



United States
Department of
Agriculture

DDOD-175

Farm and Foreign
Agricultural
Services

NOTICE TO THE TRADE

Farm Service
Agency

TO: ALL PROCESSED COMMODITIES STORAGE AGREEMENT (PCSA)
WAREHOUSE OPERATORS

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

SUBJECT: PROPOSED CHANGES TO THE PCSA

This Notice is issued to:

- Highlight changes discussed at the PCSA Warehouse Conference in October 2004, and
- Request comments on the proposed changes to the PCSA and Warehouse Operator's Handbook for Processed Commodities (PCSA Handbook).

CHANGES IN PCSA PROCEDURES –

1. Mailing of Notice Information to Warehouse Operators

This is the last mailed Notice to the Trade. Effective immediately, each warehouse operator is responsible for reviewing the Farm Service Agency (FSA) Web Page to obtain information. The attached gives you directions on how to obtain e-mail notification from this office when a Notice has been posted to the FSA Web Page.

2. Request for Product Movement

Any time a warehouse operator plans to move product from one location to another, the request must be made in writing to Procurement & Warehouse Branch (PWB), Kansas City Commodity Office (KCCO). PWB will only authorize moving product to another approved warehouse under the PCSA. The warehouse operator must not move product until approved by PWB. The warehouse operator is responsible for any cost incurred as a result of the request to move product.

3. Warehouse Closure

Any time a warehouse operator requests the Commodity Credit Corporation (CCC) move product out of a facility due to warehouse closing or losing a lease, the request must be made in writing. CCC will have 120 days from the day of written notice to move product out of the facility.

4. Responses to Form WA-125, Memorandum of Adjustment

When a warehouse examiner issues a Form WA-125, the warehouse operator must respond, in writing, to the Warehouse License and Examination Division, KCCO. If PWB issues a letter to the warehouse operator in connection with the warehouse examination or Form WA-125, the warehouse operator must respond to the PWB letter separately. PWB will place any warehouse operator who does not comply with these regulations on an “inbound hold” (PWB will not place product in warehouse) until such time as the Form WA-125 has been responded to and the exceptions noted in the Form WA-125 have been resolved.

5. Form KC-140, Warehouse Operator’s Report of Space Availability

Warehouse operators must submit a Form KC-140 by the 5th of each month to PWB. If a warehouse operator does not submit a Form KC-140 to KCCO, the warehouse will not receive product allocation. The pounds indicated on the KC-140 should indicate on that date the amount of space available in the warehouse. When changes occur during the month, please submit a new Form KC-140 to PWB.

6. Stacking Height of Commodity

A proposed change to Paragraph 14C of the PCSA Handbook restricts stacking of pallets to no more than 40 bags, 25 kg each, of nonfat dry milk and stacked no more than 3 pallets high.

7. Homeland Security

On September 29, 2004, Amendment 1 to the PCSA was sent to all warehouse operators. There will be a 5-month phase-in ending February 28, 2005 for Amendment 1 before any actions are taken for non-compliance. Warehouse examiners will review security plans on their regularly scheduled visits. Examiners will not accept or reject a plan, only review it and ensure one is in place. If you have not submitted Amendment 1 to PWB, please submit it as soon as possible to prevent termination of your PCSA.

PROPOSED PCSA CHANGES –

1. CCC is proposing to increase the minimum net worth requirement for financial statements from \$25,000.00 to \$150,000.00.
2. The proposed change to Part 3, H.2, will require that warehouse operators be liable to CCC for the full market value, as determined by CCC, of rejected commodities at the time of rejection. The current PCSA wording is “full value” instead of “full market value.”
3. Proposed addition to Part 3, G, will require that warehouse operators load out commodities for:

- Export shipment under the direct supervision of an employee of the U.S. Department of Agriculture, or as directed by FSA.
 - Domestic shipment and provide a written self-certification confirming to CCC that commodities loaded into a conveyance have been visually inspected during and prior to loading and that any obvious damage or contaminated containers were removed prior to shipment.
4. The proposed Part 3, C, covers leased warehouse space. Lease agreements must be renewable and must provide that the lessor cannot cancel the lease agreement without giving at least 120-days notice to the warehouse operator. In addition, warehouse operators must furnish a copy of the written lease agreement to CCC and provide at least 120-days notice, in writing, of termination of the lease agreement.
 5. The proposed PCSA will require an annual renewal process.

REQUEST FOR COMMENTS –

Prior to the October 2004 conference, a draft copy of the PCSA CCC-29 and Amendment 2 to the Warehouse Operators Handbook for Processed Commodities were mailed to all warehouse operators. Comments on the changes to the PCSA and the handbook amendment are requested. Please forward your comments, in writing, by FAX to 816-926-6595, or e-mail to Nancy Heintzelman or Karen Williams by January 31, 2005 to ensure consideration.

If you have any questions regarding any of the above information, please call Nancy Heintzelman at 816-926-3036 (njheintzelman@kcc.usd.a.gov) or Karen Williams at 816-926-2848 (kjwilliams@kcc.usda.gov).

George Aldaya
Director

Attachment

ATTACHMENT

INSTRUCTIONS:

To subscribe to receive one or more Commodity Operations E-Lists, visit <http://www.fsa.usda.gov/daco/subscribe.asp>. There are currently eight lists described below. You will need to enter your e-mail address, select which list you want to subscribe to, and select whether you want to receive each release immediately when it is posted or receive one e-mail daily containing all releases for that day. You also have the option to unsubscribe on this web page.

After you click on the Submit button, your request will be processed and your selection displayed. You should receive a confirmation e-mail shortly after you click on the Submit button. If you do not receive a confirmation e-mail, please verify that the address was correctly entered. If you have already subscribed to the list you will receive an e-mail advising that you are already a member of that list. To sign up for another list, click on the back button, select another list and click on the submit button.

If you encounter any problems subscribing to or receiving the lists, you may e-mail webteam@fsa.usda.gov or call 1-800-255-2434 Option 1.

Following are the eight lists, a brief description of what is included in each list and the web site for viewing current releases for each list.

- Daily Terminal Market Prices/Protein Scales (ratespub) - Daily Market Rates and Wheat Premiums and Discount Scales. <ftp://ftp.fsa.usda.gov/public/ratespub/default.htm>
- Daily Cash Sales (dcash) - Daily Cash Sales Reports. <ftp://ftp.fsa.usda.gov/public/dcash/default.htm>
- Bulk Grain Information (grain) - Notices to the Trade, Invitations, Amendments to Invitations, and Contract Awards. <ftp://ftp.fsa.usda.gov/public/grain/default.htm>
- Export Information (export) - Notices to the Trade, Invitations, Amendments to Invitations, Contract Awards, Port Allocation, Cargo Available for Booking . <ftp://ftp.fsa.usda.gov/public/export/default.htm>
- Dairy Information (dairy) - Notices to the Trade, Invitations, Amendments to Invitations, Contract Awards, Weekly Purchase and Sales Reports. <ftp://ftp.fsa.usda.gov/public/dairy/default.htm>
- Domestic Information (domestic) - Notices to the Trade, Invitations, Amendments to Invitations, and Contract Awards. <ftp://ftp.fsa.usda.gov/public/domestic/default.htm>
- Cotton and Rice Prices (cotton) - Cotton and Rice Market Prices. <ftp://ftp.fsa.usda.gov/public/cotton/default.htm>
- Peanuts Weekly Prices (peanuts) - Weekly National Market Price for Peanuts. <ftp://ftp.fsa.usda.gov/public/peanuts/default.htm>
- Wool and Mohair Weekly Prices – Wool and Mohair Weekly Prices for Repayment Rates. <ftp://ftp.fsa.usda.gov/public/woolmohr/default.htm>
- Sugar Information (sugar) - Notices to the Trade, Invitations, Amendments to Invitations, and Contract Awards. <ftp://ftp.fsa.usda.gov/public/sugar/default.htm>
- Warehouse Information - Notices to the Trade, Invitations, Amendments to Invitations, Storage Agreements for Cotton, Grain and Rice (includes Pulses), Peanuts, Sugar, and Processed Commodities, and the U. S. Warehouse Act. <ftp://ftp.fsa.usda.gov/public/whse/default.htm>

Notices to the Trade can also be accessed at <http://www.fsa.usda.gov/daco/notices.htm>.