

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2235

2001 SENATE AGRICULTURE

SB 2235

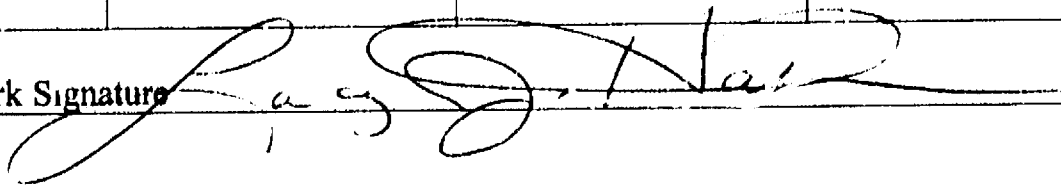
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2235

Senate Agriculture Committee

☐ Conference Committee

Hearing Date January 26, 2001

Tape Number	Side A	Side B	Meter #
Jan. 26 2	X		13.8 - End
		X	0.0 - 6.1
Committee Clerk Signature 			

Minutes:

SENATOR WANZEK; Sponsor, introduced the bill. See attached testimony.

REPRESENTATIVE POLLERT; Sponsor, testified in support of this bill.

KEN BERTSCH; ND State Seed Commissioner, testified in support of this bill. See attached testimony.

SENATOR NICHOLS; How do you plan to pay for this?

KEN BERTSCH; There are two things that are an issue here, we are self funded and we internalize the development cost and that is what we have chosen to do.

SENATOR KROEPLIN; What are field inspections intended for?

KEN BERTSCH; We are unsure of how this is going to happen. We are trying to be flexible enough in setup.

DAVID MORKEN; Unity Seed Co., Casselton, testified in support of this bill.

NEAL FISCHER; ND Wheat Commission, testified in support of this bill.

Page 2

Senate Agriculture Committee
Bill/Resolution Number SB 2235
Hearing Date January 26, 2001

CLYDE KREBS; ND Grain Dealers, testified in support of this bill. See attached testimony.

JOAN JIRIK; testified in support of this bill.

BRIAN KRAMER; ND Farm Bureau, testified in support of this bill. This is not just a GMO bill, it is a variety protection bill and identity preservation bill. We will be able to determine whether or not those crops are GMO and segregated. The non GMO crops are going to benefit from this program just as much or more than GMO products.

The hearing was closed.

SENATOR KLEIN moved for a DO PASS on SB 2235.

SENATOR URLACHER the motion.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR WANZEK will carry the bill.

FISCAL NOTE

Requested by Legislative Council
01/17/2001

Bill/Resolution No.: SB 2235

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Service development costs are internalized in department program budgets. Costs in excess of normal are funded through contingency line item as unanticipated expenses.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Ken Bertsch	Agency:	Seed Department
Phone Number:	701-239-7210	Date Prepared:	01/22/2001

Date: 1-26-01
Roll Call Vote #: /

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2235

Senate Agriculture Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SEN. KLEIN Seconded By SEN. URLACHER

Senators	Yes	No	Senators	Yes	No
Senator Wanzek - Chairman	✓		Senator Kroeplin	✓	
Senator Erbele - Vice Chairman	✓		Senator Nichols	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment SEN. WANZEK

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 26, 2001 12:35 p.m.

Module No: SR-14-1721
Carrier: Wanzek
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2235: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2235 was placed on the
Eleventh order on the calendar.

2001 HOUSE AGRICULTURE

SB 2235

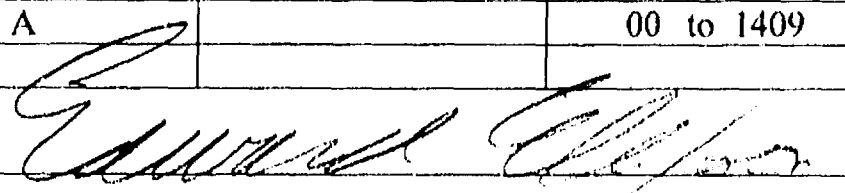
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2235

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--09--01

Tape Number	Side A	Side B	Meter #
ONE	A		2120 to 6256
TWO	A		00 to 1409
Committee Clerk Signature 			

Minutes:

VICE CHAIRMAN JOHNSON: We will go to SB 2235.

SENATOR WANZEK: RELATING TO THE INSPECTION, ANALYSIS AND
VERIFICATION OF SEEDS AND CROPS; AND TO PROVIDE FOR A REPORT:

When I had this Bill in the senate, I had a prepared statement. This is a bill that I feel quite close to. It is a proactive approach to our seeds and our markets, It provides our producers a mechanism for a tool that they can use to go to their customers. With a verification that the product or the commodity that they are selling to the end user has the characteristics or traits that that end user wants. I know personally that we have marketed soy beans to Koreans. Some other farms have. Some of the exporters tell me that when they go to Korea and into a buyers room that you see a map of ND. on the wall. We are recognized for the high quality of our beans and food grade grains. They also look at official looking documents which we have. Certified seed and verification. We need this as a positive thing to address the future of Agr.

and what I think will come down the pike. We are not going to be growing commodities any more we are going to be growing special end use crops. It needs this kind of service to verify and keep separate and segregated. This Bill essentially just authorizes the seed commission to start adopting or putting together the rules and regulations and implementing a program like this.

That will be done through the seed commission. It would be patterned after like our certified seed program is now. We have an inspector come out, they do lab inspections and do certification and verification. that your seed is of good quality and certain variety of germination values. This will be patterned after that but extended beyond.

REPRESENTATIVE ONSTAD: As crops have gone overseas to different countries. We need to be streamlined. With this bill it will be verifications of the product.

REPRESENTATIVE DELZER: DIST: 22 I support this Bill. We are in a new era. with the GMO crops. I think that there is a definite need for us to be able to have better access to identifying GMO crop. On our farm we purchase seed from a company. Raise the seed non GMO crop raise the seed and probably keep some of the seeds back for one year. That is entirely legal. When I keep that seed back, I think that we have reached a point now where I may want to test that seed even before I plant it or know that it has been tested so that I know that it is GMO FREE. Because if I am purchasing a crop that I think is GMO free, plant it, keep it for seed, replant it I could unknowing be violating the law. We want to make sure that we have the facilities and testing available.

REPRESENTATIVE LLOYD: Testing is not simple. 5 to 15 percent is the error rate. Testing can take time. Labor can be expensive. Significant labor. I hope people aren't going to think it

is going to be easy to take a sample from the grain bin and have it easily identified whether it is contaminated or not because I don't think it will be that easy. This is more of a statement.

REPRESENTATIVE DELZER: Just not cleaning up your bins, your seeders etc and you can exceed tolerances. Testing is not a perfect science. We want to identify what we are going to be planting

SENATOR WANZER. Considering that there is not a perfect science, I hope that we will be cautious and I have complete faith in the state seed commission that they will be careful in stating how far we will go with this and making statements that this is certified zero non GMO. I would never sign an agreement as a producer saying I am certifying that there is zero GMO crops. I would certify that I planted Non GMO. Maybe some day we will have better testing.

REPRESENTATIVE LLOYD The level of Zinc in our seed is minimal. Other countries like that low percentage.

KEN BERTSCH: ND. STATE SEED COMMISSIONER: Please see printed testimony.

I am going to walk through the Bill. There are two things happening here. GMO controversy. Relating to crops. Please see Bill as to walk through. In section one Analysis means the laboratory examination of seeds, crops or plant tissue to determine the genetic identity or physical traits of the seeds or crops. See page two line four and down.

We have the dispute

There are going to be dozens of different patented trades that are contracted. We are establishing programs over the next few years that will work.

WE have Field inspections, Inspection and analysis fees, laboratories and facilities, identity preservation, segregation, trace ability, labels, documentation, contract for services, protection of growers, deposit of fees, investment, warranties regarding seeds or crops.

REPRESENTATIVE BERG: On your revenues. Is this how they are all split, 20 % general fund and the balance on a revolving basis?

KEN: 20% OF OUR INTEREST GOES INTO THE GENERAL FUND. 80% STAYS WITH THE DEPARTMENT. THE REST OF OUR REVENUES ARE ALL FEES FOR SERVICES AND BECOME A PART OF THE BUDGET.

PAGE TWO LINE 29 WARRANTIES REGARDING SEED CROPS. How can you guarantee with any certainty what you have is zero. This section is standard language again. It is a standard disclaimer. We can't as a state agency say this seed is GMO FREE. It scientifically impossible.

Please read the entire printed text and the actual Bill There are no international standards out there. There is no such thing as a set tolerance of what is allowed in the industry. This is just an example. In the absence of National and International standards we are floating around on are own out here. That is why we started thinking about this Bill Actually put some teeth in what we do at a state level. We have an opportunity to pick up a strong leadership roll on this issue, nationwide. Hopefully this will really help the producers. Putting stewardship in the genetically modified material.

REPRESENTATIVE PIETSCH: This strikes me that we are moving from certification to verification of input to a vital product for verification in terms quality exists in the product that is going into the market place. I can see this as a massive increase in the business of the seed

commission. Do you believe that if that were to happen, do you have the capacity to expand
There will be private companies coming in this area in five or so years. Do you envision your
self and have the service capacity to meet this market because I think it is going to happen
quickly. It won't be a slow steady growth. Do you think the seed commission is in a position
to handle this.

KEN: I HOPE SO. Once the federal standards are put in place we certainly hope so.
There is internally set up costs and once we start producing revenues exactly as you are saying
meets before we are able to have the capacity to do that. We do have some money in a reserve
fund. We are already doing similar things. Doing lab test to the best of our abilities.
We give the state seal as to our tests. Over seas it is a wonderful thing.

REPRESENTATIVE PEASCH: Can you use NDSU for help.

KEN: Yes we use them frequently and go back and forth. In a number of areas.
In the plant pathology our we will be going back and forth also.

REPRESENTATIVE ONSTAD: We are basically expanding the seed commission. Do you
see an increase of fees to handle this expansion.

KEN: Not an expansion. We will put different fees for different services. For different
programs that we put together. An example, We are expanding our capabilities of our diagnostic
capabilities Different type of corn GMO test or SOYBEAN TESTS ETC. We must
approximate the cost of service. That is how we try to set our fees. The expansion issue is not
going to mean that the rest of our fees are going to be higher, it's going to mean we are going to
have more of them, based on the number of services that we are providing.

Representative Onstad: Basically what you are going to say is that you need more money to run your department.

KEN: You don't give us any money to run our department.

ONSTAD: I know but, you are going to need more dollars coming into your department. You are self funded. But, you basically are going to need more money to run your department.

KEN: At some point yes, we are going to have more revenue. and a larger budget. In the perfect world, if we are doing as Rep. Peasch suggests, more and more business in regard to this type of program, yes we will need more diagnostics capabilities, and more highly trained people out in the field that can recognize certain traits in the visual inspections process. All of those things will cost more. We can only hope that as the budget process moves on we will have the numbers in place to allow us to do that. The language as to the bill has been in place since probably 1939. Other agencies that have those fund balances have to have them in the Bank of ND. This is by state law. The bank keeps 20% of what ever interest is generated and we keep 80% for our department. Our revolving fund. I am not sure our leeway is any different then any other agency.

Representative Lemieux: When you are looking at these testing procedures, using prudent business practices, Will you examine whether outsourcing these testing procedures either pass the University or private industries, Will you take that into consideration? In your determination as to doing the testing?

KEN: Yes, we will. WE have to achieve a decent balance or we will look hard at out sourcing certain types of tests. That is off in the distance.

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House Agriculture Committee

Bill/Resolution Number SB 2235

Hearing Date 3---09---01

LEIMUEX: The other question that I have is that the commission shall establish the procedure for inspecting. Do you foresee the seed department doing inspecting for lets say patent holders of GMO'S? Getting involved in inspecting for them or is this mostly for producers?

KEN: What I envision here is the separation between dispute processes and for fee services. If we are talking about the fee process. In terms of dispute processes. We will have the disputing people present. That is how we will handle that part of the issue. It is a fee for service issue regardless as to who it is for. It is the owner of the crop, that will be the determining factor for what we do. If it is a private company and they own the crop that is in the field, they have a contract with the producer or something like that, it is a well arranged circle that we become involved with those parties. That is the model that we are going to use.

REPRESENTATIVE MUELLER: Are you biting off more then you can chew on this one. Do we have the resources. This is huge. Can you do it.

KEN: I don't have the answer. There is no one that has any capability of even taking a shot at it. This is open ended. This bill is to create programs. This is the frame work, do it if you can. It dose not say shall. We make the determination. We may have to create a lot of partnerships to make this happen. I know we are going to have some partnerships. Grain industry etc.

We need to meet demand. We are half way there. We have to take a shot at the rest of it too.

VICE CHAIRMAN JOHNSON: Any other testimony in support of this bill.

LINDA RANSEN: DAKOTA RESOURCE COUNCIL. I am here on behalf of the council.

WE ARE IN SUPPORT OF THIS BILL. WE URGE YOU TO DO A DO PASS.

VICE CHAIRMAN JOHNSON: Any other support of this Bill. Any opposition?

WE WILL CLOSE THE HEARING ON 2235. 1A: 1409

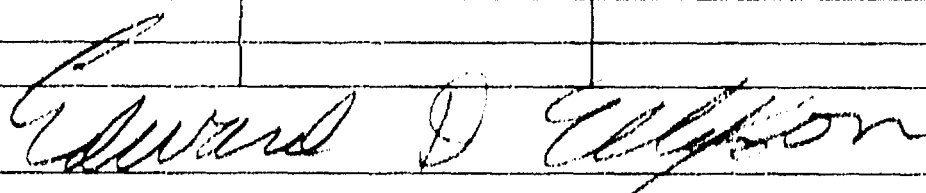
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2235

House Agriculture Committee

☐ Conference Committee

Hearing Date 3-16-01

Tape Number	Side A	Side B	Meter #
TWO	A		3725 TO 5000
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: WE WILL OPEN THE HEARING ON SB 2235.

BILL IS RELATING TO THE INSPECTION, ANALYSIS, AND VERIFICATION OF SEEDS AND CROPS; AND TO PROVIDE FOR A REPORT.

REPRESENTATIVE WRANGHAM MOVES FOR A DO PASS IS THERE A SECOND?

REPRESENTATIVE LLOYD SECONDED THE MOTION.

REPRESENTATIVE LEMIEUX: PLEASE SEE BILL AS TO TESTIMONY. HE DID MENTION THAT IT IS HARD TO FIND UNCONTAMINATED SEED.

TOUGH TO FIND SOYBEANS SEEDS THAT ARE NOT CONTAMINATED WITH GMO.

REPRESENTATIVE BERG: ADMINISTRATIVE RULES WAS BROUGHT UP

REPRESENTATIVE MUELLER: COMPANION ISSUES SB 2204 AND SB2235

REPRESENTATIVE LLOYD. I THINK THEY WILL GET SET UP TO RUN THESE TESTS IF THEY ARE NOT ALREADY BUT IN THE MEAN TIME THEY CAN ALWAYS

Page 2
House Agriculture Committee
Bill/Resolution Number SB 2235
Hearing Date 3--16--01

SUBCONTRACT OUT TO A LAB THAT IS DOING IT. THERE ARE SEVERAL LABS. ESPECIALLY THE ONE IN SD. THEY SHOULD CHECK OUT THE LAB IN SD TO MAKE SURE THAT THEY WILL BE TESTING ACCORDING TO THEIR SPECIFICATIONS. AS FAR AS THE FEE'S GO I WOULD SAY THEY ARE IN LINE. MAY BE A LITTLE HIGH.

REPRESENTATIVE ONSTAD: WISE IDEA TO DO SUBCONTRACTING.

REPRESENTATIVE LEMIEUX: I THINK WE HAVE TO ESTABLISH FEES THROUGH ADMINISTRATIVE RULES. WE ARE TYING THE HANDS OF THE INDEPENDENT AGENCY THAT DOSE HAVE A PRODUCER BOARD THAT HELPS ESTABLISH THOSE FEES AND THEY ARE NOT GOING TO BE UNREALISTIC, THEY WILL ONLY GOING TO COVER THEIR COST. I HAVE NO MAJOR PROBLEMS WITH THIS BILL.

REPRESENTATIVE BERG: LETS RUN IT OUT.

CHAIRMAN NICHOLAS: THE CLERK WILL TAKE THE ROLL.

THERE WERE """"14 YES""""0 NO""""1 ABSENT""".

REPRESENTATIVE LEMIEUX WILL CARRY THE BILL

WE WILL CLOSE ON SB 2235.

Date:
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By Seconded By

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	<input checked="" type="checkbox"/>		Rod Froelich	<input checked="" type="checkbox"/>	
Dennis E. Johnson - Vice Chairman	<input checked="" type="checkbox"/>		Doug Lemieux	<input checked="" type="checkbox"/>	
Rick Berg	<input checked="" type="checkbox"/>		Philip Mueller	<input checked="" type="checkbox"/>	
Michael Brandenburg			Kenton Onstad	<input checked="" type="checkbox"/>	
Joyce Kingsbury	<input checked="" type="checkbox"/>		Sally M. Slandvig	<input checked="" type="checkbox"/>	
Myron Koppang	<input checked="" type="checkbox"/>		Dennis J. Renner	<input checked="" type="checkbox"/>	
Edward H. Lloyd	<input checked="" type="checkbox"/>		Dwight Wrangham	<input checked="" type="checkbox"/>	
Bill Pietsch	<input checked="" type="checkbox"/>				

Total (Yes) 14 No 2

Absent 1

Floor Assignment Page 2 of 11

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 16, 2001 1:45 p.m.

Module No: HR-46-5886
Carrier: Lemieux
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2235: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS
(14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2235 was placed on the
Fourteenth order on the calendar.

2001 TESTIMONY

SB 2235

Testimony on SB 2235
Senate Agriculture Committee

Mr. Vice Chair and Senate Ag Committee Members:

My name is Terry Wanzek, State Senator from district 29. As legislators, you would understand that we each, typically have one or two bills a session that we take personal ownership and pride in, and nurture and shepherd through the process. Well, for me, this is it.

It seems that each legislative session takes on it's own personality or identity. I sense that for Agriculture, this session, it is the concern or fear of biotechnology, or in other words GMO crops, and the resultant effect it has on our markets. There is a concern that we will destroy our markets, that customers will be reluctant to buy our crops. It is a concern that we need to take seriously, if we are to believe the customer is king.

There will be a number of other bills that will pertain to the biotech issue. There will be bills that will, definitely, be more visible, draw more attention, create more controversy and more ink in the news. However, in my opinion, I believe there will be none other, that will, as quietly, be more pragmatic, more effective, more positive and proactive, long term, in addressing this issue of GMO's and the fear of losing our markets because of customer rejection. To my knowledge, ND would be taking the lead in the nation in adopting these guidelines for establishing an official state identity preserved program. Essentially, this bill would authorize, within the current structure of the State Seed Commission, an official service for our producers, totally voluntary, that inspects, analyzes and verifies the genetic identity and any other physical traits, that might be of importance to the market, of seeds or crops.

This is a market approach in dealing with the perceived problem of biotech crop by our customers. This is in no way meant to be an indictment of biotechnology. Matter of fact, personally, I believe there are probably some tremendous potential benefits that we have not yet begin to realize with this technology. Not just benefits from solely a producers point of view, but possibly benefits for consumers and the common good.

However, we are where we are today, and I believe the customer is king. This bill falls in line with the mission statement of COFA, stating our desire to be recognized as a supplier of the highest quality food in the world. This bill will be a tool for those enterprising, entrepreneurial and industrious ND producers who wish to add value to their production by providing customers with an official documented assurance of the quality traits, characteristics, and purity and that this quality has been segregated and preserved.

Ready . . . Set . . . ISO

Iowa farmers achieve international quality certification

By Greg D. Horstmeier

Get ready for the next program in agriculture. It's ISO, which stands for International Organization for Standardization. It also stands for quality—a much sought-after and recently assigned adjective in the grain world.

Quality control is a bit of a new concept for agriculture. To farmers hoping to land future contracts for high-value, identity preserved (IP) grains, quality control will mean a whole lot more than getting the combine's concave settings right.

"If farmers are going to participate in some of those future IP crops, we have to be ready to meet the qualifications that end-users have," says Russ Steffensmeier, who raises crops and finishes cattle near Donnellson, Iowa. "If we're not ready ahead of time, we may miss out."

Prepared to act. To get ready for the global marketplace, Steffensmeier and four other farm families in southeast Iowa recently became the first grain farmers on record to meet ISO 9002 standards for quality control.

ISO 9000 is the generic term for quality control standards developed by the International Organization for Standardization, an independent agency based in Geneva, Switzerland. The organization was founded to develop standards for quality that would help businesses move goods and services across country borders.

If a company becomes ISO certified, buyers know the products meet high quality standards. The 9002 standards are specific to companies that produce goods or services.

"Having that international recognition is important in today's global food marketplace," says Robert Dodds, Extension director in Lee County, Iowa, who helped initiate the farmers' ISO quest.

"The standards are fairly rigid, and require that you put a lot of thought and documentation into how you buy supplies, how you plant and manage the crop, and how you harvest, store and deliver the grain," Dodds says. "But the benefits go beyond the recognition of certification."

After receiving manuals on ISO certification, the farmers each looked at their own operations and designed systems for tracking and recording that they were growing a quality crop.

It's important that ISO-certified companies be involved on both ends, Steffensmeier says. Part of his ISO plan is to purchase seeds from ISO-certified companies. He detailed how he would receive and store seed until planting, his planter-calibration process, and how he will decide who applies fertilizers and pesticides. Crop scouting must be carefully documented. Combine cleaning and grain drying practices also must be specified. His plan calls for grain to be delivered to an ISO-certified elevator at Weyer.

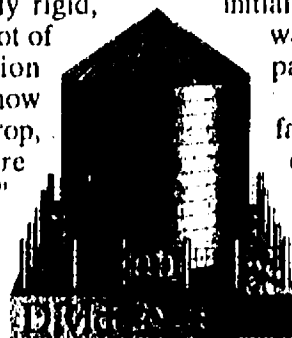
"It may seem like a lot of work and

expense, especially when we don't yet have a contract for some specialty crop," Steffensmeier says. "But we've already learned a lot about our own operation, and are much more prepared for emergencies. We did a fairly good job of documentation beforehand, but now we have a complete system to know what seed lots we planted and what herbicides were applied when." Each step must be logged and initialed. The result is proof of what was done right and a thorough paper trail if things go wrong.

For final certifications, the farmers faced a visit by ISO auditors. They looked at field- and grain-handling equipment and personally visited the fields and looked at field records to make sure the ISO procedures were up to snuff. Total cost, including travel costs for the auditors from the United Kingdom, ran approximately \$4,000 for each farming operation. Auditors make annual visits to each farm, for a lesser fee, to ensure processes are being followed.

Growth potential. The group is now looking to expand. Another 10 area farmers plan to go through the process.

"We want to get enough acreage in this area under the ISO 9002 standards to be able to attract serious consideration from companies looking for farmers to grow specialty grains," Dodds says. "It's also easier to do this as a group than if each grower did it individually. They can coordinate auditor visits and share those costs."



Wheat Gridlock

No IP windfall yet for wheat growers, but hope remains

Identically-preserved (IP) markets for corn and beans have been at times the difference between ho-hum prices and a solid profit. No wonder farmers spent much of the 1990s scrambling for the most coveted specialty grain contracts.

But wheat farmers haven't always been so fortunate. For several years, Dan Kidd of Big Sandy, Mont., has raised 300 to 500 acres of IP wheat. Despite a 10¢-per-bushel premium, he has yet to reap significant profits. "It is not a big moneymaker now," he says. "But I believe in the concept and am trying to support the program."

The IP market has been difficult, says Kidd, because transportation and segregation don't come without costs, management and labor. Also, farmers can't brown-bag IP seed because the seed varieties are controlled by the processor. "We had some agronomic problems with the varieties, and some of the input costs are higher as well."

Still, Kidd is willing to continue raising IP wheat, even at break-even premiums. "I believe there will be a lot of contract growing options for wheat," he says.

Breaking out of gridlock. For years the wheat industry has hoped that IP markets would help break them out of commodity gridlock. And there are some success stories with white wheat, durum and other IP milling products for farmer-owned wheat processors such as United Spring Wheat Bakers.

But, on the whole, the industry has been unable to take advantage of specialty markets as quickly as the corn and soybean industries. One reason is that the milling industry hasn't made a significant effort to contract specialized production—or even identify high-efficiency wheats for making flour.

But for Kidd, raising IP wheat is a

By Laura Sands

strategic decision. "Montana farmers could have some unique advantages in this market," he notes. They can readily ship to specialty Pacific Rim buyers as the wheat-noodle market evolves. Also, Montana grain growers have enough storage for a year or more of production, which makes segregation relatively simple. And some Montana producers are working toward more cooperative marketing programs that will let them contract larger acreages.

Overcoming hurdles. Still, there will be hurdles as wheat moves toward more contract production. Analysts say that even if wheat producers obtain premium contracts, they face the same pricing and value problems that are plaguing their corn- and bean-growing peers.

"In more mature IP markets, farmers have struggled with the problem of value decay," says Chris Schroeder, a consultant with Ag Education and Consulting, Champaign, Ill.

"Typically, there has been a three-year cycle on most premium contracts," Schroeder says. "Farmers have to adopt technology quickly to get them—by the time some farmers enter that market, the premiums are already gone."

There are also infrastructure challenges to specialized wheat markets, says Schroeder. First, industry has to be willing to make research and development investments in a

typically low-margin industry. Farmers have to be willing to grow an untested product, and a significant segregation capacity is necessary.

Some companies have made major investments in new wheat products but did not launch for fear growers would not cooperate, Schroeder says. "Suspicion and mistrust slow adoption of technology and specialty market development," he adds.

Other challenges. If producers are going to take advantage of a more streamlined value system, they have to be willing to share information and think like an end user, says Schroeder.

That could take time. And the IP wheat industry may not get the jump-start it needs until biotech wheat products come on line, perhaps in three to five years.

Advances such as biotechnology and high-oil corn resulted in a tremendous breakthrough on value added for corn and beans, Owen adds. "Most of us still think it will happen in wheat. It's just a matter of time." □

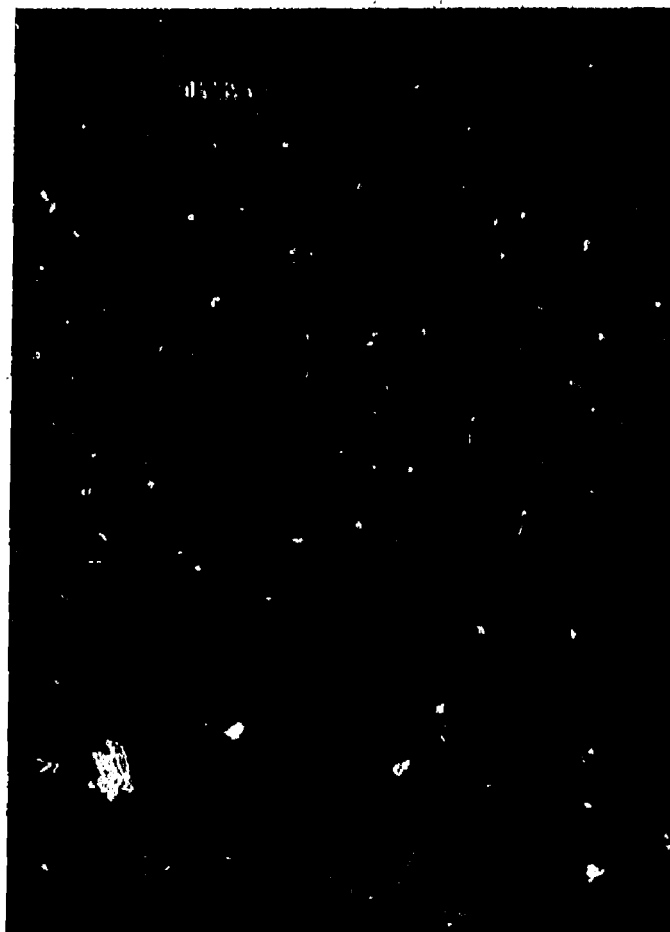


PHOTO BY THE AUTHOR

Ample storage is key to identity-preserved markets, and Montana growers can store a year's worth of wheat.



**NORTH DAKOTA
STATE SEED
DEPARTMENT**

STATE UNIVERSITY STATION
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Testimony: **SB 2235**
Senate Agriculture Committee

Ken Bertsch
ND State Seed Commissioner

January 26, 2001

Good Morning Mr. Chairman and members of the Senate Agriculture Committee. Thank you for the opportunity to testify in support of SB 2235 on behalf of the ND State Seed Commission. With the committee's consent, I will discuss the evolution of this legislation, and cover some of the significant points within the bill itself.

Given their role as a board of directors for the Seed Department, and leaders in the seed industry, the Seed Commission has discussed at length in the past few months the issue of biotechnology. It has become apparent that genetic enhancement of seed is an issue that raises concerns, as well as opportunity for the agriculture and food processing industries. Setting aside the many points of debate in regard to the commonly used catch-phrase "GMO's" (Genetically Modified Organisms), the Commission feels it is worthwhile for North Dakota to take proactive measures to **manage biotechnology resources** to the benefit of producers and consumers.

The attached position paper outlines in detail our view of how we can facilitate the movement and marketing of North Dakota seed and commodities nationwide and worldwide.

We believe that SB 2235 is important to producers and the agriculture industry for a number of reasons:

1. **Access:** To remain competitive, North Dakota producers must have access to the latest in seed technology. The controversy surrounding genetically enhanced commodity production threatens this access. We believe that proactive measures designed to ensure the availability of new seed technologies are appropriate now, in advance of the release of genetically enhanced small grain varieties.

2. **Inevitability:** "GMO" corn, soybean and canola seed have been commercialized; wheat is on the way. When wheat is commercialized, the entire production and marketing complex involving this commodity will resemble the corn/soybean export situation (read: Starlink).
3. **Credibility:** The credibility issue encompasses two points. First, overseas markets gravitate toward government product approval. State or federal unbiased, independent third-party verification means market advantage to exporters of commodities. Second, State Seed has the personnel, expertise, reputation and technology in place to accomplish verification programs. Few, if any, other states have the opportunity to provide a state seal of approval as a service to producers, or advantage in marketing commodities.
4. **Capitalization:** North Dakota producers have an opportunity to capitalize on an image of "clean", "uncontaminated" production, by implementing services intended to verify the quality of their products.
5. **Bioproducts:** Most experts agree, in the future producers will grow products intended for special-use purposes. This is a watershed point in time; one where North Dakota can gain a market advantage by having a proven trait verification program in place and operating, well ahead of the demand for this type of service.

SB 2235 represents an effort toward **stewardship of biotechnology**, as opposed to eliminating the perceived threat of "GMO's". The Commission has outlined a process to allow the State Seed Department to provide for the verification of genetic traits of seed and commodities, which can serve as a guideline for stewardship. The intent of the bill is to provide the marketing advantages listed above. The goal is to help producers capture value-added profit from the crops they raise.

We believe that broadening the mission of the Seed Department, and allowing trait verification programs to exist under a state-designated authority, will lead to achieving this goal.

Background

SB 2235 creates a new section in Chapter 4-09 that is modeled on language that designates the Department as the official seed certification agency for the state. The bill outlines the components of a state approval system, and provides a flexible framework for future adjustments.

Following is a breakdown of key points of the legislation:

SECTION 1.

Commissioner- Genetic Identity-Physical traits- Analysis and verification.

- Allows the Department to provide the services listed, most importantly, related to *crops and commodities*. Line 16 speaks to the process of documentation of all inspection results for the purposes of providing identity preservation services.

Inspection and analysis- Procurement of samples.

- Relates to the provision of *physical inspection* and *laboratory analysis* of both genetic identity and trait characteristics of crops.
- Gives the Commissioner authority to determine the protocols for sample acquisition and handling in order to provide for a verifiable chain of custody for *identity preservation* or *dispute resolution* purposes.

Field Inspections.

- Gives the Commissioner authority to determine the *protocols for field quality assurance inspections* for seed or crops within verification programs.

Inspection and analysis- Fee.

- Standard language allowing the Department to charge fees for service rendered.

Identity preservation- Segregation- Traceability.

- Allows Commissioner to establish and implement *identity preservation services* authorized by the chapter.

Labels- Documentation.

- Language similar to certified seed labeling authority. Allows Commissioner to provide a *label* or *seal of approval* on seed or crops that have been certified under the standards of genetic verification programs offered by the Department.
- Prohibits other entities from utilizing state-approved labeling related to Seed Department verification programs.

Contract for services- Protection of growers.

- Section allows Department to provide services to any public or private entity that wishes to utilize those services. The protection of growers statement is related to the potential use of components of the verification services as a foundation of a dispute resolution process.

Deposit of fees- Investment.

- Standard language relating to the fiscal management of Department.

Warranties regarding seeds or crops.

- Again, this is a standard disclaimer intended to limit liability of agencies providing goods and services. Parallels language in chapters of code involving seed certification.

SECTION 2. STATE SEED COMMISSIONER- REPORT

- Provides for a report on the status of genetically modified seed and crops during the next interim. An interim report may serve as a baseline for adjustments to state law relating to the verification program offered by ND State Seed.

Mr. Chairman and members of the committee, we believe that providing producers with access to a *voluntary, unbiased state approval process* such as outlined in SB 2235 is an important first step in setting North Dakota products outside of the "GMO" debate. There has been much discussion over the past three years in regard to building North Dakota's reputation as a "trusted provider of high quality" crops and commodities. This legislation is an important building block in creating that foundation of credibility for the North Dakota agriculture industry.

As seed and agriculture industries change and evolve over time, it is imperative that our state takes a leadership position, and defines for the industry a process to build consumer confidence. As long as controversy exists in regard to Genetically Enhanced Materials, we have a problem. We also have the chance to turn the problem into an opportunity for our producers. This is a competitive industry; we believe that SB 2235 can become a tool for enhancing profit opportunities of North Dakota producers.

The Seed Commission hopes you agree, and asks for your support for SB 2235.

North Dakota State Seed Initiative:

State Certification of Crop Genetic Identity; An Independent, Third-Party Verification and Approval Process

Overview

With the advent of seed research and development focused (to an extent) on genetic modification of plants, and subsequent public debate associated with the safety of these products, action is needed to protect the interests of both producers and consumers. The North Dakota State Seed Commission believes that the challenge of managing the complex issues surrounding usage of genetically enhanced materials by producers can be positively and proactively influenced by the development of a **crops identity certification program** at the state level.

The use of biological delivery methods for enhanced output traits in crops, through active research and development of genetically enhanced materials provides equal opportunity for consumers and producers to benefit from agricultural biotechnology. North Dakota has the opportunity build a reputation as a nationwide leader in systematic verification and assurance processes, leading to gains in agricultural marketing and consumer confidence.

Summary of Needs and Objectives

The necessity of implementing such a program at the state level is clear, and reasons abundant;

1. Producers must have long-term *access to the newest technologies* in the agricultural industry, including advanced seed sources, to remain competitive in world markets.

2. A *voluntary, independent third-party verification program* is consistent with the competitive nature of the industry, in which choice of imaginative management alternatives are standard issues for innovative producers, processors and marketers.

3. Consumer knowledge of, and confidence in, the quality and integrity of North Dakota crops, commodities and products would be greatly enhanced in a *state approval system*. The traceability of quality characteristics in raw commodities associated with food production will likely become a high profile issue in the future in terms of consumer expectations.

4. A verification program would allow North Dakota producers to capture added value for the production and segregation of non-modified (and, in the future other) quality characteristics. Again, the *traceability of specific commodity traits* offers a potential for capturing additional profit from niche markets.

5. The marketing problems associated with GMO crops are numerous; the potential benefits to North Dakota producers in offering certified non-GMO commodities in world export trade channels is limitless. North Dakota currently enjoys freight and image advantages (as a source of "uncontaminated" food grade commodities) in Asian markets. While inconsequential in the United States, the image of *government product approval* is highly valued in overseas commerce.

6. In the future, a movement toward output (consumer) based trait enhancement (such as golden rice) will require documentation of

field inspection, laboratory testing and segregation processes. Current output (producer) based technology will have been capably managed by this state, who's reputation as a *supplier of verifiably high quality products* and cutting edge practices associated with identifying them is fixed.

7. The North Dakota agriculture industry could *gain market advantage* in competition for small grain and oilseed trade; an advantage already lost to producers in corn and soybean regions. Regardless of the introduction of enhanced varieties of small grains (which is inevitable) producers choosing to participate in crop verification or certification programs would be protected from potential "contamination" questions regarding the products raised here.

8. Food grade, livestock feed and organic production markets are all potential targets for verification processes. As consumer demand for information on food products increases, the ability by processors to verify inputs will provide *incentive for processors to pay premiums* for those commodities.

Program Outline

The North Dakota State Seed Department (NDSSD) proposes the development and implementation of a program offering, at process end, a state "**stamp of approval**" on seed, crops and commodities grown in the state.

In the absence of internationally recognized tolerances, testing standards and protocols, NDSSD believes that preemptive action to provide a **voluntary genetic/trait verification program** is a sensible and timely response to problems associated with the issue. The underlying goals involving creation of marketing advantages are a secondary advantage to the proposal.

The program would provide a full range of

options designed to meet the needs of producers and end-processors of commodities, in terms of a "menu" of verification services. The flexibility of the program would allow customized program development, individualized to meet the needs of the contracting party.

A base level commodity verification program would include all or part of the following list of services provided by NDSSD:

1. Seed Source Documentation

- Minimum requirement: documentation proving seed source type and integrity.
- Optional : seed source testing for genetic and trait purity.

2. Field Inspection

- Minimum requirement: visual inspection based on certified seed standards.
- Optional: Inspections based on pre-determined quality assurance standards modeled after seed certification standards, targeted toward physical and/or specific, identifiable genetic traits.

3. Official Sampling

- Minimum requirement: sample acquisition under procedures determined by contract parameters between producer and purchaser.
- Optional: sample acquisition by NDSSD personnel, under pre-determined processes, and with NDSSD officials maintaining chain of custody of samples.

4. Laboratory Analysis

- NDSSD provides full range of diagnostic services, including disease and genetic event and trait identity testing designed to provide options to contracting party, including:
 - PCR
 - ELISA
 - Bioassay
- Laboratory analysis of quality traits of seed, crops and commodities is the key element of a neutral verification process. NDSSD laborato-

ries provide up-to-date services designed to guarantee quality assurance for purchasers, processors or end users of northern grown crops.

5. Identity Preservation/Segregation Programs

- A seed-to-processor segregation program based upon a documented planting, harvesting, handling and storage process designed to prove and maintain product integrity overlies the entire verification program. The standards and requirements for this Identity Preservation (IP) program have been developed by NDSSD and approved by AOSCA, the Association of Official Seed Certifying Agencies.
- AOSCA has instituted the standards for IP programming by methods similar to those developed for seed certification programs. NDSSD IP Programs, while based upon AOSCA standards, are intended to provide a more thorough system of "checkpoints" throughout the process, adapted to specific needs and leading to a more neutral and, therefore, reputable result.
- NDSSD IP programs can be customized to assure the integrity of products as they are transferred between points in the supply chain; from producer to handler and beyond. Transfer of liability issues can be successfully negotiated within the scope of predetermined identity preserved criteria.

Summary

The combination of seed source identification, field inspection, laboratory analysis and record keeping requirements associated with the **NDSSD Trait Verification Programs** may become the industry standard, in terms of an integrated and government approved approach to management of biotechnology resources. North Dakota, and its producers, has a unique market advantage at present in regard to an "uncontaminated" image in the agricultural marketplace. This state is also in a unique position to capitalize on the advantage while the opportunity exists; to "stay ahead of the

curve", in terms of managing production and marketing aspects of agricultural biotechnology.

While corn and soybean regions battle with problems associated with the marketing of GMO products, the most striking example being the recent Starlink debacle, the same is not true in regard to northern grown crops. However, the expansion of soybean acres in the state, and the potential problems regarding "questionable" (read: modified) identity of the crop produced, may create the same problems for North Dakota producers.

An **unbiased, state managed and guaranteed approval process** is the proactive measure necessary to set certain North Dakota produced crops outside of the GMO debate. It would provide North Dakota producers, on a voluntary basis, the opportunity to capitalize on current and future trait specific markets for commodities, with an advantage over neighboring producers of similar commodities. It is efficient utilization of state government assets, requiring minimal upgrading to provide necessary services. It does not prohibit similar services being provided by private industry however; it does take advantage of the perceived *neutrality* and existing capabilities of the North Dakota State Seed Department.

Most importantly, this program provides a foundation for accelerating the *value-added opportunities* generally recognized as the future for production agriculture in this state, and nationwide. In the future, the impact of value added marketing gains through identity preservation should outpace non-GMO segregation requirements.

As seed and agricultural industries change and evolve over time, North Dakota must strive to remain in the forefront of product and service development that keeps pace with this evolution. Providing North Dakota producers with a state designated authority, and approval mechanism, relating to biotechnology is an important first step in the process of capturing markets for high quality/specialty markets.

Testimony on HB 2235

Good morning Mr. Chairman, members of the Committee. My name is Clyde Krebs. I own and manage Circle K Feed & Grain in Glen Ullin. I'm also a Director and the Legislative Committee Vice-Chairman of the North Dakota Grain Dealers Association.

The North Dakota Grain Dealers Association supports the concept of someone in the State to track genetic traits of seed. The State of North Dakota needs someone to monitor the genetic identity and physical traits of seeds and crops.

We do have some concerns about the bill in its present form relating to crops. The State Seed Commissioner, as written in the bill, has powers that are quite broad. We have a concern that this bill would give the Commissioner the power to come to an elevator and tell them how to IP (Identity Preserve) grain? The grain marketing system in the United States, as well as the state of North Dakota, will be more conscious of the Identity Preserved status of crops and grains because of the GMO corn issue.

Thank you, and I would be happy to answer any questions.



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DEPARTMENT**

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Testimony: **SB 2235**
House Agriculture Committee

Ken Bertsch
ND State Seed Commissioner

March 9, 2001

Good Morning Mr. Chairman and members of the House Agriculture Committee. Thank you for the opportunity to testify in support of SB 2235 on behalf of the ND State Seed Commission. With the committee's consent, I will discuss the evolution of this legislation, and cover some of the significant points within the bill itself.

It has become apparent that genetic enhancement of seed is an issue that raises concerns, as well as opportunity for the agriculture and food processing industries. Setting aside the many points of debate in regard to the commonly used catchphrase "GMO's" (Genetically Modified Organisms), the Seed Commission believes it is worthwhile for North Dakota to take proactive measures to **manage biotechnology resources** to the benefit of producers and consumers.

The attached position paper outlines in detail our view of how we can facilitate the movement and marketing of North Dakota seed and commodities nationwide and worldwide. (attachment #1)

This committee has reviewed a number of bills dealing with the GMO issue, most being viewed by the general public as being anti-GMO. I personally believe that SB 2235 is as close to pro-GMO as any legislation introduced during this session. At the very least, it is a strong attempt to define a pro-technology position for agriculture in the state.

We believe that SB 2235 is important to producers and the agriculture industry for a number of reasons:

1. **Access:** To remain competitive, North Dakota producers must have access to the latest in seed technology. The controversy surrounding genetically enhanced commodity production threatens this access. We

believe that proactive measures designed to ensure the availability of new seed technologies are appropriate now, in advance of the release of genetically enhanced small grain varieties.

2. **Inevitability:** "GMO" corn, soybean and canola seed have been commercialized; wheat is on the way, moratorium or not. When wheat is commercialized, the entire production and marketing complex involving this commodity may resemble the corn/soybean export situation (read: Starlink).

3. **Credibility:** The credibility issue encompasses two points. First, overseas markets gravitate toward government product approval. State or federal unbiased, independent third-party verification means market advantage to exporters of commodities.

Second, State Seed has the personnel, expertise, reputation and technology in place to accomplish assurance programs. Few, if any, other states have the opportunity to provide a state seal of approval as a service to producers, or advantage in marketing commodities.

4. **Capitalization:** North Dakota producers have an opportunity to capitalize on an image of "clean", "uncontaminated" production, by implementing services intended to verify the quality of their products.
5. **Bioproducts:** Most experts agree, in the future producers will grow products intended for special-use purposes. We believe that North Dakota producers can gain a market advantage by having a proven trait verification program in place and operating, well ahead of the demand for this type of service.

SB 2235 represents an effort toward **stewardship of biotechnology**; which is in philosophical opposition to attempted prohibition of technology. The Commission has outlined a process to allow the State Seed Department to provide for the assurance of genetic traits of seed and commodities, which can serve as a guideline for stewardship. The intent of the bill is to provide the marketing advantages listed above. The goal is to help producers capture value-added profit from the crops they raise.

We believe that broadening the mission of the Seed Department, and allowing a "state seal of approval" program to exist under a state-designated authority, will lead to achieving this goal.

Mr. Chairman and members of the committee, SB 2235 is simply enabling legislation to allow a framework for Genetic Assurance Programs to be developed by the State Seed Department. Development of this framework will require involvement of many stakeholders in agriculture, and will need to be a joint effort between the wheat industry, grain handlers and State Seed, among others.

While a goal of absolute verification of traits may be impossible at the present time, given current technology, developing assurance programs aimed at the above-mentioned goals is well within reach of the North Dakota agriculture industry.

Background

SB 2235 creates a new section in Chapter 4-09 that is modeled on language that designates the Department as the official seed certification agency for the state. The bill outlines the components of a state approval system, and provides a flexible framework for future adjustments.

Following is a breakdown of key points of the legislation:

SECTION 1.

Commissioner- Genetic identity-Physical traits- Analysis and verification.

- Allows the Department to provide the services listed, most importantly, related to *crops and commodities*. Line 16 speaks to the process of documentation of all inspection results for the purposes of providing Identity preservation services.

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Field Inspections.

- Gives the Commissioner authority to determine the *protocols for field quality assurance inspections* for seed or crops within verification programs.

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- Standard language from Chapter 4-09 allowing the Department to charge fees for service rendered.

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- Allows Commissioner to establish and implement *identity preservation services* authorized by the chapter.

Labels- Documentation.

- Language similar to certified seed labeling authority. Allows Commissioner to provide a *label* or ***seal of approval*** on seed or crops that have been certified under the standards of genetic verification programs offered by the Department.
- Prohibits other entities from utilizing state-approved labeling related to Seed Department verification programs.

Contract for services- Protection of growers.

- Section allows Department to provide services to any public or private entity that wishes to utilize those services. The protection of growers statement is related to the potential use of components of the verification services as a foundation of a dispute resolution process.

Deposit of fees- Investment.

- Standard language from Chapter 4-09 relating to the fiscal management of Department.

Warranties regarding seeds or crops.

- Again, this is a standard disclaimer intended to limit liability of agencies providing goods and services. Parallels language in chapters of code involving seed certification.

SECTION 2. STATE SEED COMMISSIONER- REPORT

- Provides for a report on the status of genetically modified seed and crops during the next Interim. An Interim report may serve as a baseline for adjustments to state law relating to any genetic assurance programs offered by ND State Seed.

Mr. Chairman and members of the committee, we believe that providing producers with access to a ***voluntary, unbiased state approval process*** such as outlined in SB 2235 is an important first step dispute resolution and creating positive public image for North Dakota products. There has been much discussion over the past three years in regard to building North Dakota's reputation as a "trusted provider of high quality" crops and commodities. This legislation is an important building block in furthering the image of credibility for the North Dakota agriculture industry.

As seed and agriculture industries change and evolve over time, it is imperative that our state takes a leadership position, and defines for the industry a process to build consumer confidence. In the absence of federal standards and protocols, or while these standards are being formulated, we believe that a strategy for managing the biotech issue must be in place at the state level.

A comment from AOSCA (the Association for Official Seed Certification Agencies, who represents NDSSD certification programs at the national level), to USDA-GIPSA in regard to forming a national strategy on this issue, is attached. This comment is evidence of a national movement to provide the same service and oversight of the biotech issue that is sought in SB 2235. You will notice how closely the AOSCA statement parallels many of the issues covered in the framework that is SB 2235. (attachment #2)

As long as controversy exists in regard to Genetically Enhanced Materials, we have a problem. We also have the chance to turn the problem into an opportunity for our producers. This is a competitive industry; we believe that SB 2235 can become a tool for enhancing profit opportunities of North Dakota producers.

The Seed Commission hopes you agree, and asks your support for SB 2235.

February 27, 2001

TO: USDA-AMS-GIPSA

FROM: David S. Howle, President
The Association of Official Seed Certifying Agencies

SUBJECT: Comments on Advance Notice of Proposed Rulemaking
[Docket Number FCHS-2000-001a]

The Association of Official Seed Certifying Agencies (AOSCA) wishes to comment on "How USDA Can Best Facilitate the Marketing of Grains, Oilseeds, Fruits, Vegetables and Nuts in Today's Evolving Marketplace." It is our feeling that many of the issues here may be addressed through the use of AOSCA member services.

AOSCA member agencies have a long history of providing unbiased, third party verification of genetic purity for seed production in the United States and Canada. In recent years, Identity Preserved crop production has become an integral component of agency services. These agencies operate under various formats in the different states, but all are not-for-profit organizations with exclusive legislative authority to offer seed certification within their states. The AOSCA standards for seed certification in the United States are codified in the Federal Seed Act and all agency standards and procedures are evaluated annually to ensure compliance with this Federal authority.

The standards for seed certification include requirements for land history, planting seed source, cleaning of planting and harvesting equipment, field inspections, conditioning plant inspections, sampling, laboratory analysis and labeling. All avenues for potential contamination are examined and monitored to ensure purity and proper labeling of the finished product.

Seed Certification provides maximum assurance of genetic identity and purity for seed moving in interstate or international commerce. This claim has validity in the fact that AOSCA member programs are accepted for seed moving in international trade under the OECD Seed Schemes. Furthermore, USDA-ARS has, through a Memorandum of Understanding with AOSCA, delegated authority for administering the OECD Seed Schemes to AOSCA.

The principles applied in the certification of seed have been extended to the verification of product identity through the AOSCA Identity Preserved (IP) program. AOSCA's IP programs are designed to provide documentation of genetic identity, supported by laboratory analysis. AOSCA has adopted IP standards for use by all agencies and programs are underway in several states that are effectively delivering products to end users with documented purity. To date, the most widely used AOSCA IP program is the Non-GMO grain program for grain shipments to countries that require or desire

segregation and labeling of biotech products. Similar programs can readily be made available for documenting the presence or absence of any new traits.

The services of AOSCA member agencies are designed to meet the specific needs of genetic purity verification with documentation. We feel strongly that these programs provide a solution to many of the concerns for segregation and labeling of crops derived from biotechnology through unbiased, third party oversight.

With this background, we would like to address several of your specific questions:

Would a set of U.S. standards upon which to base IP or other marketing systems facilitate market development? If so, are there any specific national or international standards or guidelines that should serve as the basis for the U.S. standards? What role should USDA have in establishing these standards?

Yes. We believe that the AOSCA IP Standards could well serve as the basis for US standards as has been done with seed certification standards.

As more certifying companies and organizations evolve to review and verify the performance of a company IP systems, should USDA have a role in the accreditation of these certifying companies and organizations? Would USDA accreditation of these certifying companies and organizations help to facilitate marketing?

Cooperation between USDA and AOSCA could be most helpful here. AOSCA agencies are currently involved in the accreditation and auditing of seed production and IP systems in the US. USDA oversight of this process could lend additional credibility and enhance public perception of IP systems.

Should USDA provide, for a fee, direct product certification for crops derived from biotechnology based on an audit-based quality assurance process? Should the same be done for other crops?

Direct product certification by USDA would be cost-prohibitive. We believe that product certification would be most effectively and efficiently accomplished through AOSCA's member agencies.

Should USDA provide direct analytical detection services and certification for crops derived from biotechnology? Should the same be done for other crops?

While an official USDA analytical laboratory for the detection and certification of crops derived from biotechnology should be maintained, the primary function should be to accredit qualifying commercial and public laboratories in the performance of these duties.

If USDA involvement in IP, standards, certifying agent verification, direct certification, testing, etc., is necessary, at what point of the marketing system should such involvement begin and end?

We believe that USDA involvement should begin with adoption and maintenance of standards and end with accreditation and auditing of agencies and laboratories.

How should a fee structure be determined for such services?

AOSCA member agencies establish their fees based upon costs for providing services in the individual states. This should continue with no interference from USDA. However, in order for USDA to recoup its administrative costs for this program, some sort of assessment on IP production, collected by agencies and remitted to USDA may be an option.

Should such involvement be limited to U.S.-produced crops or crops imported from other countries?

If regulations are to be imposed on US production, then no less stringent requirements should apply to imported production.

In summary, we believe that AOSCA and its member agencies are uniquely positioned to address the issues raised by this request for public comment. The model established by USDA/AOSCA cooperation in the certification of seed seems to be ideally suited to this purpose. Proven standards, procedures, expertise, and facilities are in place to accomplish the mission of facilitating the marketing of grains, oilseeds, fruits, vegetables, and nuts in today's evolving marketplace.

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Effective July 1, 2001.

The following schedule of fees will apply to tests on all samples of seed submitted to the State Seed Department. All fees must accompany samples unless previous credit arrangements have been made. Our cash policy will not apply to seed dealers and wholesalers, elevators and North Dakota certified seed growers or others who have current accounts with the Department.

SEED LAB

<u>CROP</u>	<u>GERM</u>	<u>PURITY'</u>
Bromegrass, Fescues, Orchardgrass	11.00	16.00
Bluegrass, Reed Canarygrass, Ryegrass	11.00	14.00
Alfalfa, Clover, Millet, Mustard & Trefoil	8.00	11.00
Crownvetch	12.00	11.00
Cereals	8.00	9.00
Corn, Sorghum & Sudangrass	8.00	9.00
Edible Beans, Field Peas	8.00	9.00
Sugar Beets	8.00	9.00
Flax	8.00	9.00
Safflower	8.00	9.00
Soybeans	8.00	9.00
Sunflower	8.00	9.00
Rape or Canola	8.00	14.00
Indiangrass & Bluestem	17.00	32.00
Green Needlegrass	27.00	14.00
Creeping Foxtail	15.00	32.00
Sideoats Grama	17.00	20.00
Switchgrass	17.00	14.00
Timothy	11.00	14.00
Western Wheatgrass	17.00	25.00
Other Wheatgrasses	15.00	20.00

Purity Includes ND noxious exam if there is sufficient sample.

Kinds of seeds not listed: the Department will set fees

Rush Service: 2 Times the Test Fee
Hourly Fee: \$ 25.

Mixtures:

- A. Mixtures of two or more kinds of seed shall carry a fee equal to the fee for testing each component in the mixture.
- B. Separation fee for germination test on mixtures - \$ 4.00/component - no charge if purity requested at the same time.

Treated Sample: (additional) \$ 2.00

Size of Sample: The minimum weights of samples submitted for tests shall be as follows:

A. *Seed Purity Tests*

1. Four ounces of grass seed, white or alsike clover or seeds of similar size
2. Eight ounces of sweet clover, red clover, alfalfa, grasses, millet, rape, flax or seed of similar size.
3. One and a half pounds of cereals, soybeans or seed of similar size.

B. *Germination Tests*

The minimum size of samples for a germination test shall be at least 800 seeds for testing (send 1 cup of seed to ensure best results)

MISCELLANEOUS TESTS

Noxious Weeds:	8.00
Seed treatment for germination: (in addition to cost of germination test - must have an untreated germination test also done)	5.00
Crop Grading: (Mustard & Buckwheat	18.00
Seed Count: Soybeans, Wheat, Durum, Barley (Must have a purity test done at same time)	2.00
Canadian Purity: Cereals (1000 grams)	14.00
Other seed	30.00
Accelerated Aging: (Includes germination test)	17.50
Tetrazolium Test: Quick estimate of potential seed viability (not for labeling)	
Cereals	10.00
Sunflower, Safflower, Buckwheat	25.00
Other seeds	20.00

DIAGNOSTIC LAB

FEED DISEASE TESTS

Pulse Crops (Field Pea, Chick Pea, Lentils)

<i>Ascochyta</i> sp.	50.00
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Canola

<i>Leptosphaeria maculans</i> (Blackleg)	35.00
<i>Leptosphaeria maculans</i> virulence test (if needed)	25.00

Soybean

Bacterial Blight (Psg)	125.00
Diaporthe	25.00
Other Fungal pathogens	50.00
Virus Tests	50.00

Edible Bean

Bacterial Blight Test (Dome Test)	60.00
Bacterial Blight Pathogen identification (Xcp, Psp, Pss)	(for one test) 50.00
	(for each additional pathogen) 20.00
Bean Common Mosaic Virus	50.00
Other Virus Pathogens	50.00
Fungal Pathogens	50.00

Barley

<i>Ustilago nuga</i> (Loose Smut)	18.00
Barley Stripe Mosaic Virus	50.00

Wheat

Karnal Bunt	50.00
<i>Ustilago kollerii</i> (Loose Smut)	18.00

Potato

Virus Tests for PVA, PVM, PVS, PVX, PVY, Leafroll and Potato Latent Virus	(For one test) 50.00
	(Each additional test) 5.00
Composite samples (virus tests)	(Call for Price)
Bacterial Tests	(Call for Price)

GMO TESTS

Soybean:

Roundup Herbicide Trait Bioassay Test	18.00
ELISA Test for Roundup Ready Gene	1 = \$150, 2-4 = \$100, 5+ = \$70
PCR Test	(Call for Price)

Canola:

Roundup Herbicide Trait Bioassay Test	18.00
ELISA Test for Roundup Ready Gene	1 = \$150, 2-4 = \$100, 5+ = \$70
PCR Test	(Call for Price)

Corn:

Bt ELISA Test	(Call for Price)
PCR Test	(Call for Price)

GENETIC PURITY/VARIETY IDENTIFICATION

Electrophoresis Test	
Call the Department for total cost	(Minimum Charge) 45.00