



National Grain and Feed Association

NEWSLETTER

Volume 66, No. 5 | March 7, 2014

ngfa.org/newsletter | ngfa@ngfa.org | 202.289.0873

Inside This Issue

- 1 [Syngenta Provides More Info on 'Introductory Launch' of Duracade®](#)
- 4 [Prospects Improve for Chinese Approval of Agrisure Viptera® \(MIR162\)](#)
- 5 [Convention Keynote Speaker Confirmed](#)
- 7 [FSMA Rulemakings](#)
- 9 [New Animal Feed Regulatory Program](#)
- 11 [Tax Reform Proposal Revealed](#)
- 12 [Confirmation Hearing for CFTC Nominees](#)
- 13 [Obama Administration Proposes FY 2015 Budget](#)
- 15 [NGFA Committee Reviews Major Safety, Health Issues](#)
- 16 [House Passes Regulatory Reform Bill](#)
- 17 [K-State Offers Feed HACCP Short Course](#)

Syngenta Provides Additional Details on Plans for 'Introductory Launch' of Duracade® Biotech Corn in 2014

...Company Agrees to Respond to Questions Posed by NGFA, NAEGA at March 4 Meeting...

By Randy Gordon, President

During a March 4 meeting with the NGFA and North American Export Grain Association (NAEGA), top officials from Syngenta North America Inc. provided additional information on its plans for an "introductory launch" of its Agrisure Duracade® biotech-enhanced corn in the United States in 2014.

The company also committed to respond in the very near future to a series of questions posed by NGFA and NAEGA prior to and during the meeting – information that will be able to be shared with all NGFA- and NAEGA-member companies. However, during the March 4 meeting, Syngenta officials again rejected direct requests from the NGFA and NAEGA that the company provide commercial assurance that it will assume risk responsibility/liability if and when the Agrisure Duracade trait becomes present in export shipments to countries where it is not approved.

During the meeting, Syngenta officials told NGFA and NAEGA that based upon current projections of Agrisure Duracade seed availability, approximately 250,000 to 300,000 acres could be planted to the new trait in 2014 in a specified launch zone depicted in the [two maps available by clicking here](#). David Morgan, president of Syngenta Seeds Inc. and the company's North America Region director, said the introductory launch zone boundaries represent either state lines or highways in an attempt to provide clarity to producers and other stakeholders about the precise areas in which sales and planting of Agrisure Duracade could

occur in 2014. Morgan said Syngenta should know the precise number of acres that potentially could be planted by on or about March 24. No transfer of Agrisure Duracade seed to other parties will be allowed after March 24, Syngenta said. And no Agrisure Duracade seed sales or field trials will occur outside the introductory launch zone, Syngenta said.

Two versions of the Agrisure Duracade trait will be made available for sale and planting in the United States in 2014. Agrisure Duracade 5222 E-Z Refuge® contains Duracade, Viptera, Agrisure® 3000GT and Herculex®, while Agrisure Duracade 5122 E-Z Refuge® contains each of the aforementioned traits except Viptera®.

Syngenta stated that the Agrisure Duracade® trait has been approved for cultivation in the United States and Canada, and has received import approvals from Japan, Korea, Mexico, Taiwan, Australia and New Zealand. Information compiled by biotradestatus.com as of March 7 indicates that Agrisure Duracade® has **not** been approved for import yet by China, all 28 states of the European Union, Switzerland, Brazil, Egypt, India, The Philippines, the Russian Federation or Turkey. Syngenta said it believed The Philippines import approval was “imminent.”

Morgan and Chuck Lee, head of corn for Syngenta’s North America Region, said producers seeking to purchase and plant Duracade® seed corn will be required to sign a Syngenta Stewardship Agreement that contains commitments on marketing outlets for their harvested crops. Specifically, they said the stewardship agreement will require the producer to: 1) feed the corn to livestock or poultry on the farm; or 2) deliver it to a grain handling facility, feed mill, feed lot or ethanol plant not exporting corn or corn co-products to China or the European Union. Parties selling Duracade seed to producers will be required to obtain the producer’s signature on the Syngenta Stewardship Agreement, they said.

During the meeting, Syngenta officials said in response to a request from NGFA and NAEGA that they will **not** be making the Syngenta Stewardship Agreement or its terms available to either trade organization or the public.

Syngenta and Gavilon Grain LLC management officials, who also attended the meeting with NGFA and NAEGA, said Gavilon representatives will begin calling producers who are obtaining Duracade seed on April 1 to again apprise them of the conditions in the Syngenta Stewardship Agreement, as well as planting and harvesting “recommendations” that are **not contained** in the Syngenta Stewardship Agreement. Syngenta officials said they declined to incorporate the recommendations into the stewardship agreement because they did not want to dictate such practices to producers.

Syngenta's "recommendations" to producers include the following:

Planting Recommendations: Syngenta advises producers to select fields for planting that are surrounded by the producer's own corn field or planted next to a non-corn field. Syngenta also said it will make signs available to producers planting Agrisure Duracade corn to post in their fields advising that the trait has been planted if the producer wishes to do so. In planting Duracade, Syngenta recommends producers use block configurations, plant border rows (with a buffer of 12 rows of non-Duracade corn), clean the planter, properly dispose of unused seed and return unopened seed units to the seed provider.

Harvest Recommendations: Syngenta's harvest recommendations to producers include the following: 1) Harvest corn containing Duracade separately; 2) flush the combine; 3) deliver all corn containing Duracade, plus corn harvested to flush the combine, to a previously arranged delivery point; 4) store grain containing Duracade in a separate bin (if stored on-farm); and 5) clean the bin floor (preferably by broom, not a sweep auger).

Under its agreement with Gaviion, Syngenta said Gaviion representatives also will contact growers starting in July to check on the producers' marketing plans for Agrisure Duracade corn. Gaviion at that time will offer to assist the producer in finding an acceptable destination market if the producer requests. If the producer does not need Gaviion's assistance, he or she will be asked to confirm the end-use destination for the Duracade corn. In addition to its own facilities and destination markets, Gaviion representatives said they currently are contacting feed mills and ethanol plants located within the introductory launch zone to determine those willing to accept harvested Duracade corn. Gaviion said no determination had been made yet about whether a list of facilities willing to accept Duracade corn will be made available publicly.

Test Kits: Syngenta also said it is making available test kits to detect the presence of Agrisure Duracade that will be sold by EnviroLogix Inc., headquartered in Portland, Maine, and Eurofins Gene Scan Inc., whose U.S. operations are based in Metairie, La. Both a PCR-based test, with a detection level believed to be 0.05 percent and a strip-test kit with a sensitivity of 0.5 percent in bulk grain will be available for purchase, they said.

More Information to Come: In addition to the question-and-answer document expected to be received next week from Syngenta, the NGFA is preparing and will distribute an accompanying fact-based flyer that member companies can consider using if they wish to discuss directly with farmer-customers their individual companies' policies regarding acceptance or non-acceptance of Agrisure Duracade corn in 2014. The NGFA and NAEGA previously have advised U.S. farmers "to check with their local grain elevators and merchants to determine whether the grain buyer or handler has any limitations on accepting biotechnology traits that do not have certain export market approvals." Similar

Upcoming Events

March 26 Regional Safety Seminar
With North Dakota Grain
Dealers Association,
Minnesota Grain and Feed
Association, and South
Dakota Grain and Feed
Association
Fargo, N.D.

March 30-April 1, 2014
NGFA Annual Convention
Westin Hilton Head Resort,
Hilton Head, S.C.

For a full listing of events, go to
ngfa.org/events

advice specific to Agrisure Duracade has been issued to growers by the National Corn Growers Association, American Farm Bureau Federation and U.S. Grains Council.

In addition, the NGFA in January made available options for sample grain contract clause language based upon provisions developed by NGFA several years ago to assist grain purchasers who wish to address issues that may arise from time-to-time concerning the introduction and commercialization of new biotech-enhanced traits. One or more of the [sample contract clause options](#) are available online and may be relevant and applicable. The sample boilerplate biotech contract language options, which are presented in no particular order or preference, should be read and considered carefully before being used. Importantly, as with all contractual matters, it is recommended strongly that companies consult with competent legal counsel before making changes to legal documents, such as grain contracts.

Prospects Improve for Chinese Approval of Agrisure Viptera® (MIR162)

By Randy Gordon, President

Prospects for Chinese approval of Syngenta Inc.'s Agrisure Viptera (MIR 162) biotechnology-enhanced corn improved this week, as press reports quoted the country's vice minister of agriculture as saying that the Agriculture Ministry's Biosafety Committee could make a recommendation on approval of the trait at its late March meeting.

Agriculture Vice Minister Niu Dun said March 5 that technical-level discussions between Chinese and Syngenta experts had provided additional information that may have resolved outstanding issues.

Syngenta earlier had reported to NAEGA and NGFA that the technical-level discussions, which the two organizations had recommended be undertaken, had been constructive and productive, and ended with the Chinese posing no additional questions on MIR 162. Syngenta submitted its application for Chinese approval in March 2010. The NGFA will keep members informed on the status of China's action on MIR 162, whose presence in shipments last year resulted in disruptions of U.S. corn and distillers grains.

Congressman Gibbs to Deliver Keynote Address at NGFA's 118th Annual Convention

By Heather McElrath, Director of Communications



More than 600 leaders of the grain, feed, processing and export industry will get a behind-the-curtain look at Congress from Rep. Bob Gibbs, R-Ohio, when he delivers the keynote address during the NGFA's 118th annual convention in Hilton Head, S.C., March 30 to April 1.

Importantly, today (March 7) is the deadline to register to obtain the money-saving early bird registration rate! Because of heavy registrations, the convention headquarters hotel – the Westin Hilton Head Resort – has been sold out. Hotel reservations now are available by contacting the NGFA's backup hotel – the [Omni Hilton Head Resort Hotel](#), located about a 10-minute drive from the Westin. The NGFA will be providing complementary van service between the two hotels for convention registrants.

Gibbs will discuss congressional priorities for the coming year, and offer observations on the passage of the 2014 farm bill and prospects for enactment of major waterways infrastructure legislation during a grand opening breakfast on March 31. The second-term congressman is a key member of the House Agriculture Committee and chairs the House Transportation and Infrastructure Committee's Water Resources and Environment Committee. Within the agriculture committee, Gibbs was a leading proponent of a market-oriented farm bill and opposed high target prices linked to actual plantings that potentially would have distorted producer planting decisions and posed a risk of violating U.S. trade commitments under the World Trade Organization. Meanwhile, as Water Resources Subcommittee chairman, he has helped lead efforts to enact the Water Resources Reform and Development Act (WRRDA) that would authorize new inland waterway infrastructure projects, enhance port and harbor dredging, and reform the operations and expedite project reviews of the U.S. Army Corps of Engineers.

The NGFA's convention, whose theme is "A Tradition of Community...A Future of Growth," also will feature an address by **Howard Minigh**, president and chief executive officer of CropLife International, who will provide his organization's perspectives on innovation in crop biotechnology and how to address market-related challenges for biotech-enhanced events that have not secured foreign market approvals or that express functionally different output traits. He also will focus on the regulatory and global challenges faced by biotech developers and the grain handling/processing industry.

Regulatory overreach and its implications for the grain, feed and processing industry – as well as efforts to address this challenge – will be the focus of **Marc Freedman**, executive director of labor law policy at the U.S. Chamber of Commerce, Washington, D.C.

NGFA's convention program also will feature major sessions on futures market customer-protection issues and agricultural sustainability. Examining futures market issues will be **Mark Wetjen** (*invited*), acting chairman of the Commodity Futures Trading Commission, and **Bryan Durkin**, chief operating officer of the CME Group.

Meanwhile, a three person-panel will discuss agricultural sustainability initiatives and how they may affect the grain handling, feed manufacturing, grain and oilseed processing, and export sectors in coming years. A diverse panel will examine sustainability issues from different perspectives – a branded food company, the livestock industry and a major conservation organization. Featured panelists will be **Steve Peterson**, director of sourcing sustainability for General Mills Inc., Minneapolis, Minn.; **Randy Spronk**, president of the National Pork Producers Council, Des Moines, Iowa; and **Sean McMahon**, North American agriculture program director for The Nature Conservancy, Arlington, Va.

In addition, the NGFA convention will feature a major Transportation Open Forum on March 30 focusing on rail and barge transportation issues. Featured speakers are:

- **Jack Hellman**, president and chief executive officer, Genesee & Wyoming Inc., Darien, Conn., who will share his vision for the company's fast-growing agricultural business and his perspectives on the rail sector.
- **Mike Toohey**, president and chief executive officer, Waterways Council Inc., Arlington, Va., who will focus on prospects for enacting and funding inland waterway infrastructure projects.
- **John Miller**, vice president, agricultural products, BNSF Railway, Fort Worth, Texas, who will update NGFA members on the carrier's infrastructure investment, as well as the causes of its significant service disruptions and steps being taken to address them.

The convention also features a golf tournament to benefit the National Grain and Feed Foundation, established in 1965.

Complete convention program, registration and hotel information is available at ngfa.org/annualconvention or by contacting the NGFA at 202-289-0873. In addition, you can follow information from the convention on Twitter using the hashtag #ngfaconv14.

See you in Hilton Head!

NGFA, Others Request More Time from FDA to Respond to FSMA Rulemakings

By David Fairfield, Vice President of Feed Services

The NGFA has partnered with other trade associations to urge that the Food and Drug Administration (FDA) extend the deadlines for submitting comments to the agency pertaining to three major proposed rules affecting the grain, feed and processing industry.

The NGFA and other groups requested the comment period extensions in response to the recent court settlement reach by FDA in a lawsuit filed by consumer groups concerning deadlines for finalizing the food and feed safety rules required to be issued by the agency under the Food Safety Modernization Act (FSMA). The settlement extends and staggers the final FSMA rule deadlines beyond the June 2015 deadline previously set by the U.S. District Court of Northern California. In addition, the settlement declared, “the deadlines originally provided for the close of comment periods [for proposed rules] are no longer operative.”

Animal Feed/Pet Food Proposed Rule: In a request submitted on March 4, the NGFA, American Feed Industry Association (AFIA), National Renderers Association and Pet Food Institute (PFI) jointly requested that FDA extend the comment deadline for its proposed rule for current good manufacturing practice (CGMPs) and preventive controls for animal feed and pet food to June 30, a 91-day extension from the current March 31 deadline. In making the request, the four organizations said that since FDA no longer is subject to a court-imposed deadline for closing the comment period, the extension is warranted to provide the feed industry additional time to prepare comments on the significant and complex issues raised by the proposed rule.

The extension request also noted that one or more of the signatory organizations plan to ask that FDA re-propose the rule and seek additional comments, given the extent and gravity of changes likely to be submitted in response to the agency’s original proposal. The NGFA currently is among those planning to request a re-proposal.

Among other things, these FDA-proposed regulations would require facilities that manufacture, process, pack or store animal feed and/or pet food to:

- Comply with a new set of CGMPs, which up to this time have applied only to facilities manufacturing medicated feeds. The proposed animal feed and pet food CGMPs would address potential risks to animal and human health. As proposed by FDA, the feed/pet food CGMPs generally

- would closely mirror updated CGMPs applicable to human food.
- Conduct an analysis of hazards reasonably likely to occur that could pose a danger to human or animal health, and develop preventive controls to prevent or minimize the potential for such hazards to occur that could cause products to be adulterated or misbranded.
 - Develop and implement a written animal feed/pet food safety plan that incorporates the preventive controls, and which would be required to be reviewed and updated periodically, as well as made available to FDA upon request.

Intentional Adulteration (Food Defense) Proposed Rule: In addition, the NGFA, AFIA, PFI and the National Oilseed Processors Association (NOPA) on March 5 joined to submit a request to FDA to extend the comment period for the agency's proposed regulations for intentional adulteration of food. The request urged FDA to reschedule to June 30 the current March 31 comment deadline. In the statement, the organizations again stressed that FDA no longer is subject to a court-imposed deadline for closing the comment period, and said the extension is warranted to provide the industry additional time to prepare comments on the numerous issues raised by the proposed rule.

FDA's proposed rule for intentional adulteration of food was issued on Dec. 24, and would require affected facilities to develop and implement a written food defense plan that addresses significant vulnerabilities in their operations to protect against incidents intended to cause large-scale public harm. FDA's proposal would exempt animal feed and pet food products from the intentional adulteration rule. For most other operations, the determination as to whether the FDA proposal would apply is based upon the facility's operation. For instance, the proposal would exempt the storage of all types of foods, except storage of food in liquid storage tanks. However, FDA uses the same narrow definition of storage as proposed previously in its proposed FSMA regulations for human and animal feed/pet food – in that the exemption would be negated if the facility engages in many types of activities associated with storage, such as screening, cleaning, drying and fumigation. The NGFA in its previous and future comments to FDA is urging that this definition be expanded in a way that encompasses such activities.

Further, a grain processing facility may be subject to the proposed intentional adulteration regulations if it is involved in one or more "key activity types" identified by FDA, including liquid storage and handling. The other three "key activity types" identified by FDA are: 1) bulk liquid receiving and loading; 2) secondary ingredient handling (the step where ingredients other than the primary ingredient of the food are handled before being combined with the primary ingredient); and 3) mixing and similar activities.

The proposed provisions for the food defense plan would require facilities to:

- Identify and implement mitigation procedures and/or practices to provide assurances that food safety vulnerabilities will be minimized or prevented so that products will not be adulterated.
- Monitor and verify that the implemented mitigation procedures and/or practices are being performed and are effective in controlling the food safety vulnerabilities.
- Train personnel and supervisors in food defense awareness and in their responsibilities for implementing mitigation practices/procedures.
- Establish and maintain records, including the written food defense plan, records documenting monitoring and verification activities, and training of personnel.

Designation of High-Risk Foods for Product Tracing: Finally, NGFA, PFI, AFIA and NRA on March 6 submitted a request to extend the comment period for 90 days on a third set of FDA-proposed FSMA regulations, which would establish methodology FDA would use to designate “high-risk foods” (potentially including animal feed and pet food) for which additional recordkeeping requirements would apply to assist in product tracing and tracking in the event of a foodborne illness outbreak.

NGFA Devoting Major Effort to Shape Outcome of FSMA-Proposed Rules: Several NGFA committees actively are engaged in reviewing the proposed rules and developing NGFA comments to submit to FDA on each of these and other FSMA-related proposed regulations. NGFA also is collaborating closely with AFIA, NOPA, NRA, PFI and other organizations in developing consensus industry views on the proposals. In addition, the NGFA is engaged in active communication with the National Association of State Departments of Agriculture, as well as agricultural producer and livestock/poultry organizations that share many of the same concerns over FDA’s proposals.

Contact NGFA Vice President of Feed Services David Fairfield at dfairfield@ngfa.org or (712) 243-4035 with questions or for more information.

FDA, AAFCO Announce New Animal Feed Regulatory Program Standard

By David Fairfield, Vice President of Feed Services

The Food and Drug Administration (FDA) and the Association of American Feed Control Officials (AAFCO) on Feb. 28 [announced a new program](#) for state feed regulatory agencies designed to integrate and enhance the effectiveness of federal and state regulatory activities to further assure the safety of animal feeds manufactured and distributed in the United States.

The new program, entitled the [Animal Feed Regulatory Program Standards](#), is a significant component of the [Integrated Food Safety System](#) (IFSS) initiative, launched by FDA in 2009. One of the key principles of the IFSS effort is the uniform application of model programs so that regulatory agencies conduct inspections under the same set of standards. Further, the Food Safety Modernization Act, signed into law in January 2011, builds upon this principle by supporting FDA's enhanced partnerships with state and local government agencies, as well as the integration of regulatory programs to support a national food and feed safety system.

Model regulatory program standards currently exist for human food programs. But prior to the development of the Animal Feed Regulatory Program Standards, there were no recognized uniform standards for state feed regulatory programs. Currently, state feed regulatory personnel perform more than 75 percent of the inspections conducted at animal feed facilities to ensure compliance with FDA's regulations.

FDA and AAFCO in 2011 partnered to develop the new feed standards. The standards are designed to promote uniformity and consistency among animal feed regulatory programs, and establish a foundation for the design and management of state programs responsible for the regulation of animal feed. By implementing the feed standards, it also is anticipated that a state program will be enhanced through improved sharing of information and coordination of resources.

The new feed standards apply to state animal feed regulatory programs, ***not to manufacturers of animal feed***. The feed standards are comprised of 11 individual elements: regulatory foundation, training, inspection program, auditing, feed-related illness or death and emergency response, enforcement programs, outreach activities, budget and planning, laboratory services, sampling programs, and assessment and improvement of standard implementation. The 11 standards are to provide a framework that states may use to evaluate the strengths and needs of their individual programs, as well as the basis for mutual reliance on inspections and other work conducted by federal and state agencies.

Implementation of the new standards by state feed regulatory agencies is voluntary. Each element contains a purpose statement, requirement summary, description of program requirements, projected outcomes and a list of required documentation. To fully participate in the program, a state is to implement the required elements associated with all 11 standards.

The NGFA, through its ongoing interaction with AAFCO, will keep members apprised of which states decide to adopt the new standards. Contact NGFA Vice President of Feed Services David Fairfield at dfairfield@ngfa.org or (712) 243-4035 with questions or for more information.

Tax Reform Proposal Revealed, But Still No Clear Path to Passage

By Jared Hill, Director of Legislative Affairs

House Ways and Means Committee Chairman Dave Camp, R-Mich., in late February revealed his long-awaited tax-reform proposal.

Exceeding 900 pages, the legislation would represent the first major rewrite of the tax code since 1986. Among other things, it would reduce personal tax rates – currently ranging from 10 to 39.5 percent – two 10 and 25 percent, with an additional 10 percent surtax for certain wage earners making more than \$450,000 annually. The alternative minimum tax would be repealed, as would the deduction for state and local income tax payments.

For business, the corporate tax rate would be reduced to 25 percent. For capital gains, the bill would exclude the first 40 percent from being taxed and then tax the remainder as regular income. The highest rate would be reduced by 6 percent. The research and development tax credit would be made permanent.

However, almost as quickly as it was unveiled, criticism was registered from a diverse set of stakeholders about the details – including the proposed \$500,000 cap on the home mortgage tax deduction. On the corporate side, large banks would be subject to a new tax if they hold more than \$500 billion in assets, and oil companies would lose some tax breaks they have relied upon for decades.

Other provisions of interest in the reform package include elimination of the 1031 like-kind exchange, elimination of accelerated depreciation, making permanent the section 179 write off for capital purchases up to \$250,000, and the elimination of the biodiesel tax credit. Importantly, Camp's proposal does include a 6-cent per gallon increase in the diesel fuel user fee paid by barge operators. The NGFA and others have been urging Congress to increase the user fee so infrastructure projects on the nation's inland waterways could advance at a more efficient rate.

While Camp's proposal has garnered a lot of attention, the chances of it progressing beyond his committee in 2014 remain quite slim. With Republicans and Democrats vying for congressional seats in a hotly contested election year, leaders from both parties will remain cautious when dealing with such a major issue. Both Democratic and Republican leadership in the Senate have signaled tax reform will not happen in 2014.

Further complicating the matter is the departure of Senate Finance Committee Chairman Max Baucus, D-Mont., who left Congress to become ambassador to China. As the top Democrat on the Senate's tax-writing committee, Baucus worked extensively with Camp on the tax-reform proposal before his departure. The new Senate Finance Committee chairman, Sen. Ron Wyden, D-Ore., also has expressed a desire to rewrite the behemoth tax code. However, Wyden has already been quoted as saying he would rather focus on extending certain tax credits in 2014 rather than trying to push forward a tax-reform proposal that likely would face opposition in an election year.

Confirmation Hearing for CFTC Nominees

...Approval Would Bring CFTC to Full Strength...

By Todd Kemp, Vice President of Marketing and Treasurer

The Senate Agriculture Committee on March 6 conducted a confirmation hearing for three persons nominated by President Obama to serve as members of the Commodity Futures Trading Commission (CFTC) – **Timothy Massad** to serve as chairman, and **Sharon Y. Bowen** and **J. Christopher Giancarlo**, respectively, to serve as commissioners. Massad and Bowen are Democrats, while Giancarlo is a Republican.

The testimony of each nominee, including background and biographical information, can be found here: http://www.ngfa.org/wp-content/uploads/Testimony_3-6-2014.pdf.

Nominees faced questioning on a number of CFTC-related issues, including agency funding levels, end-user regulatory concerns, Dodd-Frank regulatory matters and impacts of the participation of speculators, especially in energy markets. However, the most common line of questioning centered around the importance of agricultural and agribusiness issues facing the agency.

The NGFA and several other agricultural groups met with staff members of every senator serving on the Senate Agriculture Committee prior to the hearing, as well as with committee staff, to suggest that ag-related issues be stressed with the nominees. Concerns registered by the NGFA and others focused in particular on dissatisfaction with the CFTC's customer-protection final rule; the agency's proposed rule on speculative position limits and redefinition of what constitutes *bona fide* hedging; and the absence of agricultural knowledge or background by all three of the nominees. Committee Chairwoman Debbie Stabenow, D-Mich., began the hearing with a statement about the importance of agriculture to the CFTC's work, and the theme was echoed by many senators. Each of the three nominees pledged to learn about the concerns of agriculture and agribusiness, and to be receptive to those concerns.

Following the brief 90-minute hearing, the committee will need to meet again to approve the nominees before they are considered for approval on the Senate floor. While the nominations may move together to the Senate floor for a vote, there is some uncertainty about the timing and the politics of a full Senate vote – especially following invocation of the so-called “nuclear option” by Majority Leader Harry Reid, D-Nev., under which a simple majority is needed for confirmation rather than the traditional filibuster-proof 60 votes. Republicans could object or seek to delay the process, or Democrats could throw up roadblocks of the Republican nominee.

End-User Roundtable: In other news, the CFTC has announced that its staff will host an [April 3 roundtable discussion](#) of several issues important to futures market end-users. The roundtable will consist of three panels. Among topics discussed will be: 1) the obligations of end-users under Regulation 1.35 concerning recordkeeping for commodity interest and related cash or forward transactions; and 2) the appropriate regulatory treatment of forward contracts with embedded volumetric optionality. The meeting will be conducted at the agency’s Washington headquarters at Three Lafayette Centre, 1155 21st St., N.W., and also will be accessible via telephone. The agency said the time of the meeting, as well as information on how to access it by phone, will be announced closer to the meeting date.

Obama Administration Proposes FY 2015 Budget

By Max Fisher, Director of Economics and Government Relations

The Obama administration on March 4 unveiled its proposed federal budget for fiscal year (FY) 2015.

For FY 2015, there is a \$1.012 trillion cap on discretionary spending, which forced the president to propose cuts to programs to fund his policy priorities. Also affecting the president’s proposal is sequestration, which will cut spending on non-exempt programs by 7 to 8 percent in FY 2015

Here’s a look at the administration’s budget requests for several federal government departments and agencies of most interest to NGFA member companies:

U.S. Department of Agriculture (USDA): For USDA, the president proposes a discretionary funding level of \$23.7 billion. The [USDA budget proposal](#) includes full/additional funding for the administration’s priority areas, some of which are

feeding programs, rural broadband and agricultural research. To help pay for the increases in priority areas, the budget proposes a 15 percent cut to crop insurance by reducing program delivery payments to crop insurance companies and producer premium subsidies. In addition, the budget proposes shifting the approximately \$5 million cost for grain standardization activities (such as maintaining the U.S. grain standards) to those paying the cost of official grain inspection services – which has been proposed since the Reagan administration and repeatedly opposed by NGFA and rejected by Congress.

Food and Drug Administration (FDA): [FDA's fiscal 2015 budget](#) of \$4.7 billion, represents a \$358 million increase from FY 2014 levels. To fund an increase to implement the Food Safety Modernization Act, the budget proposes \$169 million in fees on food imports and \$60 million in fees for facility registrations and inspections – both of which previously have been opposed by the NGFA and rejected by Congress.

Occupational Safety and Health Administration (OSHA): President Obama's \$565 million budget request for OSHA includes almost \$3 million in additional funds for federal enforcement and nearly \$4 million more for the agency's whistleblower programs. The budget proposal calls for a nearly \$1 million increase for other programs, such as compliance assistance, while the budget for developing safety standards would increase by \$200,000.

Environmental Protection Agency (EPA): President Obama's proposed [\\$7.9 billion budget for the Environmental Protection Agency \(EPA\)](#) focuses on reducing carbon output from vehicles and power plants and preparing the country "for the unavoidable impacts of climate change." Overall, the proposal is a \$300 million reduction from the EPA's 2014 budget of \$8.2 billion. The EPA budget also proposes to modernize its workforce by spending \$7 million to switch from a paper-based records system for transporting hazardous waste to an electronic system, and allocation of \$13 million to preventing and responding to accidents, such as the explosion of an ammonium nitrate facility in West, Texas, last year.

Commodity Futures Trading Commission (CFTC): The CFTC would receive a 30 percent increase (nearly \$65 million) in its budget – to \$280 million – under the president's budget proposal. The additional funds in the [CFTC's 109-page budget request](#) would support the hiring of an additional 253 employees. The proposal's emphasis on enhancing agency technology and boosting enforcement efforts are a signal of CFTC's priorities in the coming year. To fund the increase, the fiscal 2015 budget proposes new legislation that would permit the CFTC to charge transaction fees on futures, swaps and options.

NGFA Safety, Health, Environmental Quality Committee Reviews Major Issues

...Sets July 30-31 for Industry Safety and Health Conference in Kansas City...

By Jess McCluer, Director of Safety and Regulatory Affairs

The NGFA's Safety, Health and Environmental Quality Committee reviewed and developed additional strategies for addressing several important issues during its Feb. 11-12 meeting in Kansas City, Mo.

Much of the focus was on the current status of the Occupational Safety and Health Administration's (OSHA) policy on combustible dust, including the status of the NGFA-led industry litigation challenging the agency's attempt to engage in back-door rulemaking through its Globally Harmonized Standard (GHS) Amendment to the Hazard Communication Standard. The committee also examined the National Fire Protection Association's (NFPA) development of combustible dust standards. In addition, the committee was updated on Environmental Protection Agency-related policy issues, including its potential proposals to modify the new source performance standard for grain facilities, including temporary storage facilities – in which a proposed rule is expected this spring.

The committee also discussed the status of the rolling stock fall protection issue with representatives of the Federal Grain Inspection Service (FGIS) and the revised employee training directive that the agency is developing in response to citations issued by OSHA.

Dates Set for 2014 Industry Safety and Health Conference: The NGFA committee also made plans to conduct another joint Safety and Health Conference on July 30-31 in Kansas City, Mo., in partnership with ***Grain Journal Magazine***. As preliminary program topics, the committee recommended that the following issues be addressed: 1) Overview of OSHA grain handling standard; 2) hazard analysis; 3) audit/incident investigation; 4) communication/coaching; 5) boot pits/confined spaces and 6) regulatory update – OSHA and the Food Safety Modernization Act.

Future Priorities: During the upcoming year, the committee plans to continue its focus on interacting with OSHA, FGIS and EPA on several important issues, including combustible dust, rolling stock fall protection and temporary storage classification, in an effort to achieve practical and affordable outcomes with greater clarity for the industry.

House Passes Regulatory Reform Bill

...Rejects Democratic Amendment to Exempt Regulation of Combustible Dust...

By Jess McCluer, Director of Safety and Regulatory Affairs

The U.S. House has approved a regulatory reform bill that aims to make federal rulemaking more transparent and force agencies to obtain more input from small businesses when they propose new regulations.

The House-passed bill (H.R. 2084), dubbed the "[Achieving Less Excess in Regulation and Requiring Transparency \(ALERRT\) Act](#)" passed on Feb. 27 on a mostly party-line vote of 236-179. The legislation would require federal agencies to notify the public in advance when they expect to issue a proposed rule that would have a major economic impact. It also would require agencies to display cost-benefit analyses of proposed regulations online, and allow any affected party to intervene in lawsuits that seek to force agencies to take regulatory action.

In addition, the bill would expand the Regulatory Flexibility Act (RFA), the law that requires agencies to consider the impact their proposed rules would have on small businesses. This law helped small businesses [save at least \\$2.5 billion](#) in regulatory compliance costs in 2013, according to the Small Business Administration's Office of Advocacy, which plays a role in ensuring agencies comply with the RFA.

The ALERRT Act would apply the RFA's requirements to interim final rules and guidance documents, and require agencies to consider their rules' indirect costs to businesses, as well as their direct impact. It also would expand the use of small business panels to review regulations, and empower the Office of Advocacy to establish standards for agencies' analyses of their rules' economic impacts.

Importantly, during floor debate, Rep. George Miller, D-Calif., ranking member of the House Education and Workforce Committee, unsuccessfully attempted to amend the bill to state that the legislation would impede the Occupational Safety and Health Administration's (OSHA) attempts to regulate combustible dust. In an earlier Congress when the House was under Democrat control, Miller sponsored and secured House approval of a bill that would have required OSHA to develop a combustible dust standard within 90 days of enactment and finalize the standard within 18 months. His previous legislation also would have required

OSHA to adopt “relevant” National Fire Protection Association standards pertaining to combustible dust. The 20-term congressman has announced his retirement from Congress after his current term expires this year.

The House-passed regulatory reform bill is given little chance of passage, given opposition from President Obama and most Democrats. The White House issued a statement of administration policy that [Obama would veto the bill](#) in the unlikely event it passes the Senate.

K-State Offers Feed HACCP Short Course

By David Fairfield, Vice President of Feed Services

The NGFA is pleased to team up with Kansas State University’s International Grains Program to present a Feed Manufacturing Short Course, which is designed to provide training and education on developing a hazard analysis and critical control point (HACCP) plan for all sectors of the feed industry.

The Feed HACCP Short Course, which will be conducted April 14-17 in Manhattan, Kan., is designed for a wide variety of personnel involved with the safety of feed products, including feed mill supervisors and managers, quality assurance personnel and ingredient purchasers. Topics for the interactive course include an overview of HACCP in the feed industry, current feed industry regulations, HACCP prerequisite programs, hazard identification and risk analysis, and the seven HACCP principles. The American Feed Industry Association also is a collaborator in the course.

Lead instructor for the course is **Matt Frederking**, vice president of regulatory affairs at Ralco Nutrition, Marshall, Minn., who chairs NGFA’s Feed Manufacturing and Technology Committee. NGFA Vice President of Feed Services **Dave Fairfield** also will serve as an instructor.

The \$525-per person registration fee includes all short course handout materials, breakfasts and lunches, refreshments and one dinner. Registration is confirmed on a first-come, first-serve basis. To register or to obtain further information, contact **Carlos Campabadal** at K-State at 785-532-3187, or by email at campa@ksu.edu. In addition, a [brochure](#) is available that further describes the course.

Additional Feed Quality Assurance/Safety Educational and Training Resources Available from NGFA: The NGFA also reminds members of the following additional resources available concerning the use of feed quality assurance practices and HACCP principles by facilities involved in feed and feed

ingredient manufacturing:

- **NGFA Model Feed Quality Assurance Program:** NGFA's comprehensive [Model Feed Quality Assurance Program](#) contains suggested practices designed to assist facilities in meeting regulatory requirements and producing safe feed products. The model program includes a designated section on applying HACCP principles to control feed safety hazards.
- **NGFA Feed Quality Assurance Videos:** Key elements of the **NGFA Model Feed Quality Assurance Program** also have been incorporated into a [set of four videos](#) that may be used as an on-going training tool for employees. Each video is nine to 11 minutes in length, and is adaptable to any size and type of feed mill.

Contact NGFA Vice President for Feed Services David Fairfield at dfairfield@ngfa.org or (712) 243-4035 with questions or for more information.

