Inside This Issue

1  George P. Bush Keynotes Convention
3  Upcoming NGFA Events
3  FY 2016 Budget Highlights
6  Randy Article
11  FDA Seeks More Antimicrobial Drug Data
13  FDA Guidance Topics
13  CAP Application Deadline is Feb. 13

George P. Bush to Keynote NGFA’s 119th Annual Convention

More than 400 leaders of the grain, feed, processing and export industry will gain insights into the intersection of business and public policy from Texas Land Commissioner George P. Bush, when he keynotes the NGFA 119th Annual Convention in San Antonio, Texas, March 15-17.

Bush, who will address how good public policies help spur job creation and allow businesses to prosper in today's economy, was elected Texas land commissioner in late 2014. In that role, he oversees investments for public education and manages state lands that produce the oil and gas. Bush also watches over historical archives and structures such as the Alamo – site of the convention opening reception.

In addition, as son of former Florida Gov. Jeb Bush (and nephew of President George W. Bush), he may have insights into his father's December announcement that he is “actively explor(ing) the possibility of running for president.”

In addition, Timothy Massad, Commodity Futures Trading Commission chairman, will address commission priorities and initiatives – such as position limits, the bona fide hedge definition and residual interest. In his presentation, “Futures Markets – Change and Innovation,” he also will address the impact that today's fiscal and political environment has on businesses.

Convention attendees also will be treated to insights from Tom Koch, vice president of research at AgReliant Genetics, and Marcel Bruins, secretariat for the International Grain Trade Coalition during their session “Beyond Biotechnology – The Next Innovation in Seed Technology.” Specifically, Koch will address:
• The latest scientific advancements in seed technology, with a particular focus on using innovative breeding techniques that do not involve the use of modern biotechnology;
• How the new technology works and what's involved;
• What food and feed crops using these new techniques currently are in the pipeline; and
• How soon crops with this new crop-breeding technology will be commercialized.

Following Koch, Bruins will briefly discuss how various government regulatory agencies regard the new technology. Bruins will provide perspective on export markets, such as the European Union, China, Japan, South Korea and South America.

Further, BNSF Railway President and CEO Carl Ice, a nearly 40-year veteran of the railroad industry, will discuss his views on ways to enhance the growing demand for rail service from various market sectors – including agriculture. He also will address major public policy challenges facing the rail industry and how best to address them.

Before the convention officially opens, attendees have the opportunity to attend open committee meetings, and dive further into current transportation issues during the conference’s annual Transportation Open Forum, which addresses the issue from railways, waterways and highways.

Register for the convention by Feb. 20 to enjoy the early bird member discount. At an additional cost, the convention also features opportunities to take in local culture, such as:

• **Golf:** The annual golf tournament supports the National Grain and Feed Foundation. This year's tournament is at the Quarry Golf Club, recognized throughout the country for its unique setting and design that lays out the back nine in a 100-year-old quarry pit.
• **Texas Style Shooting:** Participants will enjoy The San Antonio Gun Club, the oldest active gun club in the country. After safety instructions, experienced shooters will be partnered with a new shooter and contests begin.
• **Tour and Tasting:** After some shopping and a local tour, participants will head to Dry Comal Creek Vineyards to taste award-winning wines. Guests will experience the wines with the wine maker.
• **Texas Cuisine:** San Antonio is known for great food and genuine hospitality – no one reflects this better than Chef Blanca Aldaco. She will teach guests how to make the perfect
President Submits FY 2016 Budget

By Max Fisher, Director of Economics and Government Relations

President Obama on Feb. 2 unveiled his administration’s proposed fiscal 2016 federal budget that includes various tax and spending changes, and is projected to expand the current $13 trillion national debt to $20 trillion by 2025. Due to the rising debt load, annual interest costs for servicing the national debt would grow from $230 billion to nearly $800 billion by 2025.

The president is legally obligated to submit an annual budget proposal, which is intended to display the president’s priorities and generate ideas for congressional appropriators. The Republican-led Congress already has indicated that it is not planning to adopt many of the president’s budgeting ideas in their budget resolution. However, the president’s budget reveals the administration’s positions ahead of upcoming political battles on budgetary matters.

Below highlights areas of the president’s budget proposal that are important to the grain, feed and processing industries. (For additional information, see the full 2016 budget proposal.)

U.S. Department of Agriculture

The president’s budget proposes that Congress enact a new $6 million per-year-license fee that the Federal Grain Inspection Service (FGIS) would collect to develop grain standards. In addition, FGIS is proposing to increase fees for grain inspection and weighing services from $50 million for fiscal year 2015 to $55 million for fiscal year 2016. Further, if grain export activities require additional supervision and oversight, or if other uncontrollable factors occur, the administration proposed that this limitation may be exceeded by up to 10 percent with notification to the appropriations committees of both houses of Congress.
The administration’s budget also proposed that Congress enact legislation that would reduce crop insurance premium subsidies by 10 percentage points for revenue coverage that provides protection for upward price movements at harvest time. Further, the budget proposes changes to prevented planting crop insurance coverage. Producers no longer would be able to purchase 5 or 10 percent higher prevented planting coverage than that provided by the base prevented planting coverage. In addition, for years in which a producer receives a prevented planting payment, the producers’ transitional yield would be lowered from 100 percent to 60 percent.

Also proposed is an increase in the agricultural quarantine inspection fees on imports from $614 million in fiscal year 2015 to $748 million in fiscal year 2016, and a new $20 million animal and plant health inspection user fee.

For more information, see the USDA proposed budget fact sheet.

Department of Transportation (DOT)

The proposed operating budget for the Surface Transportation Board, which is responsible for oversight of the rail and pipeline industries and certain non-licensing regulation of motor carriers and water carriers, is more or less flat at $32 million. By comparison, the president is requesting to increase the budget of the Federal Motor Carrier Safety Administration, which provides oversight over the safety of motor carrier and commercial motor vehicle operations, from $584 million in fiscal year 2015 to $669 million in fiscal year 2016.

For additional information, see DOT budget article.

Occupational Safety and Health Administration (OSHA)

President Obama’s $592 million budget request for OSHA includes $18 million in additional funds for federal enforcement of workplace standards, which includes the combustible dust national emphasis program and the Region V, VI, VII and VIII emphasis programs in the grain handling industry, as well as $5 million more for the agency’s whistleblower programs. The requests for other programs such as compliance assistance are $5 million higher and the development of safety standards are increased by $3 million.

Further, OSHA’s priorities for next year point toward increased enforcement. The proposed budget requested a 9 percent increase for federal enforcement and a 3 percent increase for state plan enforcement. OSHA’s enforcement budget would increase to $226 million for federal enforcement and $104.3 million for state plan enforcement. With the requested budget increase, OSHA would anticipate adding 90 new positions, with two-thirds of those new positions dedicated to enforcement duties. OSHA asserts that the additional
staff is necessary to handle the increased workload anticipated because of
the new injury reporting requirements.

For additional information, see OSHA’s budget proposal.

Environmental Protection Agency (EPA)

To assist in EPA’s work on federal stationary source regulations, such as the
grain elevator new source performance standard for air quality, which is
currently under review, the president is requesting an increase in budget from
$25 million in fiscal year 2015 to $37.5 million in fiscal year 2016.

For additional information, see the “EPA Budget in Brief.”

Food and Drug Administration (FDA)

FDA is requesting an additional $109.5 million to implement Food Safety
Modernization Act (FSMA) provisions for human food and animal feed. In the
proposal, FDA justified the increase by stating it would need to hire and train
new inspectors, provide guidance to industry, strengthen the role of the states
in helping to ensure the safety of the country’s food supply and build and
implement a new import safety program.

In addition, the fiscal year 2016 budget includes a number of new user fees.
The president intends to propose legislation that would allow FDA to collect
$103 million in user fees for food imports and $60 million in user fees for food
facility registration and inspection. Several industry groups, including the
NGFA, have written to Congress and FDA in opposition to using user fees to
fund FDA.

The administration also proposed to establish a single food safety agency by
merging the food, feed and meet safety functions that primarily FDA and the
U.S. Department of Agriculture currently perform. However, the proposal is
not expected to gain much, if any, traction in Congress.

For additional information, see recent FDA press release.

Commodity Futures Trading Commission (CFTC)

The president is proposing to increase the CFTC’s annual budget from $250
million to $322 million. The budget proposal states that the administration
strongly supports and plans to propose legislation authorizing fees to fund
fully the CFTC through user fees assessed on the sale of commodity futures,
options and swaps contracts. Both Republican and Democratic presidents
have proposed user fees in numerous previous budgets, but Congress
consistently has declined to approve this NGFA-opposed method of funding the agency’s activities.

For additional information, see the CFTC proposed budget.

Serving the Industry in 2015 – NGFA’s Top Public Policy Priorities

By Randy Gordon, President

During its mid-January meeting, we have a great opportunity to discuss and obtain feedback from NGFA’s Executive Committee on top-line public policy issues identified by NGFA committees and staff on which the Association plans to expend significant time, effort and resources in the year ahead. We do the same thing with the Board of Directors during its meeting at the March convention.

In doing so, we weigh the importance of each priority to our member companies’ bottom lines, and whether the NGFA can play an indispensable role to achieve a positive outcome.

When assembling the priorities on our plate for 2015, I am struck by how truly significant they are. I dare say that as a whole, they may be the most consequential in my long career with NGFA.

While I don’t have the space for – and you don’t have the time to read – a comprehensive listing, let me briefly highlight several:

- **Biotechnology – Developing Rules of the Road that Provide for Continued Innovation while Protecting Access to Domestic and Export Markets:** The NGFA is expending considerable efforts in collaborating with farm and commodity organizations, technology providers, the seed industry, and other grain and grain processing organizations in trying to develop consensus best practices/standards that would guide the future commercialization of biotech-enhanced traits in a way that better protects U.S. access to markets – both foreign and domestic.
  
  Each of these sectors has witnessed the consequences and economic costs associated with trade disruptions that result when biotech traits approved for planting and use within the United States are commercialized prior to being approved in U.S. export markets. In the domestic market, we also need to address market
risks posed if biotech-enhanced commodities with functionally different output traits – such as traits with industrial-use properties – become present in the general commodity stream (where they don’t belong) at levels that can alter the nutritional or compositional characteristics of a food or feed.

On the international front, there is a need to address the time lag that occurs between individual countries’ biotech regulatory-approval processes and to encourage the use of science-based regulatory-approval systems. We also need to continue to press some countries – including our own – to adopt a commercially achievable low-level presence policy to bridge this time gap that exists before safety approval of a biotech trait is granted by the competent government authority in an importing country.

To address these and other commercialization and international challenges, 15 organizations, including NGFA and our colleagues at the North American Export Grain Association (NAEGA), have joined together in a U.S. Biotech Crops Alliance in an effort to achieve a consensus approach on commercialization and coordinate international activities. The discussions can be difficult and arduous, but I believe stakeholders are approaching them in good faith and progress is being made. Our goal is to reach a consensus on the commercialization discussions by mid-year. A successful outcome would be huge in terms of reducing market risk for our industry and our farmer-customers, while not inhibiting innovation of a technology that has been proven safe and effective in expanding production to feed a growing world population and protect the environment.

• **Enhancing Rail, Waterway and Truck Transportation:** On transportation, NGFA’s efforts are devoted to increasing infrastructure capacity to meet growing demand for freight while fostering a more balanced competitive environment – particularly for rail. As such, NGFA will be taking a lead role among agribusiness and commodity organizations in supporting legislation expected to be introduced this spring that would reauthorize the Surface Transportation Board (STB) and give it new authority to initiate investigations of rail practices (except rates) on its own initiative, rather than having to wait for a shipper to file a formal (and often costly) official complaint. We’ve also worked successfully to encourage the STB to require Class I carriers to report rail service performance data to enhance transparency and accountability – and to enable shippers to better know where they
stand in terms of planning logistics. We’re now involved in an STB proceeding designed to make such reporting permanent. NGFA also has developed and proposed to the STB a new, streamlined method that captive shippers could use to challenge freight rates they believe are unreasonable. And we continue to explore with rail carriers additional issues that potentially could be covered under NGFA’s unique Rail Arbitration System.

As for inland waterway and port issues, we’ll be working with allied organizations (particularly Waterways Council Inc.) to successfully implement congressional enactment of legislation authorizing lock modernization projects and reforming the U.S. Army Corps of Engineers’ project-approval process, as well as industry-supported legislation that increased the towboat diesel user fee to help fund these new projects.

On truck transportation, we’re looking to include provisions in a new highway bill that may be considered later this year that would increase the 80,000-pound truck weight limit on interstate highways. Transportation efficiencies could be gained and regulatory obstacles reduced by raising the interstate truck weight limit to more closely align with state road weight limits, which in many cases are significantly higher. We also will be working to preserve the hours-of-service exemption that currently applies to farm supplies, feed operations and agricultural commodities in transit from the farm, and ensure that grain elevators are covered under this exemption to help alleviate bottlenecks that can occur in the grain supply chain, especially at harvest time.

- **Improving the Reliability and Predictability of the U.S. Official Grain Inspection System:** The intermittent, unpredictable and disruptive interruptions in the performance of official grain inspection service at the Port of Vancouver, Wash., last year points to the need for NGFA, NAEGA and others to explore ways to address that issue when Congress considers reauthorization of the U.S. Grain Standards Act this year.

- **Protecting the Ability of Grain and Feed Merchandisers to Utilize Futures Markets:** NGFA continues to weigh in with the Commodity Futures Trading Commission to resolve problems associated with the agency’s customer-protection regulations implemented in response to the Dodd-Frank financial regulatory reform law. Our focus is on proposed regulations that would set up a new formula-based system for speculative position limits on a wide
range of commodities – ag, financial instruments and others. One concern is that new limits under this “one-size-fits-all” approach could be very large for grain and oilseed contracts, and could threaten convergence. An even bigger concern is the agency’s attempt to redefine what constitutes bona fide hedging in so narrow a way as to threaten current hedging strategies used by our industry. We think we’re making headway, but these will be top-of-mind until we secure changes in CFTC’s current approach. At stake is the ability of our industry – and farmer-customers – to continue to use futures markets as an efficient risk-management tool.

• Developing Guidance and Assistance to Enable the Industry to Comply with FDA’s Food Safety Modernization Act Regulations: Last year, NGFA submitted hundreds of pages of comments and economic analyses in response to the Food and Drug Administration’s (FDA) proposed rules implementing the Food Safety Modernization Act for human food, animal feed/pet food, foreign supplier verification, transportation of food/feed, and food/feed defense and intentional adulteration. Given our extensive interaction with FDA, we’re cautiously optimistic that these and other comments will result in much-needed changes. Later this year, once FDA’s final rules begin being issued, we’ll be turning our attention to developing guidance and assistance materials to enable the industry to comply effectively with what we hope will be a much more practical and achievable set of rules than originally proposed by the agency.

• Secure Significant Reforms to EPA’s Air Permitting Standards for Grain Elevators: We’re in the home stretch of urging the Environmental Protection Agency (EPA) to change its treatment of grain elevators, including temporary storage structures, when it comes to air-permitting requirements under the Clean Air Act. NGFA is leading an industry coalition on these EPA new source performance standard (NSPS) regulations. The coalition submitted more than a hundred pages of comments and economic analyses challenging the justification for an NSPS for grain elevators in the future, as well as citing major flaws in EPA’s proposed rewrite of those standards. We’ll continue to interact with the agency as it develops its final rule.

• Combatting Attempts to Expand Current Regulation of Grain Dust: Here is a sobering development: The Occupational Safety and Health Administration (OSHA) is attempting to develop an
international combustible dust standard that could encompass grain dust through the United Nations’ globally harmonized hazard communication standard. NGFA and NAEGA are at the table in these international deliberations, and are working with other countries through the International Grain Trade Coalition to oppose this OSHA-driven effort.

However, OSHA isn’t the only federal agency attempting to regulate grain dust. EPA has initiated a rulemaking that potentially could encompass combustible dust (including grain dust) within its risk management program that is focused on hazardous chemicals. NGFA has submitted comments stating that such an action would be inappropriate. We’ll have to see how this plays out; a proposed rule is expected to be issued by EPA this fall.

• **Promoting Trade:** One final, but very important, top priority. In partnership with NAEGA, NGFA is taking a leadership role among agribusiness organizations to secure congressional reauthorization of trade promotion authority (TPA) legislation that requires Congress to approve trade agreements on an up-or-down vote – a necessary precursor to completing negotiations on significant new trade agreements. The administration hopes to complete negotiations on the TransPacific Partnership (TPP) with Pacific Rim and other countries, including Japan, later this year. Robust, two-way trade is essential to U.S. agriculture’s future growth and profitability.

So how do we accomplish all this?

For starters, the NGFA has the considerable advantage of having access to the most talented people in the industry – the more than 300 dedicated industry experts who selflessly serve on NGFA’s committees, as well as the strong leadership and direction from our Board and Executive Committee. I continue to be awed and grateful for how these industry leaders work on behalf of what’s best for the industry as a whole.

Another key to success is our continued strong collaboration with NAEGA, with which we’re co-located and have a strong, effective and seamless working relationship. We’ve also cultivated excellent working relationships with agricultural producer, commodity and other agribusiness organizations that are essential to making progress. And finally, prevailing on these big-ticket tasks requires the continued expertise and devotion of my colleagues who comprise what I think is the best agribusiness association staff in
Washington.

But there’s one final ingredient. And that’s the continued engagement of each of you who work with NGFA member companies. We want – and need – your continued ideas and input as we try to serve our industry. Please let us hear from you!

Thanks for your continued support of NGFA!

**FDA to Seek Additional Data on Antimicrobial Drugs, Seeks Input**

**By Dave Fairfield, Vice President of Feed Services**

The Animal Agriculture Coalition, in which the NGFA is an active member, recently participated in a meeting with Food and Drug Administration (FDA) Deputy Commissioner of Foods Michael Taylor and other key FDA officials to discuss issues pertaining to antimicrobial resistance. Significantly, Taylor and other agency officials expressed strong interest in obtaining additional data on the use of medically important antimicrobial drugs in feed and water for food-producing animals.

Currently, Section 105 of the Animal Drug User Fee Amendments (ADUFA) of 2008 requires antimicrobial drug sponsors to report to FDA on an annual basis the amount of antimicrobial drugs they sell or distribute for use in food-producing animals. ADUFA also requires the FDA to prepare summary reports of sales and distribution information received from drug sponsors each year, by antimicrobial class for classes with three or more distinct sponsors, and to provide those summaries to the public.

In addition, FDA has available information from the National Antimicrobial Resistance Monitoring System (NARMS) that tracks antimicrobial resistance in foodborne and other enteric bacteria. NARMS is an interagency partnership among the U.S. Centers for Disease Control and Prevention (CDC), United States Department of Agriculture (USDA), FDA and state and local health departments. Under the program, human surveillance of antimicrobial resistance began in 14 sites in 1996 – reaching nationwide in 2003.

Although both ADUFA and NARMS data already are available, FDA officials stated the agency needs additional and enhanced information about the use of antimicrobial drugs at the farm-production level to
evaluate whether its antimicrobial resistance policies are effective. Accordingly, FDA officials announced that the agency would hold a public meeting with USDA and CDC this spring to solicit stakeholder feedback on how additional use data could be collected in an effective and representative manner.

**Background**

FDA’s new antimicrobial policies for animal agriculture – to be fully implemented by the end of 2016 – consist of two major initiatives. First, growth promotion uses for medically important antimicrobial drugs used in feed and water for food-producing animals will not be allowed. Second, use of such medically important antimicrobial drugs for therapeutic purposes only will be allowed under the supervision and written direction of a veterinarian. Regarding veterinary supervision, FDA currently is revising its Veterinary Feed Directive (VFD) regulations to facilitate the expanded use of the VFD process for medically important antimicrobials used in animal agriculture. During the meeting, FDA officials said the final regulations for the revised VFD process would be published this spring.

**Proposed Funding**

In a related development, President Obama in his fiscal year 2016 budget requested a doubling of funds for efforts to curb antimicrobial resistance in his 2016 budget. In his budget, Obama requested $1.2 billion, twice the amount granted by Congress in 2015.

In the new funding proposal, about $650 million would go to the National Institutes of Health and the Biomedical Advanced Research and Development Authority to spur drug development. Another significant portion of the funding, about $280 million, would be used to curb the over-prescribing of antimicrobials in humans. In addition, the Defense Department and the Department of Veterans Affairs would get a total of $163 million to combat antimicrobial-resistant infections in facilities that serve veterans.

Animal agriculture also would benefit from a portion of the proposed funding. As such, the USDA would receive $77 million to develop alternatives to antimicrobials used in farming. Another $47 million would be allocated to FDA for evaluating new antimicrobials and monitoring antimicrobial use during animal production.

For additional information, see a White House [fact sheet on the issue](#).
FDA Provides List of Guidance Topics

By Dave Fairfield, Vice President of Feed Services

FDA recently made available a list of guidance topics, including possible new topics for guidance documents or revisions to existing guidance documents, that the agency expects to publish as drafts or finals by the end of December 2015. Among the topics addressed in the list are:

1) Medicated free choice feeds;
2) Preparation and submission of animal feed additive petitions;
3) Effectiveness studies for anti-salmonella animal feed additives;
4) Use of nanomaterials in feed for animals;
5) Safety of animal feed maintained and fed on-farm; and
6) Labeling and marketing of dog and cat food products intended to diagnose, cure, mitigate, treat, or prevent diseases.

FDA guidance documents represent the agency’s current thinking on specific regulatory topics. The documents do not establish legally enforceable responsibilities, and instead provide recommendations on certain regulatory or statutory requirements.

For more information, see existing animal and veterinary product FDA guidance documents.

Feb. 13 Application Deadline for Committee Apprentice Program Approaching

By Todd Kemp, Vice President of Marketing and Treasure

All NGFA Active-member firms may nominate employees to participate in the “NGFA Committee Apprentice Program,” which is designed to help develop future industry and association leaders. The deadline for applications is Feb. 13.

The program identifies early career and newer employees of NGFA-member firms to serve a one-year apprenticeship on a NGFA committee. A limited number of apprentice positions are available – generally, one to three per
committee, based on committee size.

Prospective apprentices are required to complete a short application with an explanation of their experience level and interest in a particular NGFA committee. In addition, applicants submit a brief resume or biographical statement and a short letter of recommendation from a supervisor or manager at their NGFA-member employer. NGFA will select apprentices based on qualifications and with an eye toward diversity among different types and sizes of companies.

Following a brief screening and selection process involving NGFA senior staff and NGFA committee chairs, successful candidates will be invited to participate beginning March 15 at the NGFA convention in San Antonio. The program year will run through the 2016 NGFA Annual Convention in San Diego.

Please direct any questions to Todd Kemp, vice president of marketing and communications (202-289-0873). For additional information, see the previous article.

The 2014 inaugural class of NGFA committee apprentices met this week in Washington, D.C., to network and meet with lawmakers and federal officials. The apprentices are wrapping up their yearlong service on NGFA committees; a new program will launch at NGFA’s convention in San Antonio, Texas, March 15-17. Apprentices, who were able to make the trip, from left: Zach Krug, operations manager, Nidera; Cory Workman, account representative, The Andersons; Patrick Coyle, commodity manager, Nidera; Trey Arkoosh, assistant quality manager, Wilbur-Ellis Company; Matt Dvorak, barge transportation manager, Louis Dreyfus Commodities; Zach Nosbisch, eastern marketing manager, Innovative Ag Services; and Daniel Carmichael, director technical services, Maplehurst Farms. Applications for the 2015 Committee Apprentice Program, designed to help develop future industry and association leaders, are due Feb. 13.