



# National Grain and Feed Association

## NEWSLETTER

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ngfa.org/newsletter | [ngfa@ngfa.org](mailto:ngfa@ngfa.org) | 202.289.0873

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## NGFA, 29 Other Ag Organizations Urge DOT to Revamp Proposed Rail Tank Car Rules to Avert Further Disruptions in Rail Service

[By Randy Gordon, President](#)

NGFA and 29 other major national and state agricultural organizations have urged the U.S. Department of Transportation (DOT) to reconsider and revamp proposed new rules for rail tank cars hauling crude oil and ethanol to avoid exacerbating already significant disruptions to rail service.

The groups voiced support for “practical, feasible and economically viable steps” proven effective in further enhancing the safety of rail transport of crude oil and other flammable liquids in tank cars. However, they said several elements of the [proposed rules](#) issued by DOT’s Pipeline and Hazardous Materials Safety Administration (PHMSA) would be “contrary to these principles” and would risk exacerbating “an already challenging rail service environment and adversely impact the fluidity and efficiency of the national freight rail network.”

The PHMSA proposed rule would establish new standards and operating controls for trains and tank cars transporting certain flammable liquids.

The agricultural groups argued that the proposed rule would have the unintended consequence of “exacerbating already degraded rail service to agriculture and other rail users, (as well as) threaten to increase rail congestion, strain the capacity of rail tank car builders and repair shops, and impose major costs not accounted for in PHMSA’s flawed cost-benefit analysis.”

Specifically, the organizations urged PHMSA to:

- Reconsider its proposed speed-restriction options by more carefully comparing anticipated safety benefits with the significant adverse rail service, rail network fluidity and economic impacts that would result. For instance, the groups argued that it made little sense to impose in

sparsely populated rural areas the same 40 mile-per-hour (or lower) speed limit that currently applies to trains hauling flammable liquids through densely populated urban areas. In addition, the organizations stated that the proposed railroad routing protocol and speed restrictions would cause more circuitous routes and longer transit times, resulting in the need to purchase more tank cars to move the same volumes, as well as higher rates.

- Reconsider and modify the proposed schedule for retrofitting or replacing by Oct. 1, 2018, the 30,000 tank cars currently in ethanol service. The organizations said existing shop capacity would be insufficient to handle the maintenance and retrofit work, and that it could take up to 10 years and cost up to \$65,000 per car to retrofit. Most of the current ethanol car fleet was built in 2007-08, with a 50-year lifespan. A more practical approach, the organizations stated, is to grandfather existing ethanol cars, allowing them to remain in service and rely on shipper and tank car owners to phase out the use of older cars when new ones reasonably can be obtained.
- Consider taking a more comprehensive, risk-based approach to the issue of safe rail transportation of flammable liquids by addressing the impact on derailments of such factors as substandard track conditions, inadequate track and/or roadbed maintenance, and human error. “The proposed rule’s failure to address railroad track inspection and maintenance is particularly egregious, and should be rectified as part of a more ‘holistic’ approach to rail safety,” the groups wrote.
- Reconsider the proposal to require electronically controlled pneumatic (ECP) brakes on certain flammable fuel trains. As recently as 2008, the Federal Railroad Administration concluded it could not justify imposing an ECP brake requirement that carried an estimated \$10,000 cost per car that would be borne by rail carriers and car lessors. Further, the agricultural organizations noted that from an operational standpoint, ECP brakes do not work unless every car in a train is converted. In addition, they wrote, the majority of locomotives would require installation of ECP equipment to ensure adequate and available power for such trains.

For a more in-depth look at the organizations’ analysis of the DOT proposal, see the [full letter](#).

## Upcoming Events

- Oct. 7-9     Feed/Pet Food Joint Conference**  
Omaha, Neb.  
[Additional information](#)  
[Registration](#)
- Oct. 15     Grain Handling Safety Seminar**  
Fresno, Calif.  
Fresno Hotel and Conference Center  
[Additional information](#)
- Dec. 7-9     43<sup>rd</sup> Annual Country Elevator Conference & Tradeshow**  
Indianapolis, Ind.  
JW Marriott Indianapolis Downtown  
[Additional information](#)  
[Registration](#)

For a full listing of events, go to [ngfa.org/events](http://ngfa.org/events)

## Cosigners

National agricultural producer and agribusiness associations co-signing the letter were:

Agricultural Retailers Association  
American Farm Bureau Federation  
American Soybean Association  
Corn Refiners Association  
National Association of Wheat Growers  
National Barley Growers Association  
National Corn Growers Association  
National Council of Farmer Cooperatives  
National Grain and Feed Association  
National Oilseed Processors Association  
National Sunflower Association  
U.S. Canola Association  
U.S. Dry Bean Council  
USA Dry Pea & Lentil Council

In addition, state agribusiness associations affiliated with NGFA that co-signed the letter were:

Agribusiness Council of Indiana  
Grain and Feed Association of Illinois  
Michigan Agri-Business Association  
Michigan Bean Shippers  
Kansas Grain and Feed Association  
Minnesota Grain and Feed Association  
Missouri Agribusiness Association  
Montana Grain Elevators Association  
Nebraska Grain and Feed Association  
North Dakota Grain Dealers Association  
Northeast Agribusiness and Feed Alliance  
Oklahoma Grain and Feed Association  
Pacific Northwest Grain and Feed Association  
South Dakota Grain and Feed Association  
Texas Grain and Feed Association  
Wisconsin Agri-Business Association

## USDA Quantifies Impact of Current Service Disruptions on Rail Shipping Costs

[By Randy Gordon, President](#)

The U.S. Department of Agriculture (USDA) has found that current rail service disruptions have had the most severe impact on the overall costs of shipping grain by rail of any event measured in the past dozen years, including the disruption created in the aftermath of Hurricane Katrina in 2005.

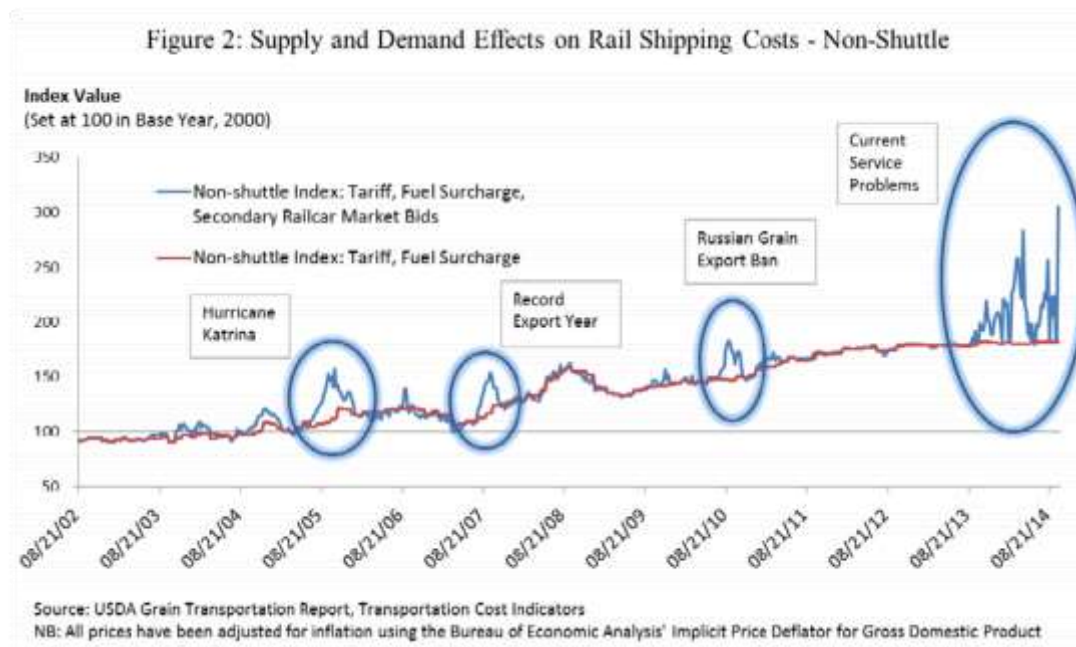
In an article published Oct. 2 in its [Grain Transportation Report](#), USDA Agricultural Marketing Service's Transportation Service Division stated that current rail service problems "have exceeded previous events in terms of both magnitude and duration, including Hurricane Katrina, which caused major disruptions throughout the entire agricultural transportation network."

USDA's assessment involved analyzing unit train and shuttle indexes, with and without the secondary railcar freight market component, to approximate the impact of unexpected shifts in demand for – or supply of – rail service. The USDA article noted that when railcar freight supply and demand are in equilibrium, bids in the secondary freight market will be close to zero, "as the tariff prices set by railroads are sufficient to efficiently allocate supply with demand." However, USDA noted that when there are unexpected disruptions that limit the availability of rail service or unexpected increases in demand for rail service, bids in the secondary freight market increase.

Using this metric, USDA found that the magnitude of all previous service events for non-shuttle service averaged a 20-point spread, while the spread for shuttle service averaged 22 points. However, USDA's analysis found that the spread resulting from the rail service disruptions that began in the fall of 2013 and persist today averaged 27 points for non-shuttle service (Figure 2) and 43 points for shuttle service (Figure 1).

In addition, USDA said that unexpected shifts in rail service supply and demand typically have lasted less than 20 weeks before they were "resolved," with the exception of Hurricane Katrina where the disruption lasted





approximately 28 weeks. In contrast, USDA said, the “current rail service problems have extended over twice as long – about 58 weeks – with no end in sight.” According to the report, average bids in both the shuttle and non-shuttle secondary rail freight markets were at “record highs” during the past week – \$4,625 per car for shuttle service and \$3,000 per car for non-shuttle service.

**Thune, Klobuchar Urge USDA to Conduct Economic Analysis of Ag Rail Service Challenges:** In a related development, Sens. John Thune, R-S.D., and Amy Klobuchar, D-Minn., on Oct. 1 urged USDA to conduct a “detailed” economic analysis of rail service “challenges” facing agricultural shippers.

In a letter to Secretary of Agriculture Tom Vilsack, the senators specifically requested that the analysis focus on ongoing transportation challenges facing producers and agricultural users “in the upper Midwest,” including food processors, livestock producers and ethanol firms. “...[N]o regional or national studies have been conducted to assess the economic impact of these rail service challenges,” the senators wrote, noting that information on the impacts on commodity prices, food prices and agricultural export volumes would be beneficial. “We hope that the information provided by this analysis will present a clearer picture of the challenges facing the agriculture industry as we work to help resolve them.”

Thune serves as the top Republican on the Senate Commerce, Science and Transportation Committee, on which Klobuchar also serves.

## Reaction Muted in Response to USDA Announcements on Biotech Wheat Plant Material Investigations

[By Randy Gordon, President](#)

Reaction appears to be muted in response to the U.S. Department of Agriculture's (USDA) Sept. 26 announcement that it had concluded its investigation into the detection of biotech wheat plant material on a single field of a single farm in Oregon, and had launched a new investigation into totally separate incident involving genetically different biotech wheat plant material found growing at a research facility operated by Montana State University.

USDA's Animal and Plant Health Inspection Service (APHIS) announced it had closed the Oregon case after concluding it appeared to be an isolated incident and that there was no evidence that any biotech-enhanced wheat had entered commercial channels. Likewise, in the Montana research trial incident, which involved regulated biotech wheat breeding trials, APHIS stressed that none of the wheat had entered commercial channels nor been sold as seed.

**Oregon Investigation Results:** APHIS noted its 10-month investigation into the detection on May 3, 2013 of biotech wheat plant material on a single field of a single Oregon farm had included 291 interviews with wheat growers, elevator operators, crop consultants and wheat researchers. As part of the investigation, APHIS said it also collected and tested more than 100 samples from businesses that sold and purchased the same certified seed, as well as from businesses that purchased harvested grain from the affected producer. Despite those extensive efforts, APHIS was unable to definitively determine how the biotech wheat became present in the farmer's field. Further, it found that the wheat plant material was not from a commercial variety of wheat, but instead contained genetic material from a number of different wheat varieties characteristic of what would be found in a typical wheat breeding program. In fact, several APHIS officials in conversations with NGFA referred to the detected biotech wheat plant material as a "mongrel."

APHIS also said its investigation reviewed each of the 158 approvals it had issued between 1994 and 2005 for field testing of biotech wheat varieties in 16 states while those varieties still were under regulated status and agency oversight.



The agency then spent several months reviewing its 12,842-page investigative report, redacting personal information and confidential business information.

**Montana Investigation:** Meanwhile, APHIS' investigation in Montana is centered on Montana State University's Southern Agricultural Research Center in Huntley, Mont., where Monsanto Co. and researchers grew biotech-enhanced wheat as part of approved regulated research field trials conducted between 2000 and 2003 under APHIS oversight. On July 14, APHIS said it was notified that suspected biotech wheat had been discovered growing on some of the research field plots, which are located primarily in a sugar beet and barley production area – not a major wheat-producing region. APHIS said it has determined that the Montana biotech wheat plant material is genetically “quite different” from – and much less genetically diverse than – what was detected in Oregon, and is more similar to known varieties of wheat.

APHIS said it did not announce the “open” investigation immediately because it typically waits to do so until investigations are complete. The agency said that while it continues its investigation into the Montana incident, it also is inspecting all field trials planted in 2014 and follow up with post-harvest inspections to monitor compliance with APHIS regulations on research field trials. These requirements include monitoring for, and removing, volunteer plants. The agency said it also will conduct some post-harvest monitoring inspections of volunteer wheat field trials planted in 2012 and 2013. “Beyond this, APHIS is assessing other measures – such as the requirements it puts in place for field tests involving GE wheat, as well as the frequency of its inspections of field test sites – to minimize the potential for any further incidents involving GE wheat,” the agency said.

### **NGFA Joins in Urging Obama to Raise Ag Biotech Market Access, Approvals as Major Priority During Visit to China**

The NGFA has joined 12 other national agricultural producer, biotech, seed, and grain handling, processing and export organizations in urging President Obama to make market access for U.S. crops and advancing the U.S.-China relationship on agricultural biotechnology and trade “beyond the status quo” as a “top priority” during the upcoming Asia Pacific Economic Cooperation Leaders Summit in China.

In a letter written under the auspices of the U.S. Biotech Crops Alliance – of which NGFA and the North American Export Grain Association (NAEGA) are founding members – the groups stressed the “incredible importance” of the Chinese export market for U.S. grains and oilseeds to the viability of the U.S.

agricultural economy. The letter noted that China is the largest U.S. export market for soybeans, valued at more than \$14 billion in 2013, while U.S. corn and corn product exports were valued at roughly \$3.5 billion that year.

“However, the U.S. agricultural crop value chain currently faces serious challenges in providing for predictable and stable trade to China because of the inability to secure timely import approvals for new biotechnology products and a growing concern that factors other than science are being used as justification to reject applications (for approval of biotech commodities intended for food, feed or further processing),” the letter said. “In some instances, this has created a situation where U.S. exports of agricultural crop commodities (to China) have ceased or are in jeopardy of being rejected.”

In addition to the NGFA and NAEGA, organizations signing the letter were: American Farm Bureau Federation, American Seed Trade Association, American Soybean Association, Biotechnology Industry Organization, Corn Refiners Association, National Association of Wheat Growers, National Corn Growers Association, National Oilseed Processors Association, U.S. Canola Association, U.S. Grains Council and U.S. Soybean Export Council.

## **FDA Reminds Food Facilities of Registration Renewal Requirement**

[By Dave Fairfield, Vice President of Feed Services](#)

The U.S. Food and Drug Administration (FDA) on Sept. 26 made available a constituent update to remind food facilities to renew their food facility registrations between Oct. 1 and ending Dec. 31.

The registration requirement applies to domestic and foreign facilities that manufacture, process, pack, or hold food for human or animal consumption in the United States. Among the facilities required to register with FDA are grain elevators, feed mills, flour mills, corn and oilseed processors, pet food manufacturers, renderers and others.

The FDA facility registration requirement initially was established in 2003 through the Bioterrorism Act. In 2011, the Food Safety Modernization Act (FSMA) amended the food facility registration requirements so that food facilities required to register with FDA now are to renew their registrations with the agency every other year, during the period beginning on Oct. 1 and ending on Dec. 31 of each even-numbered year.



The registration renewal process is free and may be completed through [FDA's web-based system](#). In addition, FDA has made available the following guidance documents to assist registrants with the process.

- [The Guidance for Industry: What You Need to Know About the Registration of Food Facilities – Small Entity Compliance Guide](#) was updated in 2012 and contains information pertaining to: 1) who is required to register and who may be exempt; 2) how often facilities must register and renew registrations; 3) when FDA may suspend a registration; and 4) how facilities may submit their registrations and registration renewals to FDA.
- [The Guidance for Industry: Questions and Answers Regarding Food Facility Registration \(Fifth Edition\)](#) was updated in 2012 and contains questions and answers regarding food facility registration.
- [The Guidance for Industry: Necessity of the Use of Food Product Categories in Food Facility Registration](#) contains information regarding food-product categories included in the food facility registration form.

NGFA members with questions about the registration requirements may contact Dave Fairfield, NGFA vice president of feed services, at [dfairfield@ngfa.org](mailto:dfairfield@ngfa.org) or (712) 243-4035.

## NGFA and CME Group Work Together on Emergency Communications to Customers

[By Todd Kemp, Vice President of Marketing/Treasurer](#)

Following recent outages of the Globex platform, NGFA's Risk Management Committee and CME Group (CME) have been collaborating on contingency plans and customer communication.

As a result, CME asked NGFA to distribute to its members information on the CME Global Command Center's (GCC) CME Globex Targeted Messaging System, which – in the event of an emergency – shares information with customers.

If CME determines that an event is likely to affect a significant number of customers and/or has the potential to require an emergency market halt, GCC posts a message on [CMEGroup.com](http://CMEGroup.com). That message then is sent to subscribers via email, phone (cell, home or office) or SMS text. If markets are

halted, GCC sends messages at 15-minute intervals throughout the event investigation. Once the issue is resolved, GCC announces the market re-opening time.

NGFA members can subscribe by sending an email with "Subscribe" in the subject line to [GCC@cmegroup.com](mailto:GCC@cmegroup.com). The email should include your name, company and email address.

Additional information is available on the [GCC webpage](#).

NGFA on Oct. 2 hosted a breakfast for Commissioner Christopher Giancarlo (right), one of three new Commodity Futures Trading Commission (CFTC) commissioners. Representatives of a dozen other groups from production agriculture and agribusiness also attended the breakfast, which was designed as a "meet-and-greet" event to become better acquainted with Giancarlo and discuss industry issues. During the meeting, Giancarlo commented on the proposed rule on position limits/bona fide hedging; an upcoming study of residual interest provisions in CFTC's customer protection rule adopted last fall; and a new collaborative approach among CFTC Commissioners that Giancarlo sees as a positive step for the agency.



## NGFA Launches Member-only Online Directory

[By Heather McElrath, Director of Communications](#)

As part of its on-going efforts to improve member communication, NGFA recently launched an online [membership directory](#) – only accessible to members. In addition, NGFA added several tools to keep members apprised of current industry information.

### Membership Directory

NGFA recently unveiled an online member directory ([ngfa.org/directory](http://ngfa.org/directory)) that replaces the more than 350-page book, which had been published biennially. (The last book was published in 2013.)

To access the information, members must be signed into the NGFA website, which blocks non-members from the information. (More details on accessing the member-only portions of the website are below.)

The directory allows members to search for individuals, organizations and locations, and returns the email, phone number, address and company information for each person. The information is pulled directly from the NGFA database, which is updated every hour. While NGFA works to ensure information is accurate, if you happen upon incorrect information, [please let us know](#).

The directory is accessible at [ngfa.org/directory](http://ngfa.org/directory).

### New Communications Tools

Additionally, NGFA developed new communications tools to keep members always current. Those include:

- **Member Alert:** These emails will be sent on an as-needed basis when member benefits or other elements are added to enhance NGFA membership.
- **Issue Advisory:** Occasionally, industry-specific “breaking news” will affect NGFA members. As such, NGFA will email updated and analyzed information highlighting critical elements for your business.
- **Quarterly Membership Update:** In December, NGFA will begin distributing a quarterly email that highlights top stories and upcoming information to inform and assist your business for the upcoming quarter.

Finally, while not a new tool, NGFA added a link to each newsletter article author so members can more quickly reach NGFA staff with questions or feedback.

### Website Instructions

As NGFA moves more information to the website, being logged in is increasingly important to ensure you have access to member-only information and that your member benefits are protected.

Members that have any difficulty with the website may contact Heather McElrath, director of communications, at [hmcElrath@ngfa.org](mailto:hmcElrath@ngfa.org) or 202-289-0873. However, most tasks can be completed online by:

- [Creating an account](#),
- [Logging in](#), or
- [Resetting a password](#)

**Note about creating an account:** Once an account is created, members will receive an automatic email saying approval needed. NGFA created the manual process to ensure only members gain access to the site, but it does delay access. For immediate access to the website, please contact Heather McElrath, director of communications, at [hmcElrath@ngfa.org](mailto:hmcElrath@ngfa.org) or 202-289-0873.

## USDA to Publish Reports on Industrial Uses of Agricultural Products

[By Max Fisher, Director of Economics and Government Relations](#)

The U.S. Department of Agriculture (USDA) recently announced it would pick up where the Census Bureau left off in 2011 and publish the following reports on industrial uses of agricultural products:

- Dry and Wet Mill Alcohol Products
- Flour Milling Products
- Fats and Oils: Oilseed Crushings
- Fats and Oils: Production, Consumption, and Stocks
- Consumption on the Cotton System and Stocks

In the near future, USDA will begin surveying 200 ethanol facilities with a reported nameplate capacity of 14.792 billion gallons per year. In addition, USDA will survey 183 flour-milling facilities. Data from the surveys will become available in 2015.

Surveys for fats and oils (including oilseeds) are in the works, but no date has been set for return. USDA continues to work on building a profile of the fats and oils industry.

More [information on the industrial reports](#) is available online.

## Registration Now Open for GEAPS/K-State Courses on Grain Operations, Management Basics for Supervisors, Flour Milling Quality

Registration is open for the final 2014 courses from the Grain Elevator and Processing Society (GEAPS) and Kansas State University Distance Education Program. The schedule includes two courses on the grain operations credentialing track and one for the new grain processing credential.

To improve daily operations, [GEAPS 500: Introduction to Grain Operations Management](#) provides basic, but comprehensive information about operations and handling procedures at grain facilities with an emphasis on safety. This course is for new hires or others who want to broaden their operations knowledge. Course materials include information on main elevator types, components and equipment; grain receiving procedures; sampling, testing and grading; binning; and housekeeping and maintenance. Completion of this course confers credit toward the Credential in Grain Operations Management.

Offered for the first time, [GEAPS 501: Management Basics for Grain Facility Supervisors](#) provides a comprehensive overview of supervisor responsibilities and key management practices. The course covers policies and procedures, safety management, accounting, budget management, inventory management, capital project management, employee management, marketing and transportation, maintenance, insurance, and regulatory compliance. Completion of this course confers credit toward the Credential in Grain Operations Management.

Registration for GEAPS 500 and GEAPS 501, which both run Nov. 3 through Dec. 5, is available on the [GEAPS website](#).

Find out how milling-process adjustments can affect flour quality and characteristics with the course [IGP 530 Quality Control/Quality Assurance in Flour Milling](#). This course covers wheat classes and uses, milling process and impact on quality, flour quality characteristics analysis, mixing property analysis, dough analysis, sampling and online analysis, statistical process control, and process adjustments and flour additives. Completion of this course confers credit toward the Credential in Grain Processing Management.

Registration for IGP 530, which runs Nov. 11 through Dec. 12, is available on the [IGP Institute website at Kansas State University](#).