said it concluded that the cow "most likely" was infected prior to the 1997 BSE-prevention feed rule.

Meanwhile, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service said its epidemiological investigation into the BSE-infected animal found that it had been sold in November 2004 and was transported to a packing plant, where it was dead upon arrival. The packer subsequently directed the animal to a pet food plant where it was sampled for BSE and the carcass was destroyed. During its investigation, USDA said it tested 67 cohort animals from the same farm where the BSE-infected cow was found, all of which tested negative for BSE. Two hundred animals had left the farm, 143 of which had gone to slaughter; two were found alive; 34 were presumed dead; one was known dead; and 20 were classified as untraceable. In addition, APHIS tried to locate two calves born





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to the BSE-infected cow, and because of the lack of animal identification had to trace 213 calves to do so. Of those 213 calves, 208 were found to have entered feeding and slaughter channels; four were presumed to have entered feeding and slaughter channels; and one calf was untraceable.

FDA and APHIS said they were "very pleased" with the results of their investigations into the Texas BSE case, "which

showed that the animals of interest did not present a threat to livestock and that the ruminant feed rule is being followed." Members receiving the *NGFA Newsletter* electronically may access the FDA feed investigation by clicking here. The APHIS epidemiological investigation is accessible by clicking here.



Rails, Rivers and Roads

by Kendell W. Keith
President
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Results of Rail Fuel Surcharges for Second Quarter Reported

The results are in on the level of rail fuel surcharges imposed by the six Class I rail carriers during the second quarter of 2005.

The information, presented in the nearby table, was extracted from quarterly financial results of the rail carriers and U.S. Department of Transportation reports on average wholesale diesel prices. As crude oil and diesel prices increase, so is the cost of fuel as a percent of rail revenue. But it is affecting the various carriers in different ways because of hedging practices and the timing of fuel purchases. For instance, the lowest second quarter fuel cost for an individual carrier was \$1.19 per gallon reported by the CSX. The highest reported fuel cost was for the Union Pacific, at \$1.67 per gallon. The UP also had the highest total fuel cost, expressed as a percentage

of revenue at 17.9 percent. Traditionally, the total fuel cost per movement is higher for the western carriers, as the average shipping distance is longer.

Fuel surcharges for the second quarter ranged from 6 percent on the Canadian Pacific (the surcharge applicable to U.S. grain movements) to 11.7 percent on the Norfolk Southern Railway and the CSX Railway. **As noted on the top two lines of the chart, the NS and CSX had second quarter fuel surcharges that on average exceeded the total fuel cost for a shipment for a typical customer that paid the full amount of the published surcharge.** If crude oil prices move into the mid-\$70-per-barrel range or above, the fuel surcharges for the CSX and NS have the potential to reach **20 percent or higher** in coming months under existing surcharge formulas.

Comparing Fuel Costs and Surcharges
~Second Quarter 2005~

	BNSF	CN	CSX	NS	UP	CP*
Fuel Surcharges, 2 nd Qtr.	9.5%	9.4%	11.7%	11.7%	9.5%	9.6, 6.0, 13.6%
Fuel Cost as % of Revenue, 2 nd Qtr.	15.1%	9.7%	8.1%	7.5%	17.9%	13.7%
Average Price Per Gallon Fuel (includes hedging gains/losses), 2 nd Qtr.	\$1.33	\$1.66	\$1.19	\$1.28	\$1.67	\$1.49
Average U.S. wholesale diesel, 2 nd Qtr.	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68
Announced Surcharges						
June 2005	10.5%	9.9%	12.4%	12.4%	10.5%	10, 7, 14.0%
July 2005	9.5%	8.7%	10.8%	10.8%	9.5%	8.8, 6, 12.8%
August 2005	10.5%	10.8%	13.6%	13.6%	10.5%	11.6, 7, 15.6%
September 2005	11.5%	11.4%	14.4%	14.4%	11.5%	12.4, 8, 16.4%
October 2005	13.0%		16.8%	16.8%	13.0%	

*The CP has three surcharge formulas. The highest surcharge applies to Canadian merchandise traffic. The lowest surcharge applies to U.S. grain shipments.





Rail Carriers Submit Plans for 'Fall Peak' Shipping Season to STB

The seven largest North American railroads have submitted their plans for addressing the "fall peak" shipping season, in response to the request in June from federal Surface Transportation Board (STB) Chairman Roger Nober.

In his request, Nober cited his concern that continued demand for rail service "is constraining the transportation system in general and the freight rail system in particular," challenging the ability of Class I carriers "to provide the necessary crew, equipment and track capacity to satisfy the freight transportation demands." Among other things, Nober requested specifics from each carrier on steps taken to prepare for the fall peak, and performance goals and plans geared toward meeting the fall peak demands.

Here's a summary of the carriers' responses, the complete text of which is available from the STB's website at www.stb.dot.gov:

- ▶ **BNSF Railway:** The BNSF wrote that in response to "unprecedented and unpredicted rail volumes," it had doubled the expansion portion of its 2005 capital plan. BNSF said it would acquire 285 new locomotives and 6,500 cars in 2005, and expected to add a couple hundred more locomotives at the outset of 2006. BNSF also said it added 100 miles of double track; extended train lengths by 5 percent in addition to last year's increase of 10-15%; and hired 2,500 people in addition to the 3,500 hired in 2004.
- ▶ **Canadian National:** CN forecast strong volumes of traffic this fall, with some signs of softening of demand in certain sectors. As it did a year ago, CN said it did not have a specific plan for addressing the fall peak, saying that its so-called scheduled operating plan recognizes and accommodates seasonal changes. CN said it was "operating at a high level of efficiency, with our trip compliance consistently in the 93 to 94 percent range." It also stated that it has "an aggressive capital spending program, aimed at ensuring that our infrastructure is sufficient to meet customers' demands."
- ▶ **Canadian Pacific Railway:** The CP said it continued "to see a surge in traffic growth across many product lines." The CP cited its \$160 million (CND) expansion program to increase capacity by up to 12 percent, which was in addition to the planned 2005 capital investment of \$760 million (CDN). Among other things, the CP said it had advanced the lease of 500 covered hoppers to secure an active fleet of about 26,500 cars, added 40 locomotives in its 2005 capital plan, and intends to add about 400 incremental train crew employees this year.
- ▶ **CSX Corp.:** The CSX responded that it had experienced overall volume growth rates of 5 percent in the fourth quarter of 2003 and 3 percent in 2004, and that "robust demand for rail transportation has continued in 2005." CSX maintained that it was "better positioned to achieve its fall peak performance goals and meet customer expectations than it was at this time last year." While it believed its serviceable inventory of rail cars was sufficient, CSX said it had accelerated its car repair programs and expected to acquire 100 new locomotives and train 1,350 train and engine service employees by the start of this year's fall peak.
- ▶ **Kansas City Southern:** The KCS responded that it believed its competitiveness and service reliability through the peak season and beyond would be enhanced by the April 2005 agreement that placed The Kansas City Southern Railway Company, The Texas Mexican Railway Company and TFM, S.A. de C.V. under the common control of KCS. It reported record traffic volumes, and said it had hired 15 percent more train and engine employees than last year; added locomotives to its fleet; and installed 21 miles of new and secondhand rail and 280,000 main line ties.
- ▶ **Norfolk Southern Railway:** The NS also cited record volumes that it expects will swell traffic during the fall peak. The NS said it is increasing capacity by purchasing and leasing locomotives, enhancing repair and rebuild programs, hiring more crews and improving infrastructure. For example, NS said that in 2004, it hired 1,441 conductor trainees and trained 330 locomotive engineers, while in 2005, it expects to hire 2,400 conductor trainees and train 706 locomotive engineers.
- ▶ **Union Pacific Railroad:** The UP reported handling a record number of carloads in 2005 and anticipated a 1 to 2 percent increase in carloadings during 2005. UP stated that it "expects to handle this fall's peak demand more effectively than it handled 2004's." UP said it was acquiring about 4,000 freight cars in 2005, and expected to have nearly 1,500 more train and engine employees and 300 more locomotives for the peak period of August through November this year than it had during the same period in 2004.





USDA Delays Announcement on CRP Reenrollment

Secretary of Agriculture Mike Johanns this week delayed an announcement on the Bush administration's policy decision regarding the reenrollment and extension of the approximately 28 million acres of Conservation Reserve Program (CRP) contracts scheduled to expire between 2007 and 2010.

The announcement had been expected to occur during a White House Conference on Cooperative Conservation scheduled for Aug. 29-31 in St. Louis, Mo., that was sponsored by four federal departments – USDA, the U.S. Commerce and Defense Departments, and the Environmental Protection Agency. The conference is a result of President Bush's August 2004 executive order that directs federal agencies that oversee environmental and natural resource policies and programs "to promote cooperative conservation and full partnerships with states, local governments, tribes and individuals."

Instead, Johanns said that USDA was "very close" to announcing details of its CRP reenrollment plan to "carry out President Bush's commitment" made last August during the reelection campaign. "Our Farm Service Agency will offer reenrollment of the contracts that provide the highest level of environmental benefit," Johanns said. "The vast majority of

contracts that are not reenrolled will be offered extensions. We will begin work very soon to protect 28 million acres worth of expiring contracts." It is the NGFA's understanding that the length of extensions under consideration are from three to five years.

USDA Emerson Trust Wheat Sales Reach 248,500 Metric Tons

The U.S. Department of Agriculture told the NGFA that as of Sept. 1, it has sold 248,500 metric tons (9.1 million bushels) of the 311,000 metric tons of Commodity Credit Corporation-owned wheat made available from the Bill Emerson Humanitarian Trust.

That leaves a balance of approximately 2.3 million bushels still to be sold under two notices to the trade issued thus far. Of the sales thus far, approximately 21.5 percent of the volume has been to third-party buyers. The sales encompass the second installment involving a total of 500,000 metric tons released from the Emerson Trust on June 22.

GIPSA Increases Official Agency Supervision Fees by 28 Percent

The U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration on Aug. 26 issued a final rule increasing by 28 percent – from 0.8-cents per metric ton to 1.1 cents per metric ton – its fee imposed on delegated state and designated private agencies for overseeing their performance of official grain inspection and weighing services at non-export facilities.

GIPSA also announced it was moving ahead with its previously proposed plan to switch the fees for supervising delegated and designated official agencies on a per-metric-ton basis rather than on a unit or carrier basis. The same switch in the method used to assess supervision fees became effective in June 2004 for delegated official agencies that inspect and weigh grain at export facilities. At that time, the fee for GIPSA's supervision of delegated agencies officially inspecting and weighing export grain shipments was shifted from a unit fee of \$49.20 per inspection to 1.6 cents per metric ton. Official agencies include the cost of GIPSA's supervision in their charges for performing official inspection and weighing services.

GIPSA said the fee increase for supervision of official agencies at non-export facilities was necessitated by the

gradual planned depletion of a \$4.5 million reserve triggered by an average 40 percent reduction in supervision fees in October 1985. By the end of fiscal 2004, the official agency supervision program retained earnings account had reached \$867,191, the agency said, and will reach a negative balance of \$1.1 million by the end of the next fiscal year on Sept. 30, 2006.

GIPSA also said it plans to reduce supervision costs by transitioning to a central monitoring program starting in fiscal 2008, which it projects will reduce overall operating expenses by an estimated \$1.2 million – or 43 percent. The agency projects that the combination of reducing supervision costs while increasing fees will generate by fiscal year 2014 the \$1.9 million needed to replenish the desired three-month reserve for this portion of the official grain inspection and weighing account.

During fiscal 2004, GIPSA said the grain industry paid an estimated \$39 million – equating to 21 cents per metric ton – for official inspection and weighing services. Of that amount, \$1.528 million – or nearly 4 percent of the total – represented GIPSA's fees for supervising official agencies. Members receiving the *NGFA Newsletter* electronically may access the *Federal Register* notice of the supervision fee increase by clicking here.



Membership Month Sizzles in August!

In the most productive Membership Month in recent memory, **16 new member companies** were signed up by enthusiastic NGFA recruiters during August. That impressive performance meant that 16 membership sponsors were entered in the grand prize drawing for the fabulous Washington Weekend prize.

And the winner is...

Gregg Weidner, Demeter LP, South Beloit, Ill.! Gregg serves as a member of the NGFA Country Elevator Committee. He was part of that committee's Capitol Hill lobbying efforts during its Washington meeting in June. Gregg signed up ethanol producer United Wisconsin Grain Producers LLC. The signing continues a growing trend of ethanol plants and related companies joining the NGFA. As a result of his

recruiting prowess, Gregg and his traveling companion receive:

- ◆ Airfare for two to Washington, sponsored by **BASF Plant Science**, Research Triangle Park, N.C.
- ◆ Two nights' lodging, sponsored by United Bio Energy, Wichita, Kan.
- ◆ Washington Nationals baseball tickets, provided courtesy of the NGFA's outside counsel, **Arent Fox PLLP**, Washington, D.C.
- ◆ Dinner for two, sponsored by **GATX Rail**, Chicago, Ill.

A hearty thanks for these sponsors for supporting our Membership Month promotion and making the prize package possible!

Registration Alert!!!

The NGFA's Country Elevator Council/Feed Industry Council Conference registration is open now! A very strong, business-focused program is in the works for Dec. 5-6 in St. Louis. See the enclosed insert accompanying this week's *NGFA Newsletter* for a sample of our high-level speakers. Then, turn the insert over and register today; save \$50 per person by registering before Nov. 4!



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TIME SENSITIVE

