



MAY 11 2011

United States
Department of
Agriculture

Farm and
Foreign
Agricultural
Services

Farm
Service
Agency

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Processed Agricultural Products Licensing Agreement

Summary of Comments to FR Doc. 2011-5973 United States Warehouse Act

Processed Agricultural Products Licensing Agreement

The Farm Service Agency (FSA) is proposing a new licensing agreement under the United States Warehouse Act (USWA) for processed agricultural products. The license would cover warehouses that store processed agricultural products commonly stored in climate controlled, cooler and freezer warehouse facilities. The proposed agreement covers specific products such as apple juice concentrate. The warehouse specifications under the agreement may be modified for the storage conditions and requirements of the commodity. Licensed warehouses shall adhere to requirements specified in a licensing agreement, including issuance of negotiable warehouse receipts for product in store, and examinations by authorized USDA personnel for safety, housekeeping, security, accurate recordkeeping, and pest control.

A Federal Register notice announcing this proposal was published on March 15, 2011. Seven comments were received in response to this notice. One commenter was not in favor of an apple juice concentrate futures contract, and expressed that such contracts would only serve underwriters and speculators. One comment was neutral, and the commenter forwarded the notice to their customers and interested parties. Five comments were generally in support of the proposal. One commenter supports the proposal, but expresses concern about the use of negotiable warehouse receipts (as opposed to non-negotiable receipts, which are more commonly used in refrigerated warehouses). The concern is that a traded negotiable receipt may prevent the warehouse operator from knowing the identity of the current receipt holder, and pose difficulties in collection of storage and other charges. The commenter suggests that current industry practices should be incorporated into the license requirements.

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