



## National Grain and Feed Association **News Release**

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For Release  
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### **NGFA Urges Grain, Feed, Processing Industry to Voice Concern to U.S. Senators on Climate-Change Bill**

WASHINGTON – The National Grain and Feed Association (NGFA) is calling on companies involved in the grain, feed and grain processing industry to contact their U.S. senators during the August congressional recess to urge that they carefully weigh the impact that climate-change legislation would have on the nation’s ability to provide an abundant, affordable food supply for U.S. and world consumers.

Shortly before the congressional recess, the NGFA joined with 14 other major national organizations in submitting identical statements to the Senate Environment and Public Works Committee and Senate Agriculture Committee warning about various provisions of the House-passed climate-change bill (H.R. 2454), including the potential that its cap-and-trade approach will idle productive U.S. farmland.

The organizations also noted that facilities encompassing the breadth of food, agricultural commodity, feed, ingredient, beverage and consumer-product processors, manufacturers, distributors and retailers emit only about 2 percent of the nation’s greenhouse gases. Yet, under the House-passed bill, they would be disproportionately vulnerable to higher indirect costs for energy, transportation, inputs, commodities and regulatory compliance.

“Congress must take extreme care to avoid adverse impacts on food security, prices, safety and accessibility to necessary consumer products,” the NGFA and other groups wrote.

Established in 1896, the NGFA consists of more than 1,000 grain, feed and feed ingredient, grain processing, exporting, integrated livestock and poultry, biofuels and other grain-related companies that operate about 6,000 facilities that handle more than 70 percent of all U.S. grains and oilseeds.

At a minimum, the groups said, any climate-change legislation considered by Congress should include the following safeguards:

- Distribution of carbon-credit allowances should take into account the needs of manufacturers, distributors and retailers of food, agricultural commodities, feed and household products. On this score, the groups faulted the House-passed climate-change bill (H.R. 2454) for excluding manufacturers, distributors and retailers of food, feed and household products from receiving carbon allowances, which they noted would put the U.S. food and agriculture sector at an economic disadvantage because of its heavy reliance on energy.

Instead, the groups urged the Senate to include allowances based upon each industry sector's historic emissions, and allocate additional allowances to reflect practices implemented to reduce emissions between 2000 and 2012.

- If an emissions ceiling is adopted in legislation, the U.S. Environmental Protection Agency (EPA) should not be allowed to reduce such a cap in the future, or to use the Clean Air Act to regulate emissions to levels less than the statutory cap.
- Food processors, agricultural commodity handlers and processors, farmers, ranchers and others should be permitted to generate carbon offsets for credit. The groups said that no distinction should be made between the use of domestic and international offsets, and no restrictions should be placed upon the use of offsets by covered facilities. But such a system should “strike a balance between the need for affordable offsets and the need for productive farmland,” they said.

- The legislation should preempt and/or harmonize existing and future state, local and regional climate-related programs. The groups also said that any federal climate-change legislation should explicitly preempt EPA regulation of greenhouse gases under the Clean Air Act, including the agency’s authority to issue new source performance standards for sources that emit between 10,000 and 25,000 tons of carbon dioxide-equivalent gases per year.
- Congressional passage of climate-change legislation should be contingent upon the Senate also ratifying an international treaty among “all major sources” of carbon emissions that obligates such countries to reduce greenhouse gases on a global basis. The groups said any U.S. climate-change bill should not authorize the administration to impose tariffs or other border restrictions on imports from other nations that do not have equally stringent limits on greenhouse gas emissions. “[C]limate change legislation should be designed to comply with our trade obligations,” the groups said. “We should not demonstrate global climate leadership by undermining our commitment to global trade.”
- Any legislation designed to reduce greenhouse-gas emissions also should ensure that there will continue to be a safe, abundant and affordable supply of food, feed and other agricultural products.

The organizations also urged the Senate to scrutinize carefully the potential costs of carbon allowances between 2020 and 2050 – a shortcoming in the House-passed bill – resolve any tax-treatment questions concerning such allowances, and determine how any futures or derivatives markets that may arise under a cap-and-trade approach will be regulated. Significant financial incentives also should be made available for energy-efficiency improvements, the groups said.

The NGFA’s membership encompasses all sectors of the industry, including country, terminal and export elevators; feed and feed ingredient manufacturers; cash grain and feed merchants; end users of grain and grain products, including grain processors, flour millers, biofuels manufacturers, and livestock and poultry integrators; commodity futures brokers and commission merchants; and allied industries. Canadian

and Mexican firms also are NGFA members, and use its Trade Rules and Arbitration System by specific reference in their contracts.

The NGFA also consists of 35 affiliated state and regional grain and feed associations, as well as two international affiliated associations. It has strategic alliances with the Pet Food Institute and the Grain Elevator and Processing Society, and is co-located and has a joint operating and services agreement with the North American Export Grain Association.

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