Feed Industry Issues for 2012  
...NGFA’s Policy Agenda...

Presented to

Virginia State Feed Association  
Annual Conference  
Feb. 15, 2012

Serving the Industry for 116 years!

NGFA Mission and Purpose

Abundant and Safe Food Supply
Promotion of Free Markets

Serving the Industry for 116 Years!!

About NGFA

- 1,050 Member Companies
  - More than 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
  - Pet Food Institute
  - North American Export Grain Association

- 26 State and Regional Affiliated Associations
Developing Policy – NGFA Committees

- Agroterrorism and Facility Security
- Biofuels
- Biotechnology
- Country Elevator
- Feed Legislative and Regulatory Affairs
- Feed Manufacturing and Technology
- Feed and Animal Agriculture Strategic Issues
- Finance/Administration
- Grain Grades/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

Membership Value

- Rigorous Cost-Control
- Sound Financial Policies
- Careful Stewardship of Member-Companies’ Resources
- Dues Reduction: Average 14% Decline

Ideal time to consider NGFA membership!

NGFA Trade Rules and Arbitration
NGFA Arbitration – Cases Pending

NGFA Arbitration – Average Damages Claimed Per Case

Agricultural Policy

NGFA Goal – Provide sustainable, competitive supply of grains, oilseeds to meet rapidly growing demand
- Support working farmland conservation programs;
- reduce CRP
- Strengthen federal crop insurance
- No increase in target prices, loan rates
- Advocate pro-growth agricultural policies
2012 Farm Bill

- Farm Bill expires in September
- Senate Ag Committee Taking Lead
  - Hearings Scheduled through March (March 21 on commodity programs)
  - Starting with deficit-reduction blueprint
    - $23 billion in savings
    - Reduce number of conservation programs from 23 to 13
    - Restructure producer safety net; eliminate direct payments

CRP – “4th Largest Crop” in U.S.

- Corn: 88 million acres
- Soybeans: 78 million acres
- Wheat: 64 million acres
- CRP: 31 million acres

CRP Enrollment - June 2011

- Total: 31.2 million acres
CRP – By the Numbers

- Current Cap: 32 million acres
- Current Enrollment: 31.2 million acres
- 2012-2016 Expirations: 14.7 million acres
- 2017-2021 Expirations: 10.4 million acres

Food/Feed Safety

- Food Safety Modernization Act – Enacted Jan. 4, 2011
- ‘Historic’ Law
  - NOT just recalls and inspections
  - Requires establishment of new, prevention-oriented food safety system to ensure safety of feed/food products
  - Requires FDA to develop, issue 50+ regulations, guidance documents

FSMA – Key Requirements

- Written Product Safety Plans
  - Written analysis of hazards
  - Use of preventive controls to eliminate, reduce risk of identified hazards
- Facility Registration required with FDA every two years
- Records Access to existing facility records if FDA has "reasonable belief" food/feed will cause "serious adverse health threat"
- Inspection of Facilities
  - Initial inspections within 5 to 7 years
  - Subsequent inspections every 3 to 5 years
- Fees
  - Reinspecting facilities that fail original inspection
  - Conducting mandatory recalls
  - Hourly rate: $224 for domestic work
FDA Implementation of FSMA

NGFA Actions

- Focused on shaping outcomes of FDA rulemakings before agency issues proposed rules
- Formed eight cross-committee working groups
- Participated in all FDA 5 pre-rulemaking public meetings; additional private meetings with FDA leadership
-Submitted eight statements to FDA prior to rulemaking
- Education and training
  - April free webinar with PFI: 650+ participants
  - Plan additional webinars as proposed rules issued
  - Preparing guidance for industry once rules issued
- Involvement in Feed Safety Alliance with FDA, States
- Will submit comments on each FDA proposed regulation relevant to NGFA members

Risk Management

MF Global Bankruptcy – Where it Ranks Among U.S. Public Companies

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

Unprecedented Loss of Customer-Segregated Funds
MF Global Bankruptcy

NGFA Actions
- Urge prompt return of 100% of customer funds to former MF Global customers
- Facilitate continued timely, accurate information to NGFA members on claims process:
  [www.ngfa.org/mfglobalbankruptcy.cfm](http://www.ngfa.org/mfglobalbankruptcy.cfm)
- Retained bankruptcy counsel in New York
- Advocacy before Congress, CFTC, CME

MF Global Bankruptcy

NGFA Potential Policy Recommendations to Provide Additional Protection to Customer Accounts
- Extend SIPC insurance to commodity accounts
- Change way, place customer funds are held
- Tighter restrictions on uses of customer funds
- Tighter limits on FCM business activity
- NGFA Task Force to Evaluate Alternatives

MF Global Bankruptcy

What’s Next?
- Bankruptcy trustees, CFTC continue investigations – 72% of cash, property returned to commodity customers
- Contentious claims process
- Distribution plan by fourth quarter of 2012?
- Interim distribution by first quarter of 2013?
Safety, Health and Environmental

- Continued Increased Enforcement on Grain Handling Industry
- Sweep Auger Letter of Interpretation
- Combustible Dust Rulemaking
- Rolling Stock Fall Protection
- Air Emission Rule for Feed Manufacturers
Safety, Health and Environmental

- NGFA/Grain Journal Safety Seminar
  - Aug. 1-2, 2012 - Kansas City, Mo.
- Regional safety seminars and webinars
- NGFF education, information projects

Feed Industry Issues for 2012
…NGFA’s Policy Agenda…

National Grain and Feed Association
1250 I St., N.W., Suite 1003
Washington, DC 20005
202-289-0873
rgordon@ngfa.org
www.ngfa.org