The Difference-Makers

NGFA Chairman’s Address

by

Gary Beachner

President and Chief Executive Officer
Beachner Grain Inc., Parsons, Kan.

Before the

120th Annual Convention

National Grain and Feed Association

March 15, 2016

Good morning!

Let me begin by thanking you for the honor of serving for the past two years as Chairman of our industry’s preeminent national trade association. The privilege of serving in this role for such a respected and high-performance organization, and the experiences I’ve had, have without question been the highlight of my industry career.
As my two-year term of office comes to a close, I want to share some thoughts about “The Difference Makers” that I believe those of us involved in this great industry represent. And I want to highlight several areas that demonstrate our ability to magnify that impact and the difference we can make when we work collectively through this national association. But I also want to challenge us to do more – much more!

The difference we make begins with a commitment to a noble purpose that I believe the bright, dedicated and talented people in this industry bring to the job each and every day: Namely, a commitment to provide a safe, sustainable and affordable food supply to humankind. Food security is more than a slogan for those of us engaged in the grain, feed, grain processing and export business.

A second ingredient is the way in which the people involved in this business do business. Ours still is an industry based on integrity, trust and ethics – where a person’s word is his or her bond. People whose professional conduct I admire greatly and with whom I’m proud to be associated. Outliers don’t last long in our world!
Third is our industry’s – and this Association’s – commitment to the bedrock principles of free-markets, free-enterprise and competition. We look first and foremost to private-sector solutions, not government, to meet the challenges we face.

In this regard, we may seem out of step with the times, given that an avowed “Democratic” socialist and a business tycoon who opposes free trade – and seemingly about everything else on which our democracy is founded – seem to be dominating much of our nation’s current political discourse. But I would submit that the core economic and societal values on which America is based will ultimately prevail.

So, how do these principles and basic truths help us make a positive difference in meeting the challenges our industry confronts?

First, NGFA’s world-class system of Trade Rules and Arbitration is a gift that keeps on giving as a contributor to our business efficiency and competitive business environment – the ultimate private-sector insurance policy in the marketplace.
Our former outside legal counsel, the late Earl Kintner of Arent Fox, who served as a former chairman of the Federal Trade Commission under President Eisenhower, called NGFA’s system a “special jewel.”

Little wonder. More than 100 dedicated individuals from NGFA-member firms volunteer their time and effort to serve as arbitrators by virtue of their knowledge, expertise in trading matters, understanding of trade practice, and their statesmanship and integrity.

The Trade Rules and Arbitration System remain one of the NGFA’s most-valued, most-used and most-respected membership services.

The question now is whether we can extend this proven form of private-sector dispute-resolution into other important commercial relationships in which we operate.

Here’s an example. NGFA’s Biotechnology Committee is initiating discussions with individual technology owners and providers on responsible stewardship and commercialization approaches in an effort to avoid the kind of severe market
disruptions that have occurred in the past. Our Association supports biotechnology and other scientific and technological innovations that contribute to increased and sustainable production of an abundant, safe and high-quality food and feed supply for U.S. and world consumers. But, consistent with our Mission Statement, we also support the right of customers and consumers to exercise choice and preferences when sourcing agricultural commodities and products.

The challenge before us now is how reconcile the need for innovation while still protecting access to global markets. The U.S. producer can grow it. But if the bounty of American farmers can’t be sold in a fungible, efficient market, what have we gained?

Can we find the sweet spot? NGFA’s Biotech Committee certainly believe it’s worth trying.

What’s more, innovation doesn’t stop. Next on the horizon are new genetic engineering technologies – like gene editing and cisgenics – that are much lower cost plant-breeding techniques. These technologies likely will encourage many more entrants into the genetic engineering field, not only for grains but for vegetables, flowers and other products, as well.
We need to work proactively and collaboratively with other sectors and governments around the world to avoid the same kind of disjointed and uncoordinated regulatory approaches that have plagued transgenic biotechnology and roiled markets.

The NGFA’s Rail Shipper/Receiver Committee also has accepted the challenge of being a difference-maker by exploring whether our unique Rail Arbitration Rules can be expanded to apply to additional areas of shipper-carrier disputes – including rates and accessorials. This, too, will require some creative, outside-the-box thinking and a lot of effort. And it will require a willingness of our rail partners to explore a constructive dialogue. But again, NGFA is willing to take up the challenge as the ONLY sector of American business that currently has access to rail arbitration.

It is a high compliment that even the federal agency that regulates freight railroads – the Surface Transportation Board – is openly looking to the NGFA to explore private-sector solutions and is trying to reshape its own arbitration approach to be more like ours.
The NGFA also is making a difference in preventing government regulatory overreach that can stifle business efficiency, productivity and economic performance.

A good current example of that involves our efforts to work with the Commodity Futures Trading Commission to resolve a significant problem with a Dodd-Frank regulation on speculative position limits that would redefine what the agency considers to be a *bona fide* hedge. The CFTC’s original proposal would have put into question the legality of several hedging strategies long used by our industry. Here are just a few hedging strategies that could be put at risk: 1) pre-hedging of farmer grain purchases outside of exchange trading hours, such as weekends; 2) pre-setting of futures carrying charges to manage spread risk (such as before harvest); and 3) anticipatory hedges prior to export tenders.

The NGFA has made a difference already, organizing a group of like-minded agricultural producer, livestock and agribusiness groups that have successfully gotten the CFTC to pull back and reevaluate its planned rules. We’re cautiously optimistic of a successful outcome very soon.
And when government does extend its reach into the private sector, the NGFA has a well-deserved reputation for trying to work with government to achieve its legitimate public policy objectives, while averting regulatory overreach that shackles business efficiency.

A current case-in-point is the Food and Drug Administration’s regulations implementing the Food Safety Modernization Act – the most far-reaching change in U.S. food safety laws since the 1930s. Yet, NGFA still was able to secure an exemption from the most onerous requirements of FDA’s regulations for grain elevators solely engaged in storing, handling and shipping grains and oilseeds. Those exemptions include requirements to conduct a hazard analysis, implement current good manufacturing practices and preventive controls, develop written food safety plans and conduct supply chain verification.

And for the feed industry, we believe our efforts will be successful in greatly limiting the number of “hazards” that may require preventive controls. A failure to achieve this objective would trigger a slew of burdensome requirements for ongoing monitoring and verifying that the preventive controls are effective, as well as onerous recordkeeping.
NGFA’s leadership on FSMA was recognized by FDA when it tapped our Senior Vice President of Feed Services David Fairfield to chair the Animal Food section of the Food Safety Preventive Control Alliance. This Alliance is a collaboration of federal and state feed regulatory officials, industry representatives and subject matter experts from academia who are developing standardized, consistent guidance that will be used to train both inspectors and the regulated industry. NGFA also is initiating its own series of FSMA training seminars for industry in cooperation with our State and Regional Affiliates and State feed regulatory agencies. I encourage you to get in on the ground floor to learn how this law and FDA’s regulations will affect your business operations.

The NGFA also is working to be a difference maker in when it comes to trade.

Our International Trade/Agricultural Policy Committee is making a concerted effort over the next several months to urge congressional passage of the TransPacific Partnership trade agreement – and will be seeking the support of all NGFA member companies.
Granted, the odds are long. And it certainly isn’t made easier by the anti-trade messaging being spouted by the leading presidential candidates of both political parties.

But difference-makers should not – and cannot – sit idly by. Our industry – indeed all of us in agriculture – knows better than anyone about the economic growth and jobs made possible by trade agreements that reduce tariffs and eliminate trade barriers. Further, the TPP agreement for the first time brings more transparency and accountability for resolving sanitary and phytosanitary issues, and contains our long-sought goal of a rapid-response mechanism for resolving disruptions in ag shipments if and when they do occur. TPP also contains the first-ever biotechnology section that requires countries to be transparent, accountable and science-based in their biotech-approval policies.

This is one area in which we need to do more – much more. We’re going to be asking for NGFA members to mobilize to reach out to their members of Congress in a concerted effort to pass TPP this year.
Finally, your Association continues to be a difference-maker through its proactive education and training outreach to the industry to enhance the safety of our most important assets – our colleagues who work in our facilities.

We continue our ongoing series of one-day Regional Grain Handling Safety Seminars in partnership with State and Regional Grain and Feed Associations to further disseminate the safety message. And the NGFA is in the process of hiring person to fill a new position of Manager of Regulatory Affairs, Education and Training. The person filling this new position will be updating and expanding our compliance guidance and other training and educational materials on employee safety, food and feed safety and other regulatory challenges our industry faces. This new staff member will further enhance NGFA’s ability to respond to other business and operations-related needs of member companies.

A key ingredient to the NGFA’s ability to be a difference-maker is the broad base of our membership, our grass-roots political strength, and the willingness of industry members to invest their time and talent by getting involved in the Association’s committees, Board and leadership, as well as a talented staff who works hand-in-hand with industry members.
My own experience is a testament to how inclusive the NGFA is and how eagerly it encourages involvement of all types and sizes of companies in our business at the highest levels of the Association. It also helps explain why the NGFA, unlike many other trade associations, continues to grow its membership and enjoy a sound financial footing.

**Conclusion**

Can it be done? Can we continue to be a positive difference-maker?

In a recent Op-Ed piece in the *Wall Street Journal*, one of my favorite columnists – Peggy Noonan, a former speech writer for President Reagan – lamented the decline in public faith in the institutions that have been the bedrock of American society – the church, the professions, the banks, the presidency and the Supreme Court. In fact, she noted, the only formal national institution that continues to score high in terms of public respect is the U.S. military, which had a 72% approval rate in the most recent Gallup poll.
She then recalled a lecture she gave at West Point, in which she told Army cadets that they were entering the only U.S. institution left largely untarnished. “Your prime responsibility throughout your careers will be to keep it respected,” she told the cadets. “Your personal integrity is of the utmost importance, as day-by-day that integrity creates the integrity of the institution.”

Today, we find ourselves in a precarious position within the United States, with so many of our institutions – and indeed our free-enterprise, market-based economy – under attack. Many of those pushing against the system have no clue how precarious what they are advocating is, or what they will be destroying if they succeed.

That makes it even more imperative for our industry to continue to burnish its hard-won reputation for ethical and above-board business conduct. And to make a difference by pushing back strongly when the principles we cherish are attacked and denigrated.

I truly believe that America’s fundamental truths and founding principles ultimately will prevail.
In that, I hearken back to words of the former president for whom Peggy Noonan worked – Ronald Reagan – who during a commencement address in 1981 at the University of Notre Dame concluded by saying America had again begun to remember that government has certain legitimate functions, but that when it undertakes tasks that are not its proper province, it can do none of them as well or as economically as the private sector. “There are no such things as limits to growth,” President Reagan said then, “because there are no limits to the human capacity for intelligence, imagination and wonder.”

Those words are as true today as they were three decades ago. It just takes men and women like us to breathe new life into them. Thank you again for the honor of serving as NGFA Chairman. And thank you for being Difference-Makers!

Enjoy the rest of the convention!