Issues for the Feed Industry from Washington

Virginia State Feed Association and Nutritional Management “Cow” College 67th Annual Convention

February 20, 2013

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Vice President, Feed Services
National Grain and Feed Association

NGFA Mission and Purpose

Abundant and Safe Food Supply

Promotion of Free Markets

Serving the Industry for More than 116 Years!!
About NGFA

• 1,050 Member Companies
  – Over 7,000 facilities
  – Feed manufacturing, grain handling and processing, integrated livestock and poultry operations, biofuels producers
  – Handle 70% of U.S. grains and oilseeds
  – Over 350 companies involved in feed production
• Strategic Alliances with Pet Food Institute and North American Export Grain Association
• 26 State and Regional Affiliated Associations

Developing Policy – NGFA Committees

• Agroterrorism and Facility Security
• Biofuels and Co-Products
• Biotechnology
• Country Elevator
• Feed Legislative and Regulatory Affairs
• Feed Manufacturing and Technology
• Finance and Administration
• Grain Grades and Weights
• International Trade/Agriculture Policy
• Legal Council
• Membership and Marketing
• Rail Shipper and Receiver
• Risk Management
• Safety, Health, and Environmental Quality
• Trade Rules
• Waterborne Commerce
Domestic and International Agricultural Policy

- Provide a sustainable and competitive supply of grains and oilseeds to meet rapidly growing demand
  - Support working farmland conservation programs
  - Advocate pro-growth agricultural policies

Extension of 2012 Farm Bill

- S. 3240 – Agriculture Reform, Food and Jobs Act of 2012
  - Passed Senate June 21, 2012 by 64-35 vote
- H.R. 6083 – Federal Agriculture Reform and Risk Management (FARRM) Act
  - Passed House Ag Committee July 11, 2012 by 35-11 vote
2012 Farm Bill
Chronology of US Farm Bills

- 2008 Food, Conservation and Energy Act
- 2002 Farm Security and Rural Investment Act
- 1996 Federal Agriculture Improvement and Reform Act
- 1990 Food, Agriculture, Conservation and Trade Act
- 1985 Food Security Act
- 1981 Agriculture and Food Act
- 1977 Food and Agriculture Act
- 1973 Agricultural and Consumer Protection Act
- 1970 Agricultural Act
- 1965 Food and Agricultural Act
- 1956 Agriculture Act
- 1954 Agriculture Act
- 1949 Agriculture Act
- 1948 Agriculture Act
- 1938 Agricultural Adjustment Act
- 1933 Agricultural Adjustment Act

Farm Bill Discussions

- **Senate Bill**
  - Eliminate target prices and counter-cyclical payments
  - Enhanced crop insurance coverage
  - Gradual scale back of CRP acreage to 25 million acres by 2017

- **House Ag Committee Passed Bill**
  - Eliminates direct payments – increases target prices
  - CRP acreage cap reduced to 25 million acres by 2017, but draw down more accelerated than Senate bill
  - Biotech expedited USDA approvals
CRP – “4th Largest Crop” in U.S.

- Corn: 88 million acres
- Soybeans: 78 million acres
- Wheat: 54 million acres
- CRP: 29.5 million acres

CRP - By the Numbers

- Current Cap: 32 million
- Current Enrollment: 29.5 million
- 2012-2016 Expirations: 14.7 million
- 2017-2021 Expirations: 10.4 million
Biotechnology

NGFA-Led Biotech Coalition

• Established in Aug. 2012 to strengthen communication throughout the value chain on biotech and marketability issues
  – Support benefits of biotechnology, but new events need to be introduced in a responsible manner to limit potential economic liabilities
  – Hundreds of new events in pipeline for commercialization in next few years
NGFA-Led Biotech Coalition

• Members:
  – American Seed Trade Association (ASTA)
  – American Soybean Association (ASA)
  – Corn Refiners Association (CRA)
  – Biotechnology Industry Organization (BIO)
  – National Corn Growers Association (NCGA)
  – North American Export Grain Association (NAEGA)
  – National Oilseed Processors Association (NOPA)
  – U.S. Grains Council

Food/Feed Safety

• Food Safety Modernization Act - signed into law Jan. 4, 2011
• “Historic” legislation
  – It’s NOT just recalls and inspections
  – It’s a call for a new, prevention-oriented food safety system to ensure the safety of feed/food products
  – Requires FDA to develop and issue more than 50 regulations and/or guidance documents over the next two-plus years
FSMA: Historic Legislation

2011 – Food Safety Modernization Act

1938 – Food, Drug, and Cosmetic Act

1906 – Pure Food and Drug Act

FSMA – Some Key Requirements

• Written Food Safety Plans
  – Written analysis of food safety hazards
  – Use of preventive controls to eliminate or reduce the risk of identified hazards

• Facility Registration is required with FDA every two years

• Increased Records Access to existing facility records if FDA has “reasonable belief” that food will cause serious adverse health threat
FSMA – Some Key Requirements

• **Inspection of food facilities**
  – Initial inspections within 5 to 7 years
  – Subsequent inspections every 3 to 5 years

• **Collect fees** for cost of
  – Reinspecting facilities that fail an original inspection
  – Conducting mandatory recalls
  – Hourly rate: $221 for domestic work

Food Safety
Resistance to Antimicrobial Drugs

[Images of cows, antibiotics, and media articles on antibiotics.]
Resistance to Antimicrobial Drugs

- FDA Policy Position on Judicious Use of Drugs in Animal Feed – April 13, 2012
  - Antimicrobial drugs important in human medicine should only be used for therapeutic uses in animals
    - Eliminate feed efficiency/production claims
  - Antimicrobial drugs important in human medicine should only be used with veterinary oversight
    - Dramatic expansion of VFD process in feed industry

Biofuels and Co-Products
Risk Management

10. Thornburg Mortgage
9. Chrysler
8. MF Global
7. Conseco
6. Enron
5. CIT Group
4. General Motors
3. WorldCom
2. Washington Mutual
1. Lehman Brothers

Oct. 31, 2011 - $1.2 billion “short fall”

July 10, 2012 - $220 million “short fall”
Risk Management

- NGFA active member in Commodity Customer Coalition (CME Group, the Futures Industry Association, others) to identify ways to minimize risk
  - Voluntary fully segregated account structure
  - Customer protection fund
  - Reforms to the U.S. bankruptcy code
    - Avoid pro rata loss-sharing in the event of a futures commission merchant liquidation
    - Enhancing customer rights in bankruptcy proceedings

Safety, Health and Environmental
Safety, Health and Environmental

- Continued Increased Enforcement Upon Grain Handling Industry
- Sweep Auger Letter of Interpretation
- Combustible Dust Rulemaking
- Globally Harmonized Hazard Communication Standard
- Rolling Stock Fall Protection
- Air Emission Rule for Feed Manufacturers

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**OSHA Activity – Feed Mills (SIC 2048)**

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Penalties 1,000's
Safety, Health and Environmental

- NGFA Safety Seminars
- NGFF/NCGA farm bin safety video

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Thank you!

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