United States
Department of
Agriculture

Federal Grain
Inspection
Service

Annual Report to Congress, 1983

AUTHORITY

The United States Grain Standards Act (Act), as amended, requires, in Section 17B(a), the Administrator to submit a report on December 1 of each year to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of the official inspection and weighing systems under this Act for the prior fiscal year, with recommendations for any legislative changes necessary to accomplish the objectives stated in Section 2 of this Act.

Section 17B(c) of the Act requires the Administrator to submit a summary of valid complaints received (and the resolution thereof) by the U.S. Department of Agriculture (USDA) during the prior fiscal year from foreign purchasers and prospective purchasers of United States grain and other foreign purchasers interested in the trade of grain.

The summary required by Section 17B(c) is submitted as part of the report required by Section 17B(a).

MISSION

The mission of FGIS is to provide for the establishment of official United States Standards for Grain, to promote the uniform application thereof by official inspection personnel, to provide for an official inspection system for grain, and to regulate the weighing and certification of the weight of grain shipped in interstate or foreign commerce, as authorized by the Act, and the regulations thereof, and the Agricultural Marketing Act (AMA) of 1946.

United States Department of Agriculture

Federal Grain Inspection Service

Washington, D.C. 20250

December 1, 1983

Honorable E (Kika) de la Garza
Chairman, Committee on Agriculture
House of Representatives
Washington, D.C. 20515

Honorable Jesse Helms
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed is the Federal Grain Inspection Service's (FGIS) FY 1983 Annual Report. The Grain Standards Act requires the Administrator to report to Congress on (1) the effectiveness of the official inspection and weighing system, and (2) with recommendations for any legislative changes necessary to accomplish the objectives of the Act.

The administration of the official inspection and weighing system during FY 1983 has been characterized by the continued use of a cost-effective approach to program operations. In my judgment, the system operates efficiently and effectively in the delivery of its official services, benefits the industry it serves on a fee basis, and the public to which it is accountable. In short, the system is effective.

The FGIS staff has been reduced from approximately 1500 full-time permanent employees on September 30, 1981, to less than 900 full-time permanent employees on September 30, 1983. This reduction in personnel has caused adjustment problems for the Agency and its employees. On the other hand, it has resulted in an experienced, knowledgeable, and highly productive staff, supporting my belief that the national grain inspection system is working and FGIS is effectively carrying out its mission. Under personnel guidelines, however, a veteran staff also means a higher cost staff than normally would be the case.

From a purely balance-sheet analysis, FGIS has experienced financial challenges given the decline in export grain shipments. Our revenue is directly related to, and affected by, the volume of grain exports which is determined by a variety of factors within the international agricultural community outside the control of FGIS. In the use and management of personnel, finances, equipment, and other program resources, FGIS continued to base

its policy decisions on cost efficiency factors. The balance-sheet approach as to whether the system operates effectively yields an affirmative response, notwithstanding the severe external strains on its structure and resources.

FGIS completed FY 1983, nine percent under budget because stringent program measures were taken to keep costs in line with revenue. FGIS' total expenditures for FY 1983 were $38.6 million, a reduction of $6.1 million from the previous year. In comparison with expenditures two years ago, this represents a reduction of $18.4 million.

Revolving fund revenues were $32.1 million for FY 1983 with total obligations of $33.7 million for a net operating loss of $1.6 million. Prior year obligations of $200,000 increased the loss to a total of $1.8 million. The $1.8 million loss reduced the unobligated balance of $3.7 million on September 30, 1982, to $1.9 million on September 30, 1983. However, due to a change from an accrual cost accounting to an obligational cost accounting system, unobligated balances (retained earnings) were increased by $2,034 million for a total of $3,944 million.

Grain export inspections for FY 1983 covered some 4.3 million bushels, 554 million bushels less than the previous year. Appropriate personnel action, tailoring the workforce to the workload, was taken as a result of the reduced level of exports.

To restore the revenue base and cover projected costs, fee adjustments were made on January 1, 1983, effective for the last three quarters of the fiscal year. We constantly monitor fees and cost-revenue relationships. To bring revenues and program costs in balance, fee adjustments are being considered during FY 1984.

FGIS has requested an $8 million supplemental budget appropriations to recapitalize its revolving fund account. It has been included as a supplement to the FY 1984 budget request. Conference Committee action, however, has agreed upon $6 million. This nonrecurring budget request will enable FGIS to maintain a sufficient operating reserve and base its decisions on long-range program considerations rather than short-term profit and loss considerations. These funds will be considered as a line of credit, to be used only if needed, and repaid within three years.

We are contemplating recommending a legislative change to grant the Secretary authority to deposit reserve balances in interest-bearing accounts. The interest earned on such funds would be used to reduce the cost of the service to the grain industry.

Honorable E (Kika) de la Garza
Honorable Jesse Helms

Cotton and warehouse programs were granted investment authority under the Omnibus Budget Reconciliation Act of 1981.

Throughout the year, we have worked closely with the Advisory Committee and other industry representatives seeking their counsel on the important financial and program issues confronting the Agency. The Committee has been extended by the Secretary until September 30, 1984, after its charter terminated on September 30, 1983.

FGIS' programs are under a sunset provision and will terminate on September 30, 1984, in accordance with the requirements of the Omnibus Budget Reconciliation Act of 1981. The Advisory Committee has indicated, informally, that it would support the reauthorization of the FGIS program.

Throughout the past year, as FGIS continues to make adjustments to a changed, user-fee environment, I have been steadfast in my belief in the correctness of the Federal user fee policy that requires those who benefit from Government services to bear the costs. The most important benefit wrought by this change is the need for efficiency of program administration and cost-effective delivery of program services. I have relentlessly pursued these market-based standards in the policy and decision-making that comprise the management of the Agency. The American taxpayer has benefitted.

Sincerely,

Kenneth A. Gilles

Kenneth A. Gilles
Administrator

Enclosure

In the report last year, we listed as a major concern the management problems caused by the 35 percent limitation on the supervisory and administrative costs incurred by FGIS for official inspection and weighing services. The provision remains as part of the statute and we continue our efforts, largely successful, to operate within its constraints. The following issues represent other concerns we have that may present problems in the future for the national inspection system.

Wheat Classification Problem

The release of Arkan has created classification problems for the Official U.S. Standards for Wheat. The new wheat variety, developed by the Agricultural Experimental Station at Kansas State University, is described by experimental station officials as high protein, high yielding, and resistant to many common wheat diseases. Moreover, experimental station officials claim Arkan is a Hard Red Winter wheat based on its milling and baking properties.

When tested by our expert inspectors at the Board of Appeals and Review (BAR), Arkan was determined to have visual characteristics more closely resembling its Soft Red Winter parent. Therefore, Arkan most likely would be graded Soft Red Winter wheat or Mixed wheat if it resembled both Soft and Hard Red Winter wheats. Grading under the Official U.S. Standards for Wheat is based on visual kernel characteristics which determine the physical and biological properties of wheat at the time of inspection. This grading procedure has served the needs of industry reasonably well for over 60 years in both the domestic and export markets. The procedure is understood and used by shippers and buyers.

We have agreed to work with plant breeders and other scientists in a continuing research effort toward developing the technology and instrumentation necessary to replace or supplement the visual procedures for wheat classification. At this time, state-of-the-art objective testing cannot quantify mixtures of wheat classes and does not meet the demands of the high volume grain market. Therefore, we have proposed that an additional class of wheat, designated Red wheat, be created. This proposed change will be included in the current review of the wheat standards

to stimulate discussion within the industry and to permit the marketplace to determine the value of the new wheats.

Standard Moisture Reference for Corn

The accurate determination of moisture in grain is an extremely important factor in the grain marketing system. Moisture has a significant impact on storage, weight, odor, and susceptibility to damage and is used in discounting the price of grain. Under the Official U.S. Standards for Corn, moisture must "be ascertained by the air-oven method for corn prescribed by the USDA"... or "any method that gives equivalent results."

The USDA official air-oven method consists of drying a 15-gram sample of whole corn in an air-oven at 103° C for 72 hours. Weight measurements before and after drying indicate moisture loss and, therefore, content. The USDA air-oven method is the basic moisture reference method used to calibrate electronic meters which, in turn, permit rapid determination of corn moisture content.

Recent moisture research on corn comparing several methods shows that the USDA official air-oven method for drying corn produces results that are approximately 0.9 percent below other accepted methods. These methods use ground corn kernels on which the moisture content is determined rather than whole kernels used in the present USDA official air-oven method.

The International Association of Cereal Chemists (ICC) adopted the Phosphorus Pentoxide (P_2O_5) vacuum drying procedure, as a reliable basic reference method; but it is tedious and time-consuming. A rapid ICC practical method, calibrated to the ICC P_2O_5 method, is used to analyze samples for calibrating electronic moisture meters. The method uses ground corn dried in an air-oven at 130°-135° C for 4 hours.

FGIS is comparing the results from the official USDA air-oven method to the ICC methods and Karl Fischer method, another accepted basic reference method, to determine if a more accurate method is available. The study was initiated because corn buyers complained that our official inspection moisture results understated the actual moisture content. FGIS is considering a change in the corn standards and the USDA/FGIS Standard Moisture Reference for Corn.

TABLE OF CONTENTS

	Page
Authority	Cover
Mission	Cover
Letter to Congress From The Administrator	i
Concerns	iv
Functions Performed	vii

THE FEDERAL GRAIN INSPECTION SERVICE (FGIS)

Field Management Division	
Inspection	1
Weighing	3
Critical Issues	3
Inspection Program Data	5
Weighing Program Data	6
Resources Management Division	7
Standardization and Research	8
Standardization Program Data	9
Compliance	10
Compliance Program Data	11
International Monitoring	12
Summary of Foreign Monitoring Team Activities by Country Visited	13
Summary of Inspection and Weighing Foreign Complaints	14
Summary of Briefings with Foreign Trade and Governmental Teams	15
Grain Elevator and Safety	16
Reported Explosion Incidents in Grain Handling Facilities	17

APPENDIX

Organizational Chart	18
FGIS Official Inspection and Weighing Services	19
Official Inspection and Weighing Oversight	19
FGIS Performance of Inspection and Weighing Services	20
U.S. Productions and Exports Grain, Rice and Soybeans	20
World Production and Consumption Grain, Rice and Soybeans	21
FGIS Appropriated and Fee-Supported Expenditures	21
Status of Fee Supported Accounts	22
Full-Time Permanent Employment History	23
Number of Inspections	23
FGIS Funds Availability and Obligations	24

The Federal Grain Inspection Service (FGIS) administers and enforces the Act. The Act requires the establishment of U.S. grain standards and a national inspection and weighing system for grain; requires that certain grain be inspected and weighed under the Act; prohibits deceptive practices and criminal acts with respect to the inspection and weighing of grain; and provides penalties for violations.

In administering and enforcing the Act, FGIS:

- establishes official grain standards based on grading factors and other official criteria for measuring and describing grain quality;

- establishes methods and procedures and approves equipment for the official inspection and weighing of grain; 1/

- delegates qualified State agencies to inspect and weigh grain under the Act at certain export port locations; 2/

1/ Official Inspection. The determination and the certification by official inspection personnel, of the kind, class, quality and/or condition of the grain in accordance with the official U.S. standards for grain; or the conditions of carriers for the transportation of grain insofar as it may affect the quality or condition of grain; or other facts relating to grain under other criteria approved by the Administrator of FGIS.

Official Weighing. The determination and certification by official inspection personnel of the quantity of a lot of grain under standards provided for in the Act.

2/ Export Port Locations. A commonly recognized port of export in the United States, as determined by the Administrator of FGIS, from which grain produced in the United States is shipped to any place outside the United States.

- designates qualified State and private agencies (official agencies) to inspect and weigh grain under the Act at interior locations; 3/

- provides official inspection and weighing services at certain export port locations in the Atlantic, Great Lakes, Gulf, and Pacific Coast States, and official inspection at certain port locations in Eastern Canada on U.S. export grain transshipped through Canada;

- provides appeal inspection services in the United States and at certain export port locations in Eastern Canada on U.S. export grain transshipped through Canada; 4/

- provides Federal oversight and monitors the official inspection and weighing of grain by delegated and designated official agencies under the Act; and

- investigates apparent violations of the Act in cooperation with the Office of Inspector General (OIG), and recommends appropriate action.

The Act requires in some instances, as described below, that grain be officially inspected and weighed. In other instances, official inspection and weighing are not required but may be obtained by making an official request for such services. In both instances, official inspection and weighing services are performed on a fee basis paid by the user.

3/ Interior Locations. A point in the interior of the United States, other than at export port locations, where official inspection and/or weighing is provided for the interstate or intrastate marketing of grain or from which grain is exported directly to any place outside the United States.

4/ Appeal Inspection. A review inspection provided, upon request, by FGIS of the results of an original official inspection or an official reinspection.

FGIS administers and enforces all inspection and standardization activities related to grain products and other commodities under the Agricultural Marketing Act of 1946 (AMA). All services provided under AMA are performed upon request on a fee basis.

Requested Services

Official inspection and weighing of U.S. grain destined for domestic consumption, with few exceptions, is performed on request and payment of a fee by either the buyer or seller of the grain. These services are provided by designated agencies, which employ approximately 2,300 agency personnel licensed by FGIS to provide such services in accordance with the regulations and instructions. FGIS' supervision and administration costs have been funded by user fees since October 1, 1981.

Inspection and weighing services provided under the AMA also are performed on request for both domestic and export shipments. These services are provided either by FGIS' Agricultural Commodity Graders, individual contractors, or through cooperative agreements with States.

Mandatory Services

Under provisions of the Act, grain destined for export from export port locations is required to be officially weighed. A similar requirement exists for inspection except for grain which is not sold or described by grade. The Act also requires that intercompany barge grain received at export port locations be officially weighed. Grain facilities that notify FGIS of their plans to export less than 15,000 metric tons annually are exempt from mandatory inspection and weighing requirements of the Act. Mandatory official inspection and weighing services are provided at 54 export elevators by approximately 700 FGIS employees. Eight delegated states with approximately 600 employees provide official services at an additional 29 export elevators under direct Federal oversight. Grain exported by rail and truck to Canada and Mexico is exempted from the mandatory inspection and weighing requirements of the Act.

THE FEDERAL GRAIN INSPECTION SERVICE

FGIS carries out its inspection and weighing services through a Headquarters staff and a field staff comprised of 31 field offices and 9 suboffices. The offices are located in 26 states and Canada to meet the needs of the grain industry. The objectives of the field offices are to provide efficient and timely services when required and upon request; monitor the activities of delegated and designated agencies; and promote a cooperative working relationship with the grain industry.

The FGIS supervision function represents an integral part of the national inspection system. It is defined as the effective guidance of personnel. FGIS managers supervise FGIS personnel and managers of agencies who, in turn, supervise agency personnel. Supervision functions are focused on employees. Supervision functions include directing employees in the performance of official activities and assuming responsibility for their performance. FGIS provides oversight, guidance, and assistance to agencies as they carry out their responsibilities.

Some of the important staff functions performed at Headquarters include the development of directives, internal program evaluations, design and implementation of systems for planning and related technical support services, research and development, and certain com-compliance activities.

Field Management Division

The Field Management Division (FMD) is comprised of the following components and functions.

(1) Inspection

The grain inspection program includes (a) providing reliable and accurate grading, sampling, and carrier condition examination service; (b) monitoring inspection accuracy; (c) identifying and responding to intermarket grain quality problems; (d) providing reinspection and appeal inspection service; and (e) overseeing delegated and designated inspection agencies that provide official service.

FMD, in conjunction with the American Association of Grain Inspection and Weighing Agencies (AAGIWA) and and grain industry representatives, developed new procedures to improve the efficiency and economy of inbound truck and submitted sample inspections. The new procedures modify certain requirements to allow

designated agencies to provide inspection service that more directly reflects the grain industry's needs. The new procedures are being field tested in four locations. Initial feedback indicates that the new procedures are working well and industry is making greater use of the official inspection system because service can be provided at a more reasonable price.

To improve the efficiency and cost-effectiveness of USDA's inspection service provided under the AMA, we established an agreement with the Agricultural Marketing Service (AMS), USDA, to (1) cross-utilize AMS and FGIS personnel when providing service, and (2) transfer corn-soya milk inspection responsibilities to FGIS.

FMD assisted AMS in establishing an automated data processing (ADP) system to improve internal controls over equipment inventory. The system provides the necessary information to immediately update field equipment inventories, determine surplus and needs, and develop strategies for disposal of unneeded equipment.

A program was established whereby designated and delegated agencies can borrow, on a short-term basis, excess FGIS equipment. In addition, arrangements have been tentatively reached for FGIS to sell excess equipment through GSA during FY 1984.

FMD worked with the States of California and Washington to modify the delegation of authority agreement to increase the responsibility of the State agencies for performing official inspection and weighing service. The modifications improve program efficiency and economy without compromising program integrity or responsibility and control by the Administrator. FGIS' operating costs in each State will be reduced because the State assumes additional responsibility. These savings will be passed on to the State agencies in the form of lower supervision fees, offsetting costs incurred by the States' added responsibilities. Both the Senate and House Agriculture Committees have concurred with the proposal to transfer additional responsibility to the State delegated agency program.

Efforts to improve grain inspection accuracy and consistency included (1) establishing a Quality Assurance Specialist in each field office as the technical link between field inspectors and the

BAR; (2) conducting several grading seminars nationwide for Federal, State, and private inspectors; (3) establishing a program to exchange wheat variety type type samples between plant breeders, licensed inspectors, and FGIS; and (4) developing new interpretive line slides used by field inspectors as visual aids to determine certain subjective grading factors.

A task force, comprised of the AAGIWA and FGIS representatives, evaluated the licensing program and recommended several changes to improve program effectiveness and economy. As a result, the FMD is transferring more responsibility for licensing official personnel to field offices and agencies, automating the licensing process carried out in Headquarters, and considering major changes in the examinations and procedures for administering them.

(2) Weighing

The weighing program includes (1) providing reliable and accurate weighing service, (2) monitoring the accuracy and performance of approved weighers, (3) testing scales and related equipment used in the official weighing of grain, and (4) responding to domestic and foreign weight complaints.

Authority for scale testing and certification was transferred by FGIS to two of the three remaining delegated States that did not assume the responsibility during FY 1982. This action reduces costs and places scale testing functions at a level closer to the needs of the grain industry.

As part of a review of the regulations, FMD cooperated with the National Conference on Weights and Measures and the National Bureau of Standards (NBS) to develop a uniform code covering scale requirements. FMD proposed uniform scale requirements for the Conference to consider during its annual meeting. The Conference voted to accept the proposal and publish the scale requirements in the NBS Handbook. The new uniform code will eliminate a large portion of FGIS scale regulations.

(3) Critical Issues

In addition to the wheat classification and corn moisture concerns discussed previously, the following issues may influence FMD's program operations in FY 1984: (1) Spain may transfer its purchases of

U.S. corn shipped from the Great Lakes to other export locations, (2) USSR and China grain purchases may increase export activity, (3) heavy rains along the Texas Gulf Coast caused sprout damage in the 1983 sorghum crop, (4) hot and dry weather throughout the Midwest affected corn and soybean yields and quality, (5) movement of grain out of farm and country elevator storage may present quality problems, (6) Mexico has requested official inspection of sunflower seeds for which no Federal grading standards or procedures currently exist, and (7) sprout damage in Pacific Northwest White wheat.

Inspection Program Data

Item	FISCAL YEAR 1982	1983
Quantity of Grain Produced* (Mt) 1/	379.6	392.6
Quantity of Grain Officially Inspected (Mt)		
Domestic	169.0	175.9
Export	129.2	114.1
Number of Delegated States/Official Agencies	82	83
Number of Licensee Inspections and Reinspections	2,839,111	2,742,049
Number of Federal Original Inspections and Reinspections	271,465	222,763
Number of Federal Inspection Supervisions	86,253	46,564
Number of Federal Protein Supervisions	24,000	25,000
Number of Appeals	22,265	24,223
Number of Appeals Carried to BAR 2/	946	1,238
Number of BAR Inspection Supervisions	12,000	8,879
Number of Protein Inspections		
FGIS	62,714	56,740
Delegated States/Official Agencies	602,283	549,495
Number of Aflatoxin Inspections	14,600	11,200
Quantity of Rice Inspected (Mt) (milled basis)	3.4	3.4
Number of Foreign Quality Complaints	12	13

* 1981/82 and 1982/83 marketing years
1/ Million metric tons
2/ Board of Appeals and Review

Weighing Program Data

Item	FISCAL YEAR 1982	FISCAL YEAR 1983
Official Weight Certificates issued by:		
FGIS	177,549	124,718
Delegated States and Official Agencies	280,956	205,595
Export Grain Weighed (Mt)		
FGIS	103.3	93.0
Delegated States	25.9	21.1
Number of Certified Scales in Service - Export Elevators	491	491
Number of Railroad Track Scales Tested	91	84
Number of Foreign Weight Complaints	1	3

Resources Management Division

The Resources Management Division (RMD) administers and coordinates FGIS administrative and program management functions necessary to provide the Agency with adequate financial and human resources. Functions administered include: financial management, employee development and program training; safety and occupational health; regulatory management; paperwork management; automated and manual management information systems; and manpower utilization. RMD also coordinates the administrative, technical, personnel, and procurement services provided under an agreement with AMS.

RMD's major initiative during FY 1983 was to assume responsibility for the Agency's financial, ADP , and paperwork functions. On January 1, 1983, these functions were transferred from AMS. FGIS converted to the centralized accounting system at the National Finance Center for FY 1983. This transfer of functions reduced the cost of AMS management services from $2,529,000 in FY 1982, to $1,678,000 for FY 1983. With an increased staff, however, the net savings was $527,000.

On January 1, 1983, FGIS implemented a new fee schedule. Fees were increased for official inspection and official weighing, and supervision of weighing services under the Act; and for rice under AMA. Fees were reduced for supervision of truck inspection and protein reinspection services provided by delegated States and designated agencies.

Standardization and Research

Standardization is defined as the act, process, or result of standardizing methodology and measurement of quality and quantity.

Standardization functions include: compiling and evaluating data to develop and to update grading and weighing standards, developing or evaluating new methodology for determining grain quality and quantity, providing reference standards for official grading methods, and using a quality control and weight monitoring program to review official results. The Standardization Division administers programs fo the development, promulgation, and uniform official application of new and revised U.S. grade standards for grain, lentils, beans, peas, rice, hops, hay, and other assigned products. Standards are reviewed and updated to reflect changing inspection techniques, to attain uniformity of standards, and to clarify existing technology and procedures.

Research accomplishments this past year included (1) developed a standard reference Kjeldahl procedure for the determination of protein in soybeans, (2) developed a standard reference method for the determination of oil content of soybeans, (3) developed calibrations for the determination of oil, protein, and moisture content of soybeans, and (4) designed and laboratory-tested a rate-of-precipitation meter to determine when shiploading should be terminated.

Standards reviews were completed for rough rice, brown rice, milled rice, sorghum, split peas, hay, and straw. Standards revisions were promulgated for milled rice, sorghum, hay, straw, and the basis for determination of odor. Standards reviews have been initiated for corn, mixed grain, rye, wheat, oats, flaxseed, and triticale. Proposed changes in the standards for corn, mixed grain, and wheat are pending publication. The initial steps have been taken to develop standards for sunflower seeds in light of renewed industry interest.

FEDERAL GRAIN INSPECTION SERVICE
Standardization Program Data

Activity	FISCAL YEAR	
	1982	1983
U.S. Grade Standards in effect	19	19
Commodities covered by grade standards	16	16
Revised standards issued during fiscal year	3	5
Revised or reissued standards being developed	6	4
Standards reviews in progress	13	10
Standards reviews completed	3	6
Inspection techniques developed	7	9
Equipment evaluated	12	14

Compliance

Compliance is defined as conforming with all requirements and procedures established by statute, regulation, instruction, or directive so that managerial, administrative, and technical functions are accomplished effectively.

The compliance program functions include: evaluating alleged violations, initiating preliminary investigations, initiating necessary corrective actions, conducting management and technical reviews, administering the designation of agencies and the delegation of State agencies to perform official functions, identifying and, where appropriate, waiving and monitoring conflicts of interest, licensing agency personnel, responding to audits of FGIS programs, and reviewing and, when appropriate, approving agency fee schedules.

There are 83 agencies designated to provide official services at interior points. Eight of these agencies are States delegated to perform official inspection and weighing services at export points. During FY 1983, no agencies terminated their designation and one agency was designated to perform only official weighing services. Under triennial renewal procedures, 28 agency designations were automatically terminated in FY 1983, and were renewed for an additional three-year period after a complete review of their performance was conducted. One agency was designated an unassigned geographic territory. Nine agencies that were granted discretionary conflict-of-interest waivers continue to operate without significant problems.

In a more intensive review program, FGIS field offices are conducting semi-annual on-site management reviews of each agency performing official services, and Headquarters conducted on-site reviews of 14 field offices and 38 agencies.

At the beginning of FY 1983, 19 cases involving alleged violations of the Act and the AMA were under active investigation. During the year, 12 cases were opened. On-site investigations were conducted in nine cases and one investigation was conducted by OIG. One case was closed following prosecution by the Department of Justice under the Commodity Credit Corporation Act; 12 cases were closed after appropriate warnings were issued; and nine cases were closed without corrective action needed. At the close of the fiscal year, there were 10 cases under active investigation.

Fifteen separate actions were handled involving the appearance of FGIS personnel as witnesses in judicial and administrative proceedings. Eleven of these cases involved accidents, two were grain quality disputes, and two concerned improper performance of official duties.

Seven new conflict-of-interest situations were evaluated and waivers were issued based on the licensees' agreement to comply with the conditions of the waiver.

FEDERAL GRAIN INSPECTION SERVICE
Compliance Program Data

Activity	FISCAL YEAR 1982	1983
Agency delegations and designations	82	83
Designations renewed	27	28
Designations cancelled	3	0
Designations amended	2	0
State delegations at export port locations	8	8
Registration certificates issued to grain firms	141	131

International Monitoring

The International Monitoring program functions include: (1) foreign travel to explain FGIS' inspection and weighing procedures; (2) briefings with visiting foreign agricultural officials and others on our procedures and obtaining information on the quality of U.S. grain shipments; and (3) written or on-site responses to formal and informal complaints received through the Foreign Agricultural Service (FAS).

Thirteen formal and informal quality complaints and three formal weight complaints were received. Only one complaint was deemed valid. It was a short weight complaint from Japan which was resolved by issuing a corrected weight certificate.

Six quality complaints alerted FGIS to potential quality problems. Two complaints from Chile on infestation prompted a review of fumigation procedures at one field office and the participation of Chilean Government officials and trade personnel in an in-transit fumigation study. Four complaints involving excessive foreign material in soybean shipments to Denmark, Japan, Korea, and Spain prompted FGIS to determine the affect of sampling on foreign material results. The remaining nine complaints were deemed invalid for reasons of misinterpretation of FGIS standards or incorrect analyses.

FEDERAL GRAIN INSPECTION SERVICE

Summary of Foreign Monitoring
Team Activities by Country Visited
(Fiscal Year 1983)

Purpose	Representatives	Country/City Visited	Dates
U.S. Wheat Associates Seminar	1	Guatemala	10/14/82
Respond to foreign inquiry about moisture content of corn and review complaints	1	Belgium, France, West Germany, and Spain	01/28 - 02/12/83
CONASUPO Meeting	1	Mexico	4/13/83
Observe ship discharge	1	Peru	04/16 - 04/26/83
Observe ship discharge	1	Mexico	04/30 - 05/03/83
CONASUPO Meeting	3	Mexico	05/17/83
Respond to foreign inquiries about infestation and quality	1	Chile and Bolivia	05/04 - 05/27/83
CONASUPO Meeting	1	Mexico	07/13/83
U.S. Wheat Associates Seminar	1	Egypt	07/30 - 08/07/83
U.S. Feed Grains Council Seminar	2	Sardinia	09/11 - 09/14/83
Administrator's Trip - Foreign Trade Meetings	2	Philippines, Taiwan, Korea, Japan	09/15 - 09/30/83

Summary of Inspection and Weighing Foreign Complaints - (Fiscal Year 1983)

Country	Grain	No. of Complaints	Nature of Complaint
Japan 1/	Wheat	1	Short Weight
Belgium	Corn	1	Excessive Damage and Broken Corn and Foreign Material
Chile 2/	Wheat	2	Infestation
Colombia	Wheat	1	Low Test Weight
Denmark 2/	Soybeans	1	Excessive Foreign Material
Israel	Soybeans	1	Excessive Damage
Japan 2/	Soybeans	1	Excessive Foreign Material
Korea 2/	Soybeans	1	Excessive Foreign Material
Philippines	Wheat	1	Excessive Contrasting Classes
Philippines	Wheat	1	Short Weight
Portugal	Wheat	1	Short Weight
Spain 2/	Soybeans	1	Excessive Foreign Material
Venezuela	Wheat	1	Low Protein
West Germany	Wheat	2	Excessive Total Defects
	TOTAL	16	

1/ Valid complaint.

2/ Complaints alerted FGIS to potential quality problems.

FEDERAL GRAIN INSPECTION SERVICE

Summary of Briefings With Foreign
Trade and Governmental Teams - (Fiscal Year 1983)
(Listed by Area)

East Asia and Pacific

1. Japan Dockage Club
2. Japan Feed Manufacturers Team
3. Japan Food Agency
4. Japan Flour Millers
5. Philippine Bakers Team
6. Peoples Republic of China Commerce Team
7. Peoples Republic of China Fast Food Team
8. Southeast Asian Millers Team
9. FAO - Korean Ministry of Agriculture and Fisheries Team
10. Korea Flour Mills Industrial Association Executive Team
11. South Korea Wheat Trade Team

Europe

12. Swiss Trade Mission

Middle East, Africa and South Asia

13. Saudi Arabia Trade Team
14. Member of the Yemen General Corporation
15. Persian Gulf States Wheat Trade Mission
16. Moroccan Millers Team
17. Nigerian Wheat Millers Team
18. Nigerian Grain and Feed Quality Team
19. South African Wheat Board
20. South African Maize Board
21. Indian Wheat Mission

Western Hemisphere

22. Member of the Ecuador Ministry of Agriculture
23. Chilean Trade Mission
24. Member of the Colombian Government

Grain Elevator Safety

The Secretary established an interagency group within USDA (Grain Storage, Handling, and Processing Safety Coordinating Subcommittee) to promote safety in grain handling facilities that would enhance the efficient movement of U.S. grain to domestic and foreign markets. The USDA Safety Committee, chaired by the FGIS Administrator, works closely with the grain industry and other private sector groups, other Government units, and foreign countries.

During the past three years, there has been a significant reduction in the number of explosion incidents, injuries and deaths. This can be attributed to increased efforts by Government and the agricultural grain community in allocating resources for research and new technology in grain elevator safety.

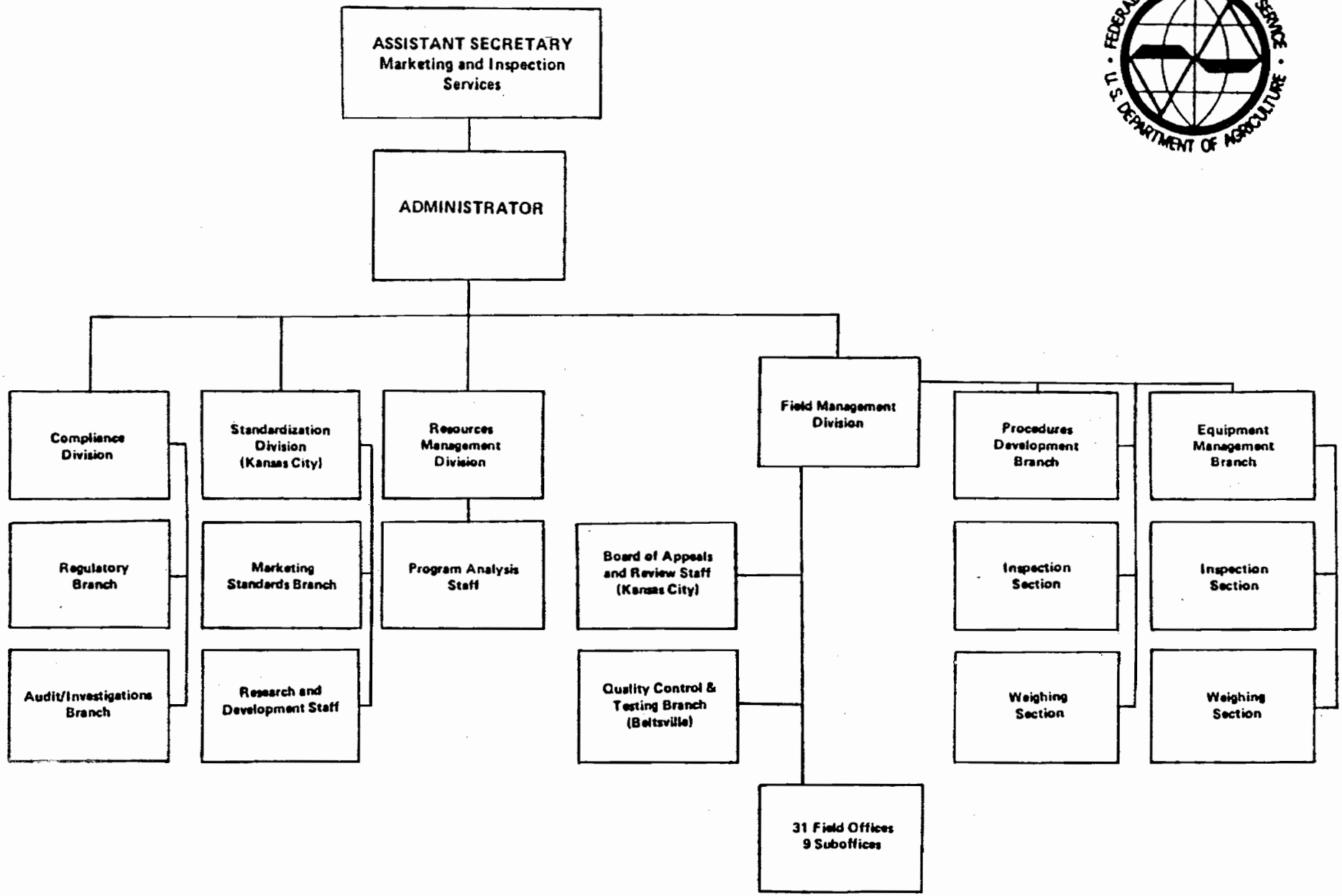
The Occupational Safety and Health Administration (OSHA) has the statutory responsibility for assuring the safety of the private sector workplace. FGIS is responsible for the safety and health of its employees. Therefore, we have required all field employees, and all supervisory and managerial employees to participate in safety and health training programs which are conducted on a regular basis. Each field office has an employee designated as the Collateral Duty Safety and Health Official. Each of these employees has or will participate in training sessions conducted by OSHA's Training Institute.

FEDERAL GRAIN INSPECTION SERVICE
Reported Explosion Incidents in Grain 1/
Handling Facilities (FY 1983)

No.	Facility & Location	Date	Injuries	Deaths	Probable Cause
*1.	Henkel Inc. Keokuk, IA	10/08/82	0	0	Pneumatic Pump Muffler Overheated
*2.	Raymond Coop Elevator Raymond, NE	11/16/82	1	6	Propane Caused 2/ Primary Explosion
*3.	Young Grain Co. Newburg, IN	11/22/82	0	0	Truck Leg Hot Bearing on Head Drive
4.	Parr Grain Co. Parr, IN	01/08/83	1	0	Welding On Steel Bin
5.	Indian Head Grain Lubbock, TX	01/14/83	0	0	Not Determined
6.	Lyford Gin & Grain Assn., Lyford, TX	03/19/83	3	0	Welding
7.	Hutton Grain Co. Vincennes, IN	04/18/83	0	0	Overheated Bearing
8.	Franklin Grain Co. Franklin, IL	04/28/83	0	0	Undetermined Tramp Metal Suspected
9.	Tenco O'Kean, AK	05/26/83 06/02/83	1 0	0 0	Spontaneous Combustion of Soybeans
10.	Cooksville Grain Co. Cooksville, IL	07/07/83	1	0	Undetermined
11.	Ralston Purina (Feed Mill) Shreveport, LA	09/29/83	1	0	Dust Explosion In Leg Cause Undetermined

*Reported previously on Calendar Year 1982 list.
1/No Federal employees involved.
2/Deaths attributed to the primary propane explosion.

APPENDIX

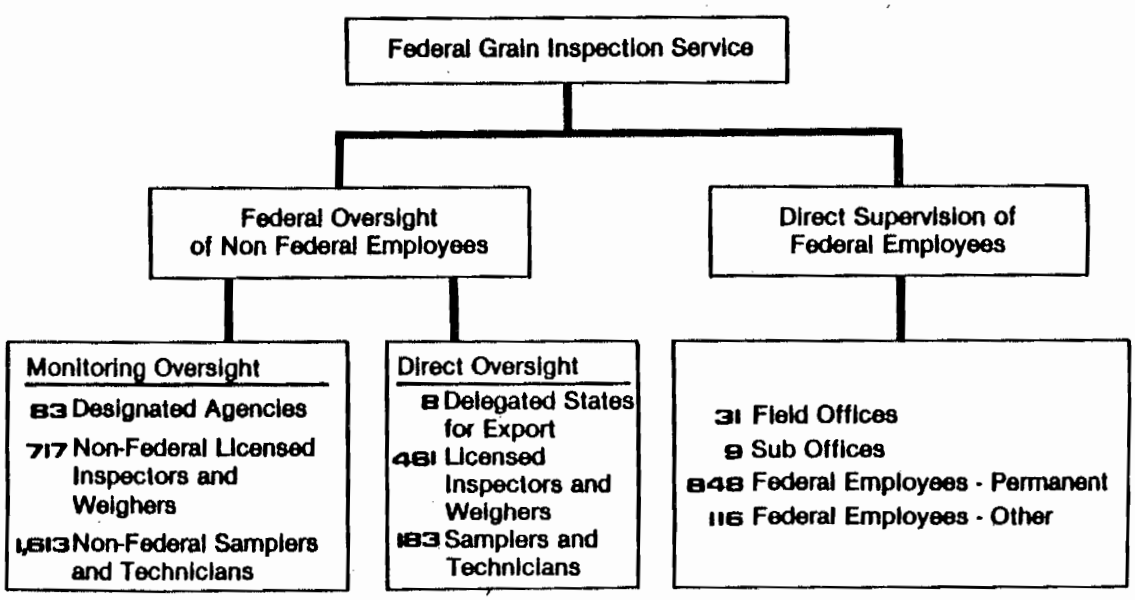


FGIS Reorganization Approved September 21, 1981

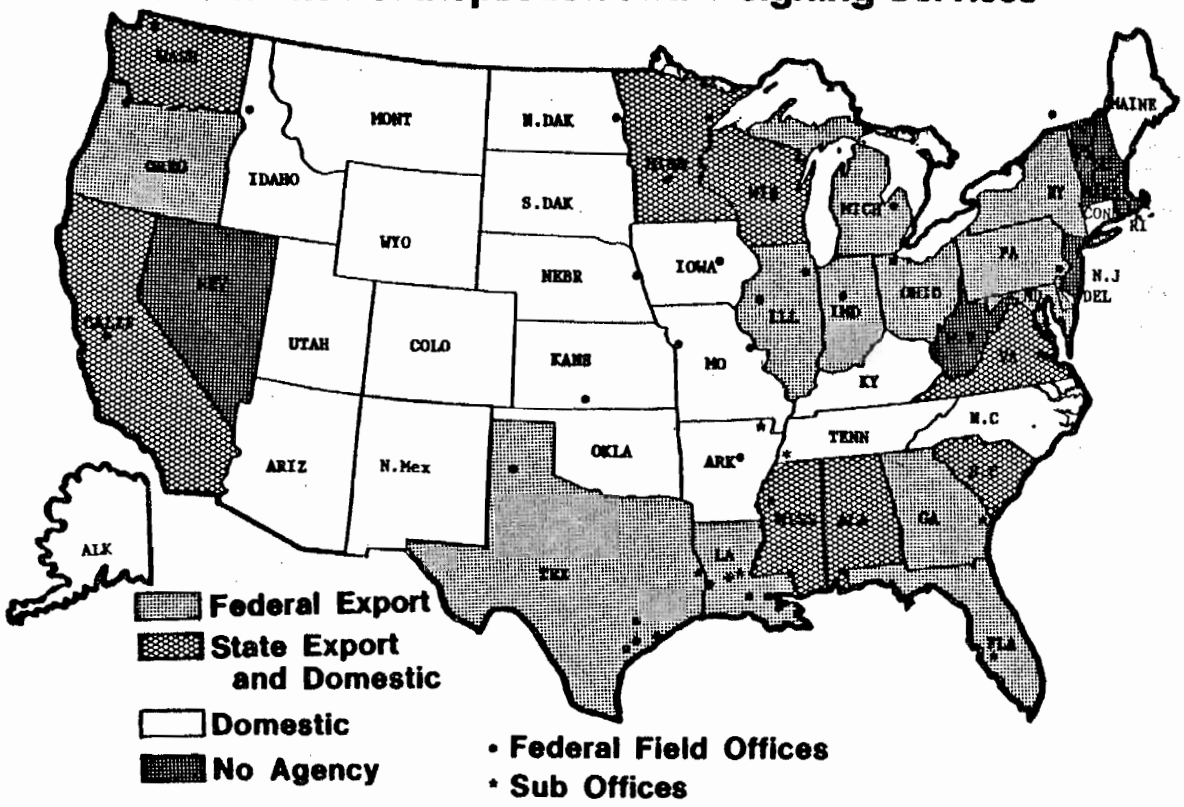
FGIS Official Inspection and Weighing Services

- Development of official standards and procedures
- Application of standards uniformly by official personnel
- Application of official inspection and weighing procedures
- Designation of official agencies
  - Exclusive geographical service area
  - Authorization to issue official certificates
- Monitoring of official agency performance
- Enforcement of regulations

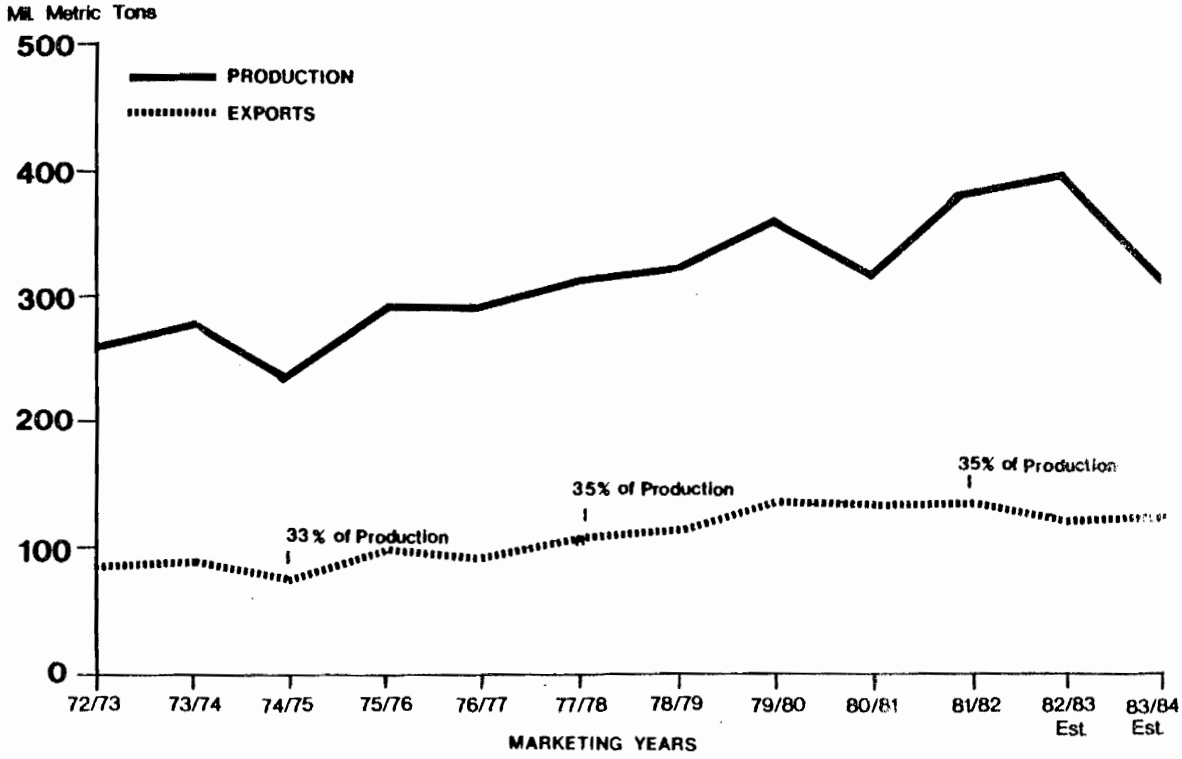
Official Inspection and Weighing Oversight



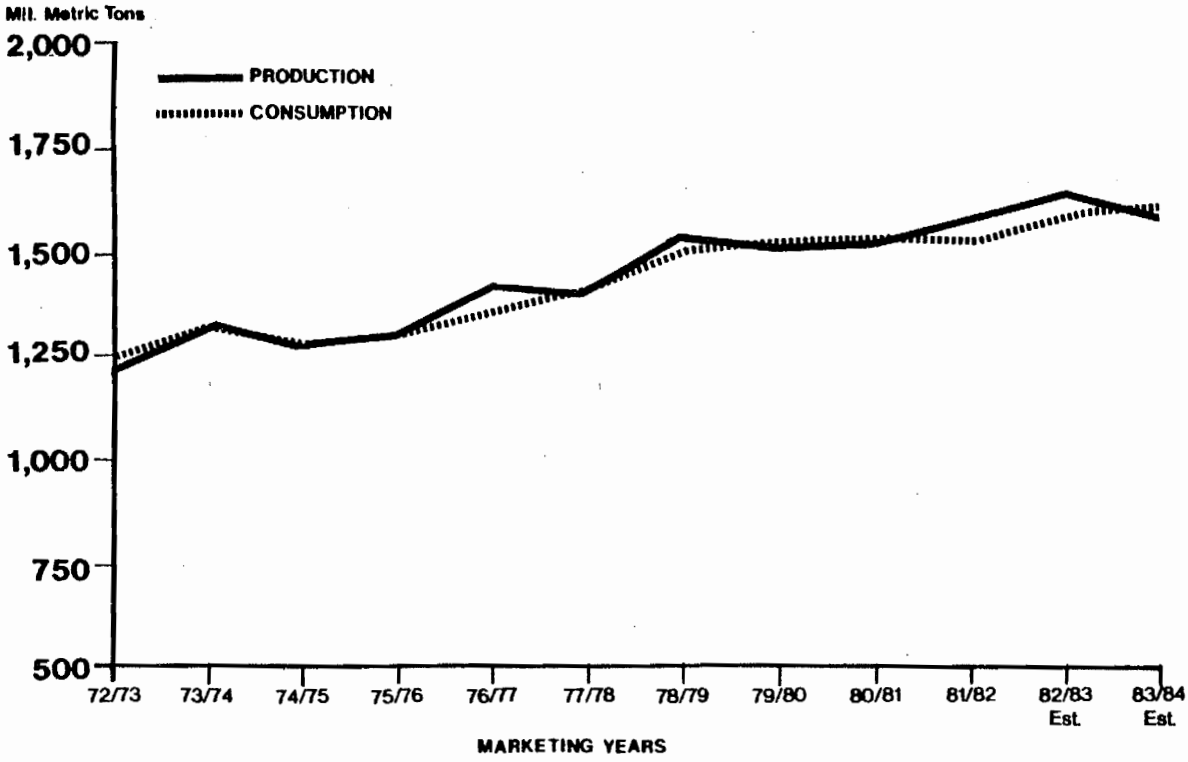
Federal Grain Inspection Service
Performance of Inspection and Weighing Services



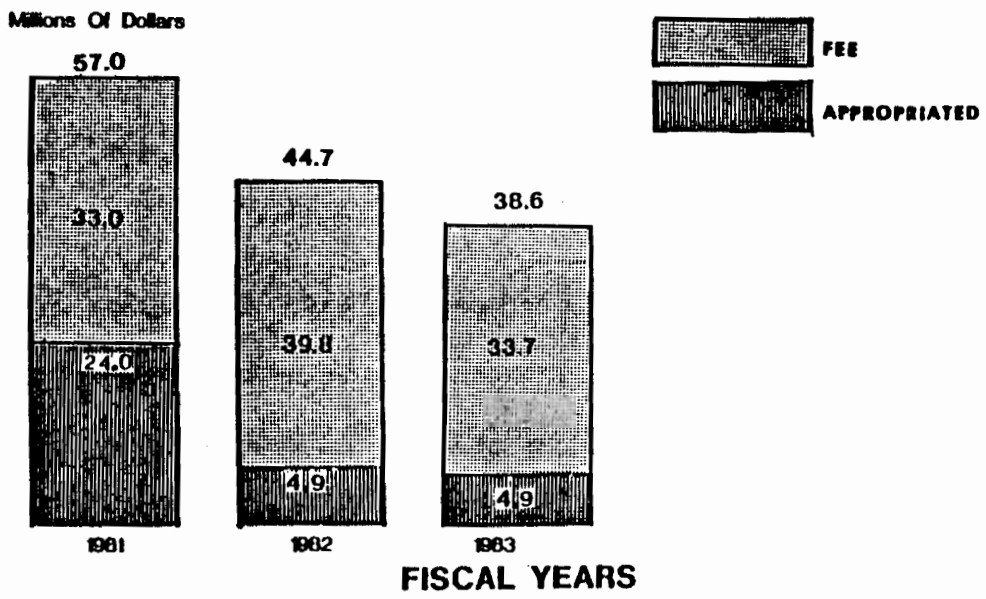
U.S. Production and Exports
Grain, Rice, and Soybeans



World Production and Consumption Grain, Rice, and Soybeans



Federal Grain Inspection Service Appropriated and Fee-Supported Expenditures



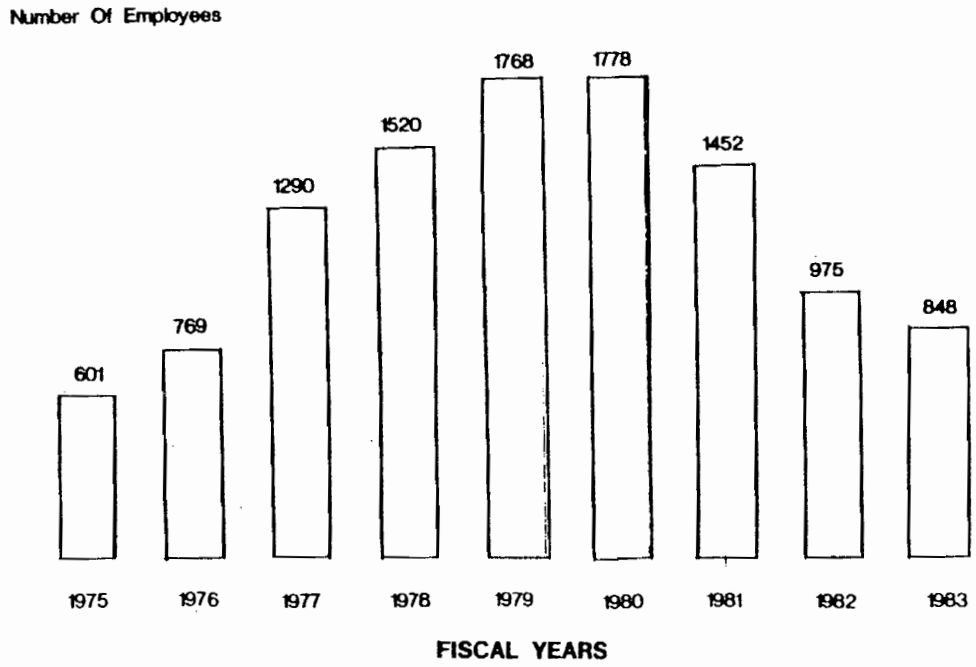
FEDERAL GRAIN INSPECTION SERVICE
Status of Fee Supported Accounts
FY 1983
(Dollars in Thousands)

PROGRAM	Revenue Thru 9/30/83	Cost Thru 9/30/83	Profit/ Loss 9/30/83	Unobligated Funds 9/30/83	Months of Unobligated Funds
Grain Standards Act					
Original Inspection	$11,460	$13,370	($1,910)	$ 894	0.8
Canadian Operations	565	620	(55)	(26)	---
Appeals	878	1,127	(249)	(933)	---
Original Weighing	7,620	8,030	(410)	2,051	3.1
Supervision of Inspection Agencies	4,655	2,946	1,709	814	3.3
Supervision of Weighing Agencies	372	294	78	57	2.4
Registration	21	24	(3)	9	4.5
GSA Subtotal	25,571	26,411	(840)	2,866	1.3
Agricultural Marketing Act					
Rice	2,780	2,821	(41)	(168)	---
Misc. and Processed Commodities	3,575	4,544	(969)	(889)	---
Misc. Agreements	140	121	19	101	10.1
AMA Subtotal	6,495	7,486	(991)	(956)	---
FGIS Fee Subtotal	$32,066	$33,897	($1,831)*	$1,910	0.7
Adjustment due to change in accounting method				2,034**	
FGIS Fee Subtotal				3,944	1.4

*Includes prior year adjustments.
**In October 1982 changed from an accrual cost accounting to an obligational accounting system.

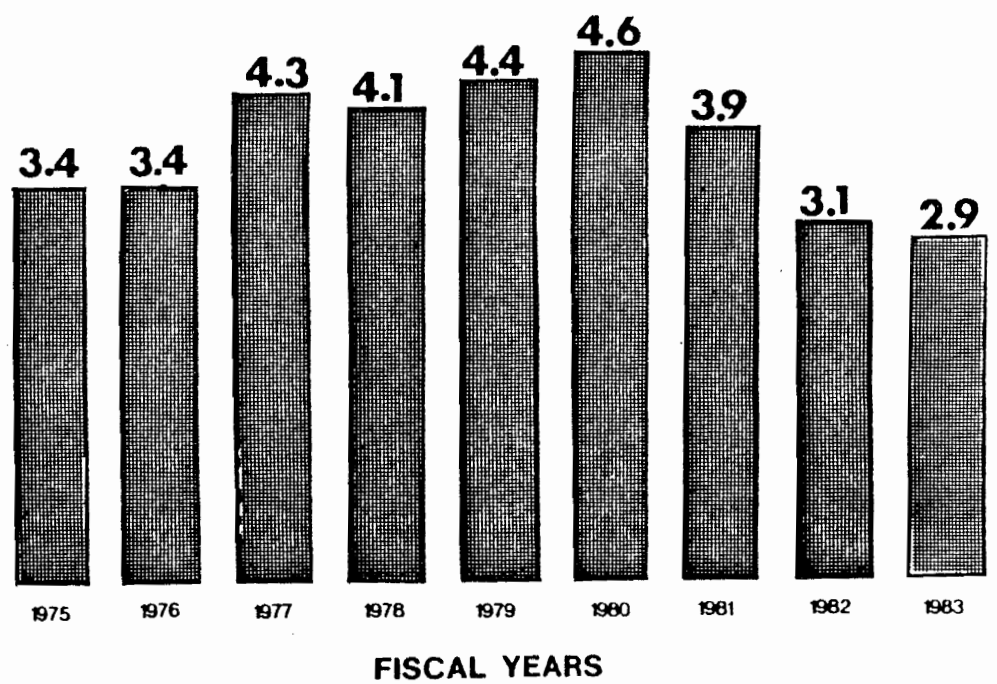
11/28/83

Full-Time Permanent Employment History

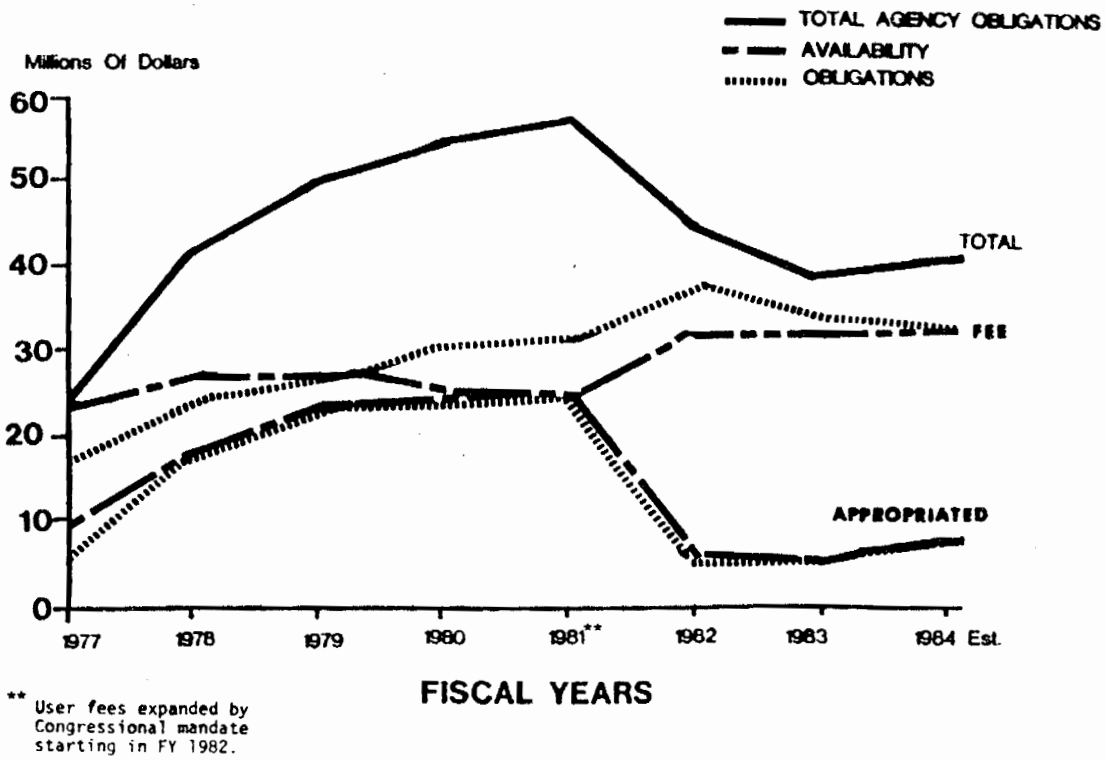


Number of Inspections

Millions of Inspections



FGIS Funds
Availability and Obligations



** User fees expanded by Congressional mandate starting in FY 1982.