



# Growth and Competitiveness

## Priorities for 2010



National Grain and Feed Association (NGFA)

North American Export Grain Association (NAEGA)



### About the NGFA and NAEGA

The National Grain and Feed Association (NGFA), established in 1896, is a grassroots organization comprised of more than 1,000 companies that operate more than 6,000 facilities and handle in excess of 70 percent of U.S. grains and oilseeds throughout the 48 continental states and more than 300 congressional districts. NGFA members encompass all sectors of the industry, including country, terminal and export elevators; feed and feed ingredient manufacturers; cash grain and feed merchants; biofuels producers; and end-users of grain and grain products, including grain processors, flour millers and livestock and poultry integrators. Affiliated with the NGFA are 35 state and regional grain and feed associations. The NGFA has a strategic alliance with the Pet Food Institute.

The North American Export Grain Association (NAEGA), a not-for-profit trade association established in 1912, consists of private and publicly owned companies and farmer-owned cooperatives that are involved in and provide services to the bulk grain and oilseed exporting industry. NAEGA's mission is to promote and sustain commercial export of grain and oilseed and their primary products. Through a reliance on member networking, action and support, NAEGA acts to accomplish this mission from its office in Washington D.C., and in markets throughout the world.

NGFA and NAEGA are co-located in Washington, D.C., and coordinate policy and government representation on trade-related and other issues that affect the economic prospects of the industry. This enables the organizations to speak in a unified voice to government and to the industry's domestic and international customers.

### Legislative Issues of National Significance

Legislative challenges confronting the industry in 2010 are big, daunting and more diverse than seen in many years. Topping the list is climate-change legislation, which as currently written would divert 35 million acres of U.S. cropland into forest by 2050 – certainly not a boon for the long-term success and vitality of U.S. agriculture. Also on the list: 1) legislation that would reform the financial regulatory system, which has repercussions for market speculation, commercial hedging, derivatives and the role of the Commodity Futures Trading

Commission (CFTC); 2) food and feed safety legislation; 3) restrictions on mandatory arbitration agreements in contracts; 4) easing labor rules governing unionization of workplaces; and 5) the future of biofuels policies.

It is our intention to meet these legislative challenges head on and look for opportunity in this new, more active legislative environment. For instance, there could be opportunities for rail reform that restores balance to a Surface Transportation Board (STB)

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long tilted in favor of railroads; providing funding for major rehabilitation and construction on the nation's inland waterways; a new highway bill that helps modernize the country's infrastructure; and a window to approve pending free trade agreements to open access to U.S. agricultural products to previously shut-off markets.

Whether it involves beating back challenges or capturing opportunities, the NGFA, NAEGA and our members

companies need to be engaged fully and committed to the process. We are pursuing an aggressive advocacy outreach strategy to best position the NGFA and NAEGA to maintain a foundation of growth and opportunity for the grain, feed and processing industry. Public policy decisions increasingly are relevant to the ability of our industry – and the U.S. economy as a whole – to grow and thrive.

## Climate Change/Cap-and-Trade Legislation

Legislation aimed at combating climate change includes cap-and-trade provisions that would authorize the conversion of cropland to forest in exchange for tradable carbon credits. The U.S. government already operates a large-scale land-idling program – the Conservation Reserve Program (CRP) – that locks up more than 32 million acres through 10- to 15-year contracts. USDA's own analysis estimates that an additional 59 million acres of crop and pastureland would be converted to trees by 2050. Potential incentives that further erode the acreage needed to supply crops for food, feed, exports and fuel will have a significant negative impact on all four sectors – which are key drivers of U.S. economic growth and job creation.

Several major areas must be considered and appropriately addressed in any climate-change legislation considered by Congress:

- ◆ **Global Competitiveness of U.S. Agriculture:** Climate change is a global issue. So, too, should be the policy to address it. Developing countries are among U.S. agriculture's fiercest competitors, and they stand to gain a significant economic advantage if the U.S. pursues a unilateral approach.
- ◆ **Incentives for Idling Productive Cropland:** Global commodity supplies have dwindled in recent years. The world witnessed a severe run up in commodity and food prices in 2008. It is critical that any move to reduce carbon emissions does not inadvertently incentivize farmers to take tillable land out of production that can be farmed in an environmentally sustainable way, or allow carbon emitters to purchase cropland and take it out of production to

earn offsets. That would devastate U.S. agricultural competitiveness and undermine the economic foundation upon which rural communities depend.

- ◆ **Increases in Cost of Handling, Processing and Exporting Grain and Oilseeds:** The grain, feed and processing industry utilizes significant volumes of energy to run its operations, and those costs already have increased dramatically in recent years. Given the geographic expanse between production and consumption, the industry also is a major shipper of commodities by truck, barge, ocean vessel and rail. Major cost increases for power in those industries undoubtedly would hit grains and oilseed shippers very hard, particularly since there are few alternatives in most cases to transport commodities. Those transportation cost increases inevitably would be passed back to producers through lower farm-gate prices. These economic challenges must be considered and addressed through the legislative process.
- ◆ **International Implications:** Global competitiveness is a key issue for U.S. agriculture. But the United States also needs to meet its World Trade Organization (WTO) obligations. Taxing imports in an attempt to level the playing field if the U.S. acts unilaterally will raise the specter of retaliation by affected countries. That, in turn, would damage the U.S. balance of trade and the U.S. jobs dependent upon agricultural exports. Likewise, improvements in food and energy security are critical to geopolitical stability. Reliable and cost-competitive exports of U.S. agricultural products are an ever-more-critical element of the global food, fiber, fuel and feed environment.

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Any legislative or regulatory measure to cap greenhouse gas emissions must not inhibit America's ability to continue producing the safest, most abundant food supply

the world has ever known. Nor should it undermine opportunities for growth of biofuels.

### U.S. Transportation Infrastructure

As the recognized national leader in representing the interests of shippers and receivers of bulk grains, feed, feed ingredients and processed grain-products, the NGFA continues its extensive activities on rail, barge and trucking issues. NAEGA focuses similarly on ocean transportation issues.

**Rail:** The NGFA will: 1) continue to advocate an effective and meaningful process for challenging rail rates in small cases; 2) pursue accuracy and transparency in fuel-surcharge-related information reported by railroads to facilitate proper monitoring and assessment of such charges; 3) support legislation that provides tax benefits for investments in rail infrastructure capacity projects undertaken by railroads and agricultural rail customers; 4) monitor and assess legislative proposals and develop opportunities to advance the NGFA's own legislative priorities focused upon STB-reform; and 5) develop commercial or legal approaches to resolve disputes between railroads and their customers concerning the imposition of some charges and transfer of liabilities.

**Barge:** The NGFA and NAEGA strongly support funding construction of new locks as part of the Upper Mississippi and Illinois River Waterway navigation project. Timely completion of this major infrastructure and job-creating initiative is critical to enhancing the efficiency and competitiveness of commercial barge transportation.

**Ocean:** The NGFA and NAEGA advocate enhancements to deep-draft harbors to facilitate U.S. export trade. In addition, NAEGA and NGFA work to balance the need for greater security at U.S. ports with the need to preserve efficient and cost-effective shipping.

**Trucking:** The previous highway bill reauthorization included a provision that clarifies the intent of the original agricultural exemption of hours-of-service regulations under certain constraints. The highway bill is scheduled to be reauthorized in 2010-11, and the NGFA will oppose any attempt to remove or weaken this important protection for ag movements.

### Financial Regulatory Reform

Legislation has been introduced to curb "excessive speculation" in commodities markets and more comprehensively restructure U.S. financial regulations. Though the economic problems associated with bank failures and other financial industry bailouts, energy market and volatile oil prices have been the primary concern of legislators, certain provisions adversely could affect agricultural markets.

The NGFA supports efforts to reform regulatory treatment of the U.S. financial sector to protect against another financial crisis. Legislative efforts to enhance reporting and transparency in futures and financial markets are important elements of such reform. Specifically, the NGFA supports detailed reporting that makes

transparent the scale of non-traditional participants in agricultural futures markets, such as index funds and other financial participants.

The NGFA opposes efforts to impose additional fees, taxes or higher costs on non-financial companies whose primary business is not in the financial sector. In addition, the NGFA opposes efforts by Congress to specifically legislate complex definitions, such as what constitutes a "bona-fide" hedge. Legislating a definition that traditionally has been administered and enforced by the CFTC runs the risk of creating unintended consequences for bona-fide commercial hedgers and producers. The NGFA urges that authority remain with CFTC to define bona-fide hedging transactions.

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## Food and Feed Safety

The NGFA has been a major leader in spearheading the establishment of widely accepted principles on food and feed safety. The industry is committed to providing a safe food and feed supply for consumers, and has a decades-long history of implementing food-safety and quality-assurance programs to prevent both deliberate and unintentional contamination of agricultural products. Accordingly, the grain, feed and processing industry is driven to constantly improve and refine its own product safety programs and food/feed defense capabilities.

The NGFA, in conjunction with the American Farm Bureau Federation and American Meat Institute, is leading a broad-based consortium of more than 30 agricultural producer, agribusiness, and meat groups in constructively addressing legislation being developed by Congress to further strengthen the U.S. food and feed safety system and maintain consumer confidence. In this regard, the NGFA believes the following principles should govern any such legislation and ensuing FDA regulations:

- ◆ Be science- and risk-based, focusing on preventing hazards shown to cause serious adverse public or animal health consequences.
- ◆ Be appropriate to the given industry sector, recognizing the differences between hazards and controls necessary to protect human and animal health.
- ◆ Authorize FDA to enter into agreements with foreign

countries to certify facilities or products intended for export to the United States deemed to be high-risk, while avoiding import restrictions that are not science- or risk-based, and that could provoke trade retaliation against U.S. agricultural exports.

- ◆ Authorize FDA to accredit independent, third-party inspection/certification entities that companies can use on a voluntary basis, with priority given to accrediting those overseeing facilities or products: 1) deemed to be high risk; and 2) for which FDA has established predicate food/feed safety regulations or metrics third parties are to use when conducting inspections. In addition, FDA should: 1) develop accreditation standards through transparent notice-and-comment rulemaking; 2) prohibit the use of false or misleading seals by third parties; and 3) avoid excessive incentives that encourage use of third parties where not warranted by food/feed safety risks.

In addition, we oppose: 1) onerous user fees that provide no direct benefit to those against which the fees are assessed, and which increase business and consumer costs; 2) mandating unrealistic or unjustified inspection frequencies; 3) giving FDA unfettered access to company records; 4) onerous, costly and ultimately unachievable product-tracing requirements; and 5) country-of-origin labeling requirements on agricultural products, which are unrelated to food/feed safety and would invite trade retaliation.

## International Trade

The NGFA and NAEGA support free trade, the use of science-based health and safety rules in trade agreements, and an aggressive agenda to retain and expand market opportunities for U.S. grains, oilseeds and value-added exports. Trade is essential to U.S. agriculture, with exports representing up to one-third of total use of U.S. feed grains and 50 percent of total usage of U.S. wheat and soybeans – either as raw commodities or value-added products, such as meat and poultry.

International Priorities: NAEGA utilizes the extensive resources of its membership, global industry relationships and USDA's Market Access Program to educate international customers and governments on sound commercial practices for international commerce. NAEGA is extremely active in overcoming non-tariff trade barriers in major bulk grain and oilseed import markets, and is a leader in providing industry input to policymakers around the globe on effective trade agree-

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ment-negotiation positions, as well as regulation and enforcement of policies that affect trade. With respect to competitiveness and leveling the international playing field, NAEGA is working to:

1. Advance sound, trade-supportive official policy and commercial practice for managing export quality, plant health and food safety concerns as they affect the near- and longer-term competitiveness of North American agriculture. In addition to NGFA's work on U.S. food and feed safety issues, NAEGA has prioritized international efforts in China and Japan to address concerns about the quality of the U.S. fall- harvested crops.
2. Provide for a more effective and less trade-distortive environment to accommodate new technologies, including crop biotechnology. Currently, critical emphasis is being placed on the appropriate management of risk related to the introduction of biotech traits that are not intended for traditional commodity uses and that have different end-use functionality than the grains and oilseeds our members trade and process. Throughout 2010, we expect major biotechnology policy and acceptance initiatives related to:
  - a. Reducing the negative impact of errors and inappropriate policies and practices related to crop biotechnology.
  - b. New regulations and law being considered or implemented related to biotechnology in such countries as Turkey and Korea that are likely to cause trade disruptions.
  - c. Implementation of the U.N. Biosafety Protocol entered into by 167 or more nations that governs how most agricultural products that may contain biotech-enhanced events will move across borders and the party that will be held liable in the event of adverse consequences to the environment.
  - d. Globally advancing trade-facilitating regulatory practices that recognize a low-level adventitious presence of biotech-enhanced events in commercial shipments of grains, oilseeds or their primary products.
3. Expand understanding and acceptance by destination export markets of U.S. industry best practices, including the NGFA's trade rules and arbitration system, NAEGA's F.O.B contract model and C.I.F. practices.
4. Work with the NGFA to address government-implemented sustainability initiatives, such as those scheduled to be implemented as soon as June 2010 by Germany and several other European Union member states under its Renewable Fuels Directive. We will support efforts to make sure these criteria are reasonable and commercially practical, and do not discriminate against imports.

WTO Doha Development Round Agricultural Negotiations: We strongly support aggressive proposals to: 1) eliminate export subsidies and non-competitive practices, such as export state trading enterprises and differential export taxes; 2) substantially reduce trade-distorting domestic supports; and 3) improve market access. In addition, we support completing agricultural negotiations under the World Trade Organization's (WTO) Doha Round that achieves a comprehensive agreement that results in commercially meaningful improvements and reductions in the trade-distorting elements of trade remedy law.

Bilateral/Regional Free Trade Agreements: Negotiations on several Free Trade Agreements were completed under the previous administration but still require congressional approval. In addition to its critical importance to the prosperity of U.S. agriculture, trade can be an engine for sustainable global economic recovery. The NGFA and NAEGA support enactment of legislation implementing bilateral agreements with Panama, Colombia and South Korea, and legislation renewing the president's Trade Promotion Authority.

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## Agricultural, Commercial & Environmental Policy

### Agricultural Policy

We support public policy options that allow U.S. producers and agribusinesses to enhance income from the marketplace and do not distort planting and marketing decisions. The NGFA and NAEGA oppose discredited acreage-idling programs and other supply control measures that encourage foreign plantings, result in lost market share for U.S. agriculture, and undermine the global competitiveness of U.S. grains and oilseeds, processed commodities and meat products.

#### Conservation Reserve Program (CRP) and Other Land Idling/Conversion

**Threats:** The NGFA continues to focus on reforming the CRP, a program that already has contributed to reduced plantings of certain grains, particularly wheat, as well as undermined the economic viability of rural communities and availability of land for young and tenant farmers. In addition, the NGFA will continue to highlight serious problems associated with potential large-scale

conversions of cropland to forest under cap-and-trade schemes.

**Warehousing:** The NGFA spearheaded the modernization and revision of the U.S. Warehouse Act approved by Congress in 2000. In the ensuing years, the NGFA has taken a leadership role in defending the U.S. Department of Agriculture's exclusive jurisdiction – upheld previously by the courts – to regulate federally licensed grain warehouses, including producer grain payable activities. The NGFA will oppose any attempts to legislatively change the U.S. Warehouse Act to shift to states the exclusive authority to regulate such merchandising activities at federally licensed grain warehouses. The NGFA also will promote adoption by USDA of more market-based systems for determining storage and handling rates under its Uniform Grain and Rice Storage Agreement contract.

### Biotechnology

The NGFA and NAEGA work to encourage adoption of policies that: 1) foster consumer acceptance of agricultural biotechnology events; 2) maintain an appropriate degree of federal environmental and regulatory authority over field trials prior to commercialization of such traits; 3) constructively address the low-level, adventitious presence of biotech-enhanced events in commercial shipments; and 4) vest in biotechnology providers commercial responsibility for liability and redress associated with inappropriate release of such products.

**Biotech-Enhanced Commodities with Different Functional Properties Than Conventional Counterparts:** An emerging issue is the increasing number of biotech-enhanced traits in grain and oilseed crops that contain functional properties different from their conventional counterparts. Grain handlers' past experience with field releases of unautho-

riized biotech events is that production and marketing systems designed to steward production away from unintended uses fail when subjected to prevailing zero-tolerance requirements. The NGFA and NAEGA are working with regulators, as well as technology providers and producers, to fully assess the potential risk of economic damage associated with the introduction of biotech crops possessing unique output characteristics, as well as the application of appropriate government oversight and prudent production and marketing management of such traits. The concept of partial deregulation, as recently proposed by USDA's Animal and Plant Health Inspection Service (APHIS), may need to be applied in these instances so there is sufficient oversight of biotech events with different functional properties to protect against unintended entry into the conventional commodity stream.

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**USDA APHIS Regulation:** In addition to appropriate regulation of functionally different crop biotech traits, the NGFA and NAEGA urge APHIS to implement changes to its current approach to regulating experimental-use permits granted for field trials of biotech-enhanced commodities. We will continue to advocate stringent regulatory oversight of plant-made pharmaceuticals and industrial products not authorized for use in food and feed. Further, we continue to encourage APHIS to recognize the economic damage that results if unauthorized biotech events enter domestic or export channels, given the zero tolerance that currently exists.

**International Convention and Collaboration:** NAEGA and the NGFA will continue to address

key developments in multilateral and regional forums. The associations are engaged with international and national counterpart organizations in efforts to encourage all countries to adopt sound practices related to biotechnology, as well as to constructively address the issues of low-level presence; liability and redress for damage to the environment; documentation to meet regulatory needs; and timely, science-based crop biotech regulatory-approval processes and risk management. In conjunction with the U.S. government and international collaborators, NAEGA and the NGFA will pursue constructive enforcement of requirements imposed in 2007 on the European Union to make its biotech-approval process compliant with WTO rules, following the WTO's landmark decision in 2006 that the EU's system violated its WTO obligations.

### Risk Management and Commercial Trade

We support contract sanctity and oppose attempts to impose legislative restrictions on legitimate commercial activities between producers and agribusinesses, including contracting freedoms and the use of pre-dispute arbitration agreements.

**Convergence:** The NGFA is extremely concerned about a deteriorating lack of relationship between cash and futures values in agricultural commodity markets, especially the CBOT wheat contract. The resulting lack of convergence has contributed to volatility and uncertainty, imposed financial stress on commercial grain hedgers and limited marketing opportunities for producers. Convergence between cash and futures is a fundamental principle of U.S. futures markets and must be reestablished to serve the needs of commercial grain hedgers and their producer-customers. The NGFA supports changes made to the CBOT wheat contract by the CME Group, including implementation of a variable storage rate. The NGFA will monitor performance of the wheat contract and, if the variable storage rate concept proves successful, will consider whether to advocate that it be implemented proactively for the CBOT corn and soybean futures to forestall potential performance problems in those contracts.

The NGFA believes strongly that vastly increased participation of investment capital in futures markets has been a major factor contributing to the CBOT wheat contract's lack of convergence. The NGFA advocates vigilant oversight by the CFTC to ensure that agricultural futures contracts are not overwhelmed by large volumes of investment capital. To date, the NGFA has not advocated limits on investment capital participation in agricultural futures; however, the NGFA does support maintaining current speculative position limits and has suggested the time may be right for the CFTC to reexamine the process under which hedge exemptions are granted, and whether exemptions granted by the CFTC to swap dealers should be tightened.

**Transparency:** While the NGFA does not believe these issues can be resolved solely through legislative action, there are several provisions in bills before Congress that we support and believe would bring added clarity and transparency to agricultural futures markets. Specifically, the NGFA supports legislation calling for detailed reporting and data disaggregation of futures market activity. Identification of index traders and swaps dealers who are active in agricultural futures markets in reporting by the CFTC will assist grain

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hedgers in making appropriate risk-management decisions. Increased transparency is important to the usefulness of agricultural markets. Making reporting regular and permanent would shed more light on speculative investment capital's participation in agricultural futures and related over-the-counter activity – helping the CFTC do its job – and in being able to truly judge the impact of speculative investment capital on agricultural futures markets. Improved transparency and reporting also would increase the usefulness of the CFTC's weekly Commitments of Traders report, which our industry depends upon to assess participation in markets.

**Curtailling Contract Freedom and Pre-Dispute Arbitration:** The NGFA and

NAEGA opposes federal or state attempts to enact legislation that would restrict dramatically what is permitted in cash contracting, including limiting the ability of contracting parties to freely negotiate inclusion of pre-dispute arbitration clauses in contracts. In this regard, we are concerned about provisions in legislation introduced in Congress that state, "no pre-dispute arbitration agreement shall be valid or enforceable" if it requires arbitration of an employment, consumer or franchise dispute, or a dispute arising under statutes intended to protect civil rights or to regulate transactions "between parties of unequal bargaining power." While not expressly directed at NGFA or NAEGA's Arbitration System, such language could affect it adversely.

### Feed and Animal Agriculture

The NGFA has approximately 350-member companies with commercial feed mills and 35 firms with integrated livestock and poultry feeding operations. Through its industry-driven committees, the NGFA effectively addresses feed legislative and regulatory issues. It also interacts extensively with national organizations representing the livestock, poultry and meat industries, as well as the food and restaurant sectors, concerning feed safety and quality, animal agriculture, animal welfare, and agroterrorism-prevention and food-defense issues.

**Feed Safety and Quality Assurance:** The NGFA continues its proactive feed safety efforts through its Model Feed Quality Assurance program, developed in 1994 and updated continually thereafter, as well as feed safety educational programs and resource materials that provide current information on total quality management systems and regulatory compliance. In 2009, the NGFA launched the first trade association web-based distance-learning program to further extend the reach of its pioneering quality-assurance efforts.

**Feed Safety Laws and Regulations:** In addition to its extensive efforts on food/feed safety legislation, the NGFA is immersed with FDA on feed safety-related issues, including the agency's development of a science- and risk-based Animal Feed Safety System regulatory initiative that would require all feed and feed ingredient manufacturers and suppliers to develop preventive plans to address hazards that pose a danger to human or animal health. The NGFA also supports FDA's efforts to launch a risk-based inspection program that rewards facilities with a good inspection history by allowing such firms to submit annual self-inspection reports to FDA concerning compliance with the agency's current good manufacturing practice regulations, be subject to unannounced random government audits, and be designated as a low priority for FDA inspection. The NGFA also works closely with the Association of American Feed Control Officials in its development of model state feed regulations and a model state law that would extend current good manufacturing practice regulations to non-medicated feed and feed ingredient manufacturers, as well as to transporters and on-farm mixer-feeders.

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## Regulatory Issues and Challenges

### Grain Inspection and Weighing

The NGFA and NAEGA will continue to advocate policies that maintain the viability and value of the U.S. official system of grain-quality measurement addressed primarily in the U.S. Grain Standards Act.

**U.S. Standards for Wheat:** The NGFA and NAEGA will work with USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) as it undertakes a rulemaking to analyze the official U.S. standards for wheat as part of its periodic review of the U.S. grain standards.

**Sorghum Odor Task Force:** The NGFA and NAEGA are working with GIPSA to resolve the differences between official interior inspections and export officials regarding "musty" sorghum odor. NGFA and NAEGA representatives are participating in a GIPSA task force representing all sectors of the sorghum industry to review and make a determination of the grade line for sorghum odor.

**Container Standards:** The NGFA and NAEGA are working with GIPSA as it undertakes a rulemaking to modify U.S. Grain Standards Act regulations to harmonize export policies across diverse carriers (ships, rail, barge, etc.), better control uniformity between the contents of container shipments of grains, oilseeds and grain products, and to ensure that the regulations effectively address market conditions.

**Federal Funding for GIPSA Standardization Activities:** The NGFA and NAEGA continue to work with GIPSA as it attempts to modify hourly rates and export user fees. Currently, GIPSA has sufficient funds to cover its next two years of operation, but will have to change the rates based upon current fees and a projected decline in export volumes. The NGFA and NAEGA have encouraged the agency to impose incremental increases in user fees, if necessary, over a period of several years rather than one large increase within a single year.

In addition, the NGFA and NAEGA oppose proposals to impose user fees for maintaining the U.S. grain standards, as this governmental function benefits a wide range of users – including farmers and consumers – and such a user fee would represent an inequitable tax on bulk grain exports, thereby further reducing U.S. competitiveness in commodities subject to official inspections.

**International Acceptance:** Building upon continuing enhancements to improve global trade, NAEGA's international programming will focus on credibility, efficiency, harmonization and acceptability of official determinations related to plant health and product safety, functionality and quality. To foster an improved trading environment in these areas, NAEGA will work with APHIS and GIPSA, as well as with key international government authorities.

### Safety, Health and Environmental

**Temporary/Permanent Storage and New Source Performance Standards for Grain Elevators:** The U.S. Environmental Protection Agency (EPA) is reviewing its new source performance standards (NSPS) for grain elevators [40 CFR 60 Subpart DD] to address the

definition of temporary and permanent storage. The NGFA opposes efforts by EPA to change the long-standing USDA definition of temporary storage in an effort to subject such storage to costly Clean Air Act permitting fees, and is working with five other grain-processing organizations to interact with EPA during

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the agency's rulemaking process. The NGFA is co-chairing the effort with the National Oilseed Processors Association. The North American Millers Association, Corn Refiners Association, National Council of Farmers Cooperatives and USA Rice Federation also are participating in the joint effort.

**Combustible Dust:** The NGFA will continue to monitor regulatory proposals designed to promulgate a general industry standard for combustible dusts and the Occupational Safety and Health Administration's (OSHA) national emphasis program on combustible dusts. Our industry already is covered by an OSHA standard that took effect in 1988, which addresses combustible dusts in grain-handling facilities. The NGFA submitted a joint statement with the American Feed Industry Associa-

tion and Pet Food Institute in response to OSHA's advance notice of proposed rulemaking regarding the development of a proposed combustible dust standard for multiple industry sectors. The statement included a detailed description of the NGFA's previous research and education efforts to prevent grain dust fires and explosions, as well as a summary of the significant decline in the number and severity of explosions since the OSHA Grain Handling Facilities Standard [29 CFR 1910.272] was promulgated.

The NGFA also will monitor an OSHA-issued combustible dust national emphasis program that includes the wet corn milling [*Standard Industrial Classification (SIC) Code 2046*] and flour and other grain mill product (*SIC Code 2041*) industries.

### Conclusion

The NGFA has an active committee structure with industry expertise on all aspects of the grain, feed and processing industry. It also administers the oldest commercial arbitration system in North America. And its Trade Rules are recognized widely as reflecting the industry's standard practices for trade in grains, oilseeds, feed and feed ingredients, as well as barges and barge freight. These trading rules are incorporated by reference into the vast majority of U.S. commercial grain, feed and feed ingredient contracts.

NAEGA is positioned to quickly prevent or mitigate disruptions in the execution of export transactions affecting its membership. NAEGA members work jointly to foster a grain and oilseed export industry that provides the best environment for all stakeholders – from producer to consumer. Membership in NAEGA includes a commitment to promote certainty in the customs and usages of trade and commerce, and to integrity in a commercial environment supported by free trade and competition in commerce involving grain and other agricultural products. When government policy or trade circumstances present illegal or inappropriate barriers to U.S. exports of grain, oilseeds or their products, contact NAEGA.

Please contact the NGFA or NAEGA concerning any of the aforementioned priority issues and subject areas.

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