



**U.S. Department of Agriculture
Grain Inspection, Packers & Stockyards Administration
Federal Grain Inspection Service**



2010 Annual Report

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The Federal Grain Inspection Service

The U.S. Department of Agriculture's (USDA) Grain Inspection, Packers and Stockyards Administration's Federal Grain Inspection Service (FGIS) establishes quality standards for grains, oilseeds, pulses, and legumes; provides impartial inspection and weighing services through a network of Federal, State, and private entities; and monitors marketing practices to enforce compliance with the U.S. Grain Standards Act, as amended, (hereinafter, the Act) and Agricultural Marketing Act of 1946, as amended (hereinafter, AMA). Through these activities, FGIS facilitates the marketing of grain, oilseeds, and related products. Organizationally, FGIS is aligned with USDA's Marketing and Regulatory Programs mission area.

FGIS administers uniform, national grain inspection and weighing programs established by the Act. Services under the Act are performed on a fee basis for both export and domestic grain shipments. The Act requires generally that export grain be inspected and weighed; prohibits deceptive practices with respect to the inspection and weighing of grain; and provides penalties for violations.

Agency Mission

FGIS' primary mission is twofold: promote the marketing of high-quality grain to domestic and international buyers and maintain objective standards for grain to certify its quality as accurately as practicable. These standards define uniform and descriptive terms to facilitate the grain trade, help determine grain storability, offer users the best possible information to determine end-product yield and quality, provide market incentive frameworks, reflect the economic value-based characteristics to end users, and accommodate scientific advances in testing.

Key Activities

In administering and enforcing the Act, FGIS:

- Establishes and maintains official U.S. grain standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain;
- Promotes the uniform application of official U.S. grain standards by official inspection personnel;
- Establishes methods and procedures and approves equipment for the official inspection and weighing of grain;
- Provides official inspection and weighing services at certain U.S. export port locations, and official inspection of U.S. grain at certain export port locations in eastern Canada along the St. Lawrence Seaway;
- Delegates qualified State agencies to inspect and weigh grain at certain U.S. export port locations;
- Designates qualified State and private agencies to inspect and weigh grain at interior locations;



- Licenses qualified State and private agency personnel to perform inspection and weighing services;
- Provides Federal oversight of the official inspection and weighing of grain by delegated States and designated agencies;
- Provides review inspection services of U.S. grain in the United States and at certain export locations in eastern Canada;
- Investigates, in cooperation with the USDA Office of Inspector General, alleged violations of the Act and initiates appropriate corrective action;
- Monitors the quality and weight of U.S. grain as received at destination ports, and investigates complaints or discrepancies reported by importers; and
- Helps U.S. trading partners develop and improve their grain inspection and weighing programs.

Mandatory Services

Under provisions of the Act, most grain exported from U.S. export port locations must be officially weighed. A similar requirement exists for inspection, except for grain which is not sold or described by grade. Intercompany barge grain received at export port locations also must be officially weighed. And, the Act requires that all corn exported from the United States be tested for aflatoxin prior to shipment, unless the contract stipulates that testing is not required.

Mandatory inspection and weighing services are provided by FGIS on a fee basis at 40 export elevators (including 4 floating elevators). Five delegated States provide official services at an additional 11 export elevators under FGIS oversight. Under a cooperative agreement with FGIS, the Canadian Grain Commission (CGC) provided official services, with FGIS oversight, at 7 locations in Canada that transship U.S. grain for export. Effective January 1, 2010, CGC withdrew from the agreement and FGIS took responsibility for providing all official services for U.S. grain transshipped in Canada.

Voluntary Services

Under the AMA, FGIS administers and enforces certain inspection and standardization activities related to rice, pulses, lentils, and processed grain products such as flour and corn meal, as well as other agricultural commodities. Services under the AMA are performed upon request on a fee basis for both domestic and export shipments by either FGIS employees or individual contractors, or through cooperative agreements with States.

About This Report

Pursuant to section 87(f-2) of the Act, FGIS respectfully submits this report each year to the United States Congress. Activities described in this report cover fiscal year 2010 (October 1, 2009, to September 30, 2010).

After the introduction, the report is divided into six sections. Sections 2 through 4 represent agency program goals, and the last two sections provide information regarding FGIS' management initiatives and financial position.

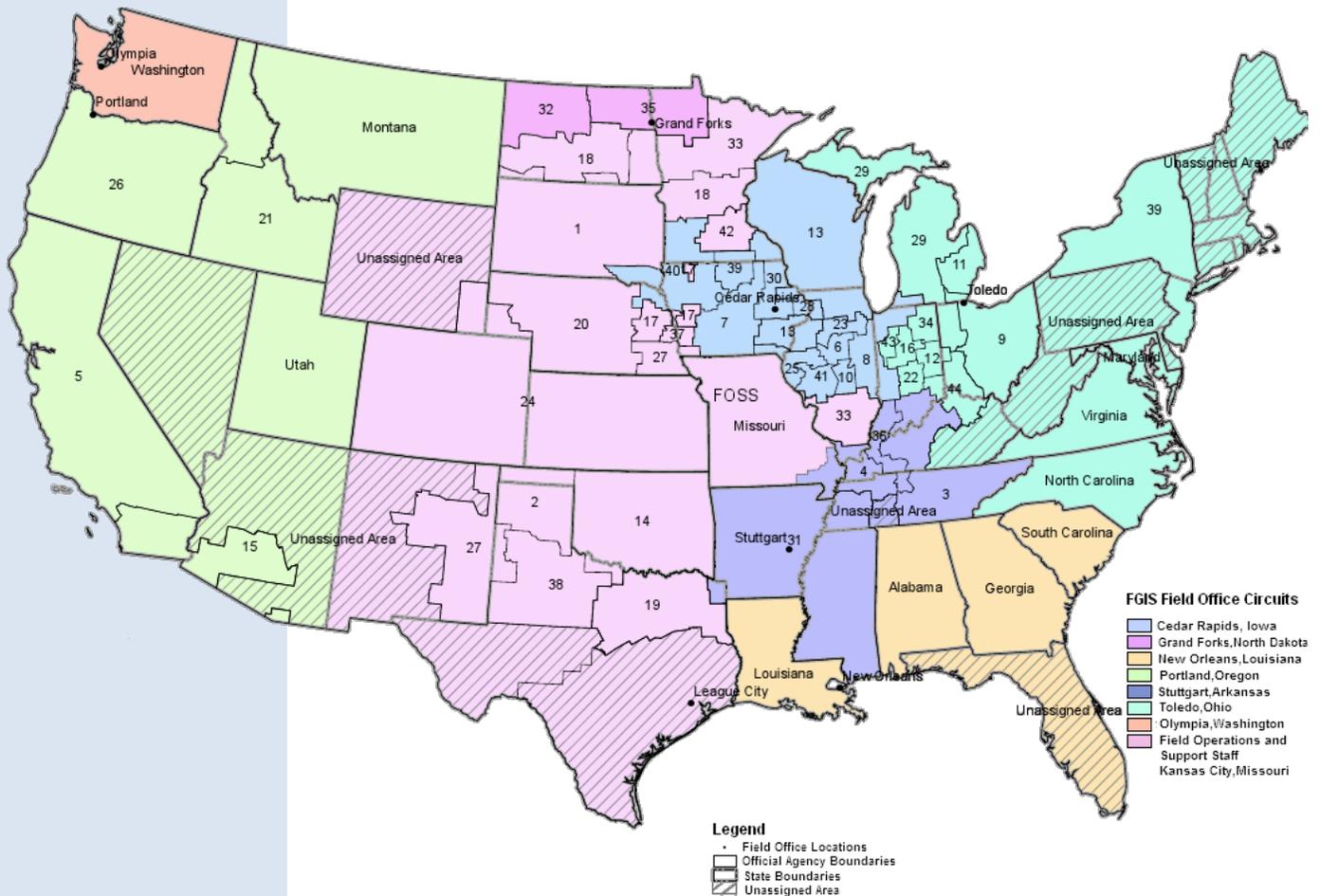
Any mention of firm names or trade products does not imply that they are endorsed or recommended directly or indirectly by the U.S. Department of Agriculture.

Employees & Locations

As of September 30, 2010, FGIS was comprised of 486 full-time permanent employees and 104 temporary employees located at a headquarters unit in Washington, DC, the National Grain Center in Kansas City, Missouri, 7 field offices, 1 Federal/State office, and 4 suboffices. Field offices are located in Stuttgart, Arkansas; Cedar Rapids, Iowa; Grand Forks, North Dakota; League City, Texas; New Orleans, Louisiana; Portland, Oregon; and Toledo, Ohio. FGIS also has a Federal/State office in Olympia, Washington. FGIS offers official inspection and weighing services in all areas of the United States.



Official Agency Geographic Areas and FGIS Field Office Locations



Designated Private Agencies

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Aberdeen 2. Amarillo 3. Barton 4. Cairo 5. California Agri 6. Central Illinois 7. Central Iowa 8. Champaign 9. Columbus 10. Decatur 11. Detroit 12. East Indiana 13. Eastern Iowa 14. Enid 15. Farwell Southwest 16. Frankfort 17. Fremont 18. Jamestown 19. Gulf Country 20. Hastings 21. Idaho 22. Indianapolis | <ol style="list-style-type: none"> 23. Kankakee 24. Kansas 25. Keokuk 26. Lewiston 27. Lincoln 28. McCrea 29. Michigan 30. Mid-Iowa 31. Midsouth 32. Minot 33. North Dakota 34. Northeast Indiana 35. Northern Plains 36. Ohio Valley 37. Omaha 38. Plainview 39. Schaal 40. Sioux City 41. Springfield 42. State Grain 43. Titus 44. Tri-State |
|---|---|

Designated States

- Georgia
- Louisiana
- Maryland
- Missouri
- Montana
- North Carolina
- Utah

Delegated States

- Alabama
- South Carolina
- Virginia
- Washington
- Wisconsin - export only

Section I: Outlook 2011

Review of Official U.S. Standards for Grain

FGIS regularly reviews the official standards for grain to ensure that the standards remain relevant to the marketplace. In 2011, FGIS will continue its review of the U.S. Standards for Wheat, last amended in 2006. In 2010, FGIS published an Advance Notice of Proposed Rulemaking (ANPR) asking stakeholders to comment on whether the wheat standards and grading procedures need to be amended. FGIS is preparing a *Federal Register* publication addressing the comments to the ANPR.



In 2011, FGIS will continue with a review of the corn standards, which were originally promulgated in 1916. Since the last revision of the corn standards in 1996, the use of corn for ethanol and the number of hybrids with specialty traits have increased greatly. FGIS initiated the corn standards review in 2010 by publishing an ANPR in the *Federal Register*, inviting stakeholders to comment on whether the corn standards and grading procedures need to be changed.

Review of Official U.S. Standards for Rice

FGIS reviews the official standards for certain commodities under the AMA to ensure that standards and official grading practices remain relevant to the marketplace. In 2010, FGIS initiated a review of the U.S. Standards for Rice by publishing an ANPR in the *Federal Register* and inviting interested parties to comment on whether the current rice standards and grading procedures need to be changed. Since the standards were last revised, numerous changes have occurred in the breeding and production practices of rice; the technology used to harvest, process, and test rice; and also rice marketing. FGIS will continue the rice standards review in 2011.

Farm Gate and Export Quality Assessments

FGIS continues to work with stakeholders to capture inspection data for grain entering the value chain. Through a multi-year initiative, FGIS is collecting samples at the first point of sale when producers deliver grain to the elevator during harvest. These samples provide a baseline of quality for grading factors such as damage and foreign material content, plus non-grade factors such as foreign material composition, moisture, oil, and protein. The data gathered from this project allows FGIS to better evaluate the potential impact on the marketplace of proposed changes to the grain standards.

Sorghum Odor

Since 2006, over 7,000 samples representing 29 soybean or sorghum-producing States have been submitted. During 2009, FGIS published a report detailing sorghum and soybean quality based on previous years of the study. The report was released publicly and provided to stakeholders throughout the respective industries. In 2010, FGIS completed its fifth sorghum- and fourth soybean-farm gate assessments.

Sorghum inherently has a range of odors. Sorghum end-users may find different types and levels of odor unacceptable based on their preferences and the grain's intended end uses. This variance poses many challenges for the sorghum industry. FGIS is currently working with the industry to ensure that the official system properly recognizes and characterizes these odors.



In the spring of 2009, FGIS held a meeting with a cross-section of the sorghum industry. FGIS' goals were to understand the needs of end-users, understand the challenges for producers and handlers, gain data and background information, and achieve a common understanding as to the acceptability of various odors and levels of intensity in grain sorghum. Sorghum "storage musty" odor was identified as a particular problem.

FGIS provided this information to the Grain Inspection Advisory Committee in June 2009 for feedback. Based on its recommendations, FGIS engaged a sensory expert from Kansas State University (KSU)—who works closely with USDA's Agricultural Research Service—to develop reference materials that can be used by inspectors in the official system and by industry to assist in determining the acceptability of grain sorghum odors. Other goals of this collaboration are to better define environmental requirements and testing procedures to enhance odor assessment consistency.

In FY 2010, FGIS assisted KSU researchers in the planned project. KSU successfully identified chemical compounds that can be used to “spike” clean sorghum to create “storage musty” reference samples. KSU conducted shelf-life tests to determine which of the chemical compounds are suitable for use over extended periods. FGIS provided KSU with additional samples to represent “clean/okay” and “storage musty” sorghum and participated in an initial experiment to assess the adequacy of KSU’s suggestions for “spiked” reference samples.

In FY 2011, FGIS will continue to work with KSU and will engage industry stakeholders to build upon the knowledge acquired through this research project. Additional reference samples will be prepared and tested to determine the optimum combination and concentrations of compounds to represent the “storage musty” odor line for sorghum. FGIS will conduct field tests to determine the feasibility and value of routine use of sorghum “storage musty” reference samples for short-term and long-term standardization of official sorghum odor determinations

FGISonline



FGIS continued the modernization of its inspection and weighing program with implementation of three new *FGISonline* applications in 2010. The modernization effort has improved the efficiency and effectiveness of service delivery by streamlining business practices. Ultimately, this system will provide instantaneous access to official inspection and weighing information for customers around the world.

The **Inspection, Testing, and Weighing** application allows FGIS and official service providers to electronically enter inspection, testing, and weighing information for grain, rice, pulses, graded commodities, and processed commodities for all carrier types including railcars, containers, trucks, ships, and barges. This information electronically feeds the Certificates program and the Inspection Data Warehouse, a national database of inspection and weighing records for services provided under the Act and AMA.

Certificates and data records can be immediately transferred to industry in order to complete transactions and eliminate redundant data entry.

The **FGIS Official Service Provider Licensing** application automates the licensing process of samplers, technicians, weighers, and inspectors who perform official functions under the Act and AMA. Official inspection personnel submit applications for licensing, take written exams, and upon successfully completing requirements, immediately receive their license certificate online. Licensing history is maintained in the database, thereby significantly reducing the burden on service providers to maintain paper files.

The **Quality Assurance and Control** application is a database of quality control results from all official service providers that is used to measure the performance of the official inspection system. Service providers are now able to use stratified random or targeted monitoring tools at a local level to more effectively and efficiently manage their quality control programs. An early alert bulletin board allows quality assurance staff to post notices about quality issues that can be distributed throughout the official inspection system. The data is available at both local and national levels to assess inspector training needs, identify potential quality issues, and address market quality differences in a timely manner.

Pesticide Testing and Method Development

FGIS participated in the Pesticide Data Program, a cooperative effort of the USDA, U.S. Environmental Protection Agency, and 10 participating States to monitor pesticide residue levels in fruits, vegetables, grain, dairy products, and other foods. FGIS tests all grain and grain-related products that are included in the program and develops new methods of analysis when necessary. In 2010, FGIS developed two new methods for oats and analyzed 300 oat samples. In 2011, FGIS will analyze approximately 400 soybean samples.

Railroad Scale Testing Program

FGIS owns and operates five specially designed and built railroad track scale test cars for testing grain industry railroad track scales. The test cars are maintained and operated out of the FGIS Master Scale Depot in Chicago, Illinois.

The Master Scale Depot in Chicago is a National Institute of Standards and Technology (NIST)-certified Echelon III Metrology Laboratory where GIPSA annually calibrates three 100,000-pound test car units that are used to calibrate railroad and State-owned master scales and the GIPSA master scale. The GIPSA master scales are used to calibrate railroad test weight cars which are used to calibrate railroad track scales throughout the country. GIPSA also has two other specialized test weight cars that are used primarily to test and calibrate commercial railroad track scales. The Master Scale Depot also maintains weight standards from 500 to 5,000 pounds to calibrate test weights and test weight carts on an hourly fee basis to provide an additional source of revenue. FGIS is recognized by NIST as the authority to do this work and, as such, provides traceability from the NIST to all commercial railroad track scales in the United States. As an accommodation, FGIS also tests a wide variety of large weights and standards for private companies on a cost-recovery basis.

Under an agreement with the Association of American Railroads (AAR), FGIS annually tests all master scales and performs a number of field

calibrations associated with the program. In accordance with AAR interchange rules, FGIS must replace rail cars before they reach 50 years of age. Two of the test cars operated by FGIS are near the 50-year mark and need to be replaced. The first replacement test car was completed near the end of June 2010. FGIS has funded the procurement of both test cars, and the AAR donated one used box car. The AAR has also increased FGIS annual funding in a recently completed 10-year agreement to continue the Master Scale Calibration Program. FGIS owns and operates three other test cars, which are primarily used to test track scales owned by grain companies and other commercial entities.



GIPSA replaces nearly 50-year-old test car with first of 2 units - FGWX600000

Section II: Providing the Market with Terms and Methods for Quality Assessments

Wheat

Functionality—Protein Quality Assessments: The intrinsic qualities of wheat affect the quality of end products. To best determine the ability of wheat to meet specific end-use needs, accurate test methods are needed to differentiate functional qualities. These methods should also be practical, rapid, and reproducible among different laboratories to provide value transparency from the producer to the processor and provide information that better predicts appropriate end-uses, thereby enhancing the marketability of U.S. wheat.



Farinograph tests are widely used to determine certain quality factors. FGIS studies have shown significant differences in Farinograph test results among commercial laboratories, which leads to confusion in wheat markets. In 2008, FGIS initiated a multiple laboratory collaboration including the instrument manufacturer to identify ways for improving standardization of the Farinograph method among commercial laboratories. In 2009, collaborative studies identified the addition of water and data processing algorithms as additional sources of significant Farinograph method variation. In 2010, FGIS continued collaborative studies of the Farinograph method with the manufacturer who introduced a new Farinograph model that incorporated automated water addition and a more flexible software platform. In 2011, FGIS plans to continue collaborative studies with the instrument manufacturer to improve the Farinograph method.

Gluten strength is one of the most important aspects of wheat functionality, but the market lacks a consistent definition of this characteristic. Since 2008, FGIS has worked with USDA's Agricultural Research Service, academia, and industry to develop new standardized methods for precisely and reproducibly describing the viscous and elastic properties of gluten. In 2009, the collaborative work led to private industry's development of a prototype device to test the viscoelastic properties of gluten. This gluten test successfully differentiated gluten strength among and within wheat classes. In 2010, FGIS evaluated the relationships between popular empirical dough rheological tests and the new prototype instrument. Some clear relationships were identified that may pave the way for a single international test for wheat functionality based on gluten strength. In 2011, FGIS will continue its collaboration to

refine gluten strength tests and assess their suitability, relevance, and value for use in the wheat marketing system.

Varietal Identification: Wheat classing continues to be one of the most difficult challenges of subjective analysis within the official inspection system. There is a need for an objective method to perform varietal identification of wheat cultivars to augment subjective analyses. FGIS has established a reference High Performance Liquid Chromatography (HPLC) method that is based upon work performed at the USDA's Agricultural Research Service laboratory in Manhattan, Kansas, and has demonstrated the utility of the method. In 2009, FGIS developed a database of all relevant U.S. wheat varieties and a mathematical algorithm for identifying unknown cultivars. For single-variety samples, the varietal identification success rate is near 100 percent. In 2010, FGIS developed a more efficient matching algorithm and investigated the transferability of the method to other HPLC instrumentation. In 2011, FGIS will continue to improve the accuracy and generalize the method so that different labs, with different HPLC make/models could use it. Also, FGIS will broaden the application to additional areas of wheat classification and will use the method to assist official inspectors in classifying challenging samples.



**Biotechnology
Rapid Test
Evaluations**

Four biotechnology rapid test kits were evaluated this fiscal year: two for NK603 (CP4 EPSPS protein) in corn, one for Mon89034 (Cry 2Ab protein) in corn, and one for T-25 (Pat/pat protein) in corn. Three of the manufacturer's rapid test kits met established performance criteria. Thus, certificates of performance (COPs) were issued for rapid tests that detect Mon89034 and NK603 traits.

**Reference
Method Analyses**

FGIS maintains reference methods for protein, moisture, oil, fatty acid composition, and mycotoxins. These methods are used to maintain the accuracy of current testing in the official inspection system and to support development of new rapid field tests. The protein, moisture, oil, and fatty acid reference analyses support the near infrared spectroscopy, dielectric, and nuclear magnetic resonance instruments used for rapid inspection at

field locations that perform official testing. The mycotoxin reference analyses support the evaluation and standardization of rapid tests for official and commercial grain inspection, and support quality assurance programs to ensure consistent and reliable testing results. In 2008, FGIS evaluated Ultra-High Pressure Liquid Chromatography (UPLC) for potential use as the aflatoxin reference method. In 2009, FGIS initiated a 2-year effort to convert the aflatoxin reference method to UPLC. In 2010, FGIS continued to provide quality reference method analyses in support of the development of new testing methods and in the maintenance of accurate field testing for official and commercial inspection systems.

Biotechnology

Biotechnology Proficiency Program: The internationally recognized USDA/FGIS Proficiency Program now includes 160 participating organizations, with more than 80 percent of the participants from organizations outside the United States. This program, which was initiated in 2002, enables organizations to improve and verify their accuracy and precision in identifying transgenic events for grain. Participants include organizations from Africa, Asia, Europe, North America, and South America.

Respond to Inadvertent Release of Unapproved Traits Into the Marketplace: In recent years, there have been instances of inadvertent releases of unapproved transgenic events into the U.S. grain handling system. When such an inadvertent release occurs, a rapid response is necessary to identify and validate methods to detect the trait and thereby protect the integrity of U.S. grain and related markets. The testing methods must be highly specific and sensitive to effectively restore confidence in U.S. grain marketing systems. FGIS assists government and private laboratories that use protein- and DNA-based technologies by performing impartial third-party verification of their methods for both qualitative and quantitative detection of transgenic events in biotechnology-derived crops. FGIS involvement in responding to incidences of inadvertent release facilitates harmonization of sampling plans and international testing for biotechnology-derived grains and oilseeds. FGIS provides expertise to USDA's Animal and Plant Health Inspection Service when responding to inadvertent releases of unapproved biotechnology events. The agency has also negotiated both materials transfer and confidentiality agreements between life science companies and other government agencies, such as the National Institute of Standards and Technology.

Harmonizing Biotech Reference Methods: There is a need for highly specific and accurate tests for the various biotechnology-derived crops that are grown in the United States. FGIS has developed intra-laboratory validated real-time polymerase chain reaction methods and has evaluated



**Review and
Update
Mechanical
Sampling
Equipment
Processes**

the accuracy, reliability, and proficiency of publicly available methods used to identify transgenic traits in biotechnology-derived grains and oilseeds. Also, FGIS participated on a scientific panel of experts engaging U.S. stakeholders and influencing outcomes on issues related to testing of biotechnology traits in grains with the goal of developing global scientific consensus regarding the analysis of transgenic events.

In addition, FGIS continues to collaborate with international organizations such as Codex Alimentarius, International Organization for Standardization, Association of Analytical Communities, American Association of Cereal Chemists, American Oil Chemists' Society, Institute for Reference Materials and Measurements, Canadian Grain Commission, and the National Institute for Standards and Technology to harmonize testing technologies for biotechnology-derived grains and oilseeds.

Food and Agricultural Organization/World Health Organization Codex Committee on Methods of Analysis and Sampling: FGIS staff participated as members of the U.S. delegation to the Codex Committee on Methods of Analysis and Sampling (Committee) in a meeting held in March 2010, in Budapest, Hungary. The Committee finalized the document that described criteria to be used in validating methods to detect DNA sequences and proteins in foods. The U.S. delegation also actively participated in other issues: finalizing the document on measurement uncertainty to analytical results, and continuing discussion on uncertainty of sampling, conformity assessment, and resolution of disputes.

Sampling is critical to the accuracy and integrity of FGIS' results. FGIS is reviewing the processes and procedures for managing equipment used to collect official grain samples. Current decisions regarding adequacy of mechanical sampling equipment are based on USDA testing performed many years ago when flow rates were lower and manufacturing methods were more limited. The review will determine: 1) how to successfully evaluate prototype equipment, 2) whether current processes for managing new sampling equipment installations are adequate, and 3) whether current practices for managing previously authorized sampling equipment are satisfactory. Efforts in 2009 and 2010 addressed procedures for evaluating new sampler designs and proposed comprehensive policy and procedures for managing mechanical sampling equipment. The policy and procedure recommendations are under review. The 2010 efforts included development of an evaluation process for a cross-belt sampling system that may be a viable alternative to current diverter-type sampler systems.

Working with International Customers

FGIS personnel frequently provides information to foreign delegations on the U.S. grain marketing system, the national inspection and weighing system, and U.S. grain standards. Many of these delegations are sponsored by USDA cooperator organizations, such as U.S. Wheat Associates and U.S. Grains Council, that arrange visits to grain production areas, FGIS field offices, onsite laboratories at export grain elevators, and FGIS' National Grain Center in Kansas City, Missouri. At the National Grain Center, delegations receive technical training on analytical testing procedures and grain inspection procedures.

Presentations are tailored to address each group's interests and concerns, and often include explanations of the various services provided by FGIS, the Agency's use of the latest technology to provide grain traders with accurate and reliable inspection and weighing information and—for importers or potential importers new to the U.S. grain market—information on contracting for the quality they desire.

These briefings foster a better understanding of the entire U.S. grain marketing system and serves to enhance purchasers' confidence in U.S. grain. Ultimately, these efforts help move our Nation's harvest to end-users around the globe.

Summary of Briefings with Visiting Trade and Governmental Teams

During 2010, FGIS personnel met with 39 teams from 45 countries.

Algeria	Italy	Panama
Belgium	Japan	Philippines
Brazil	Kazakhstan	Portugal
China	Korea	Saudi Arabia
Colombia	Libya	Singapore
Costa Rica	Malaysia	South Africa
Dominican Republic	Mauritius	Sri Lanka
Ecuador	Mexico	St. Vincent and Grenadines
Egypt	Morocco	Thailand
El Salvador	Mozambique	Tunisia
Guatemala	Netherlands	Trinidad and Tobago
Honduras	New Zealand	Turkey
India	Nicaragua	Venezuela
Indonesia	Nigeria	Vietnam
Iraq	Pakistan	Zimbabwe

International Outreach



Technical Assistance: In 2010, FGIS responded to customers' needs for technical assistance in foreign markets. Exporters, importers, and end-users of U.S. grains and oilseeds, as well as other USDA agencies, USDA cooperator organizations, and other governments, occasionally ask for FGIS personnel to provide expertise. These activities include representing the Agency at grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, assisting importers with quality specifications, and training local inspectors in U.S. inspection methods and procedures. Such activities typically have been funded through various programs administered by USDA's Foreign Agricultural Service (FAS), USDA's Farm Service Agency, directly by USDA cooperators, or directly by FGIS.

Chinese Soybean Project: During 2010, FGIS led a delegation including FAS, USDA's Animal and Plant Health Inspection Service (APHIS), and the Food and Drug Administration to Beijing, China, and negotiated draft language for a non-binding Memorandum of Understanding (MOU) to address China's concerns over soybean quality, plant health, and food safety. Key provisions of the MOU include establishing a bilateral Technical Working Group to exchange information and resolve issues at the technical level; and – when warranted – sending a rapid response team from the United States to China to investigate problem shipments.

Egypt's Phytosanitary Requirements: FGIS coordinated with representatives from APHIS and FAS to resolve issues with Egypt's phytosanitary requirements for a zero tolerance for ambrosia (ragweed) seeds in wheat which prevents U.S. exporters from submitting bids for wheat tenders. FGIS, FAS, and U.S. Wheat Associates coordinated a visit of high-level Egyptian officials to the United States to learn about our quality control and export inspection procedures and to convince them to drop the zero tolerance. Their tender terms still require a zero tolerance for ragweed seed, which U.S. suppliers cannot meet.

Rice Shipments to Mexico: FGIS successfully coordinated with representatives from APHIS, FAS, and the USA Rice Federation regarding U.S. rice shipments to Mexico. Mexican officials claimed that rice shipments from three U.S. exporters were contaminated with Liberty Link rice. The detained rice shipments were released after Mexican officials acknowledged that the allegations were scientifically unfounded.

Promoting Standardization

Since 2002, FGIS has stationed an employee in Asia for a 1- to 3-month detail to work with Asian customers and their governments. FGIS has been able to address immediate and long-term issues in the region, promote a better understanding and adoption of U.S. sampling and inspection methods to minimize differences in results, and develop face-to-face relationships with customers, USDA cooperators, and government officials.

During the spring of 2010, an FGIS officer traveled for 7 weeks to China, Indonesia, Japan, the Philippines, Singapore, Taiwan, and Vietnam conducting seminars and meeting with individuals and groups involved in the grain and milling industry in Asia. The seminars were organized with the help of the American Soybean Association-International Marketing, U.S. Grains Council, and U.S. Wheat Associates and were well received.

While in the region, the FGIS officer met with importers and processors and was able to address their quality concerns and misunderstandings regarding contract specifications and grain grading. Several feed mills expressed interest in future training seminars on U.S. grain standards, inspection and grading procedures.



FGIS officer at the U.S.-China Seminar on Feed and Dairy Product Quality and Safety

Summary of International Travel for 2010

Country/Region Visited	Purpose	Dates
Belgium	<ul style="list-style-type: none"> Participated in European Union Global Conference on Genetically Engineered Corn Analysis 	January 2010
Canada	<ul style="list-style-type: none"> Performed stowage and wheat inspections Attend meeting w/ Canadian Grain Industry and visit inspection sites 	17 trips; various dates June 2010
China	<ul style="list-style-type: none"> Attend Grains/Oils Standards and Quality Meeting Attend meetings with government to discuss soybean MOU 	November 2009 July 2010
Hungary	<ul style="list-style-type: none"> Attend Codex Committee Meeting on Methods of Analysis and Sampling 	March 2010
Italy	<ul style="list-style-type: none"> Attend EU Joint Research Committee Meeting Sample rice for APHIS phytosanitary certificate Witness grain fumigation 	November 2009 May 2010 September 2010
Japan	<ul style="list-style-type: none"> Attend Toxic Microorganisms Meeting Participate in Methods of Molecular Biomarker Analysis Meeting 	November 2009 February 2010
Mexico	<ul style="list-style-type: none"> Attend APPAMEX/NAEGA grain trade issues meeting 	November 2009
Panama	<ul style="list-style-type: none"> Witness grain fumigation 	June 2010
Peru	<ul style="list-style-type: none"> Attend Codex Meeting on Food Safety 	February 2010
Taiwan, Korea	<ul style="list-style-type: none"> Travel with U.S. Grains Council to address corn quality issues 	November 2009 December 2009
Thailand	<ul style="list-style-type: none"> Participate in International NIRT Spectroscopy Conference 	November 2009
Turkey	<ul style="list-style-type: none"> Attend meeting with government officials to discuss biotech regulations 	March 2010
Asia (China, Japan, Malaysia, Indonesia, Philippines, Singapore, Taiwan, Vietnam)	<ul style="list-style-type: none"> Collateral duty officer presented grain grading workshops, addressed immediate/long-term grain issues in the region; promoted adoption of U.S. sampling and inspection methods 	April 2010



Improving Safety for Railcar Stowage Exams

Eliminating the hazard of falling from a hopper car is a priority of both FGIS and loading facilities. FGIS, in cooperation with some loading facilities, determined that it is feasible for an inspector to perform stowage examinations from inside the inspection lab using video cameras mounted above the cars a short distance before the loading spout. With this arrangement, the hopper cars are examined a few minutes before they are loaded. Facility personnel can remove loose debris from cars that do not pass before they reach the spout, but cars that require more extensive cleaning cannot be filled. The inspector must still climb on the car if it is not clear whether it should pass; however, the car is in an area where fall protection is available. Guidelines for the video systems were incorporated into the Program Directive on stowage examination services as of April 8, 2009. Responsibility for deciding whether the video systems are adequate was assigned to the official service providers.

As of September 2010, 23 facilities have been reported to FGIS as having approved video stowage exam systems. This represents an increase of 13 facilities since the 2009 report. Two of the systems are approved for night use only due to lighting issues. The systems have been reported as working well, provided the camera lenses are cleaned regularly to remove grain dust.



Facility with approved railcar video stowage exam system in Hutchinson, Kansas.

Section III: Protecting the Integrity of U.S. Grain and Related Markets

Alleged Violations

At the beginning of fiscal year 2010, 11 cases involving alleged violations of the Act and the AMA were pending. During the year, FGIS opened 11 new cases stemming from foreign quality complaints, as well as allegation of falsifying inspection results and work records, deceptive loading, engaging in prohibited grain handling practices, filing a false application for official inspection, performing official functions without being licensed, improper disposition of excess rice samples, and failure to follow procedures and maintain records. FGIS issued 3 warning letters where violations occurred; 8 cautionary letters where a violation was suspected, but not firmly established; and 15 information letters where the violations were deemed minor or unintentional. In all, FGIS closed 17 cases including 11 from the prior years and 6 from 2010.

Registrants to Export Grain

The Act requires that all persons who buy, handle, weigh, or transport 15,000 metric tons or more of U.S. grain for sale in foreign commerce during the current or previous calendar year must register with FGIS. During 2010, FGIS issued 135 Certificates of Registration to individuals and firms to export grain.



Bulk vessel loading grain at Pier 86 Grain Terminal, Elliot Bay, Seattle, Washington

Delegation and Designation

FGIS oversees 56 State and private agencies that are designated under the Act to provide voluntary official inspection and/or weighing services for domestic trade. In addition, FGIS supervises 7 States that are designated to provide official services in domestic markets, 4 States that are designated and delegated to provide mandatory official services at export port locations within the State, and 1 State that is delegated to provide official mandatory services at selected export port locations but not designated to provide voluntary services within the State.

Under the Act, designations must be renewed every 3 years. After reviewing their requests for continued designation, FGIS renewed designations of 17 agencies for full 3-year terms. Two agencies were renewed for a reduced 1-year term due to failure to comply with regulations.

Quality Management Program

As part of its strategic plan, FGIS is integrating the principles of modern quality management into the official system. Modern Quality Management Programs (QMP) have a proven track record and are structured to ensure that activities necessary to design, develop, and implement a product or service are effective and efficient with respect to system performance.

The QMP adopted by FGIS requires that all private and State agencies, as well as FGIS field offices that provide official inspection and weighing services establish a program based on the principles of quality control, quality assurance, and quality improvement as a key component in the way they deliver official services. FGIS expects that implementation of the QMP will further enhance delivery of official services to the grain, feed, and processing industries while supporting Agency efforts to manage costs and staff resources.

During FY 2010, all official agencies and FGIS field offices developed a quality manual and conducted an initial internal audit. During the fourth quarter of FY 2010, FGIS transitioned the compliance reviews to quality management reviews.

Compliance Reviews

FGIS conducts reviews of grain inspection and weighing operations within the official system's Federal, State, and private laboratories. During 2010, FGIS conducted onsite reviews of 4 FGIS offices, 1 State department of agriculture, and 8 private agencies. Review teams evaluated customer satisfaction—including potential service delivery discrimination, management effectiveness and efficiency—and compliance with established procedures. FGIS found no instances of service delivery discrimination and determined that the overall integrity of the national inspection system is intact.

Contract Review Program

In 2009, FGIS initiated a program to assess export shipper's compliance with contractual sales terms. The goal of the program is to ensure integrity and transparency throughout the official inspection system by making certain that shippers do not provide any false or misleading application for official inspection service. FGIS began comparing randomly-sampled load order instructions provided by export shippers to official personnel to the type of inspection specified by the commercial sales contract. FGIS requests load order instructions from official agencies and FGIS field offices that provided official inspection services on a selected export grain shipment, and contacts the appropriate export shipper for a copy of the sales contract associated with the selected shipment. These two documents are compared to determine if the inspection procedures requested in the load order instructions match contract specifications. In the event discrepancies are found, FGIS takes appropriate action to correct the situation, including sending official correspondence to the appropriate company officials notifying them of the review findings.

In 2010, FGIS continued comparing randomly-sampled load order instructions provided by export shippers to official personnel to the type of inspection specified by the commercial sales contract. Data are gathered on a quarterly basis for grain exported in vessels, by rail and in containers. During fiscal year 2010, FGIS examined two percent of all export shipments.

Container Inspection and Weighing Services



The U.S. grain industry has experienced a significant increase in the demand for grain exported in containers. Loading grain in containers has been on a relatively small scale for years. However, with a surplus of empty containers at their disposal, grain exporters have seized the opportunity to ship grain at a low cost (freight rate) and deliver grain to small business entities.

Expansion of the container grain export market has far exceeded most forecasts. Inspection of containerized cargo has increased from 0.7 percent of total grain exported (metric tons) in 2005 to 2.5 percent of total grain exported (metric tons) in 2010 and represented 1 percent of total grain officially inspected (metric tons) by FGIS in 2010. Due to a downturn in the worldwide economy in 2009, the industry saw a reduction in container shipments. This trend has continued in 2010.

FGIS is challenged to keep up with the growing number of container loading facilities. In 2002, eight facilities exported grain by container. Currently, there are over 140 loading facilities, with the majority in proximity to the railroad

hub in Chicago. Initially, most of the container loading operations were based out of the Pacific Northwest where empty containers were abundant at the export container terminals. However, in the past 4 years, much of the activity has shifted to the Midwest due to the close proximity with the grain supply and the rail yards that handle containerized cargo.

In order to accommodate the containerized grain trade, FGIS has remained flexible with regard to sampling containerized lots and certification procedures. However, to ensure that FGIS regulations and service operations effectively address current and evolving market conditions, FGIS has initiated a comprehensive review of the policies and procedures governing official inspection and weighing services for grain exported in containers and will propose any necessary regulatory changes during 2011. FGIS is developing outreach material for current and potential buyers of U.S. grain to improve their understanding of the sampling, inspection, and certification process for grain exported in containers.

**Standardizing
Commercial
Grain Inspection
Equipment**

In 2010, FGIS continued the cooperative effort between FGIS, National Conference on Weights and Measures (NCWM), and the National Institute for Standards and Technology by implementing a new 5-year agreement. The purpose of this program is to standardize commercial inspection equipment, including grain moisture meters, near-infrared analyzers (for protein, oil, and starch), and test weight modules contained within moisture meters and near-infrared analyzers. FGIS served as the sole evaluation laboratory for grain inspection equipment under the NCWM's National Type Evaluation Program (NTEP). FGIS collected grain moisture meter calibration data for six instrument models as part of the NTEP ongoing calibration program.

Calibrations developed in this program provide traceability back to the official FGIS moisture program and air oven reference method. These calibrations are used in the majority of moisture meters used in commercial grain transactions throughout the United States. The NTEP laboratory completed an evaluation for a grain moisture meter and near-infrared model that was previously in the ongoing calibration program for a different U.S. distributor.

In 2011, FGIS will again collect grain moisture meter calibration data for five NTEP models and will conduct NTEP testing for new grain inspection equipment models upon request.

**Visual Reference
Material**

FGIS' Visual Reference Image (VRI) system serves as the primary tool to ensure standardization of FGIS' subjective (visual) grain inspection services. In 2010, FGIS updated and replaced all of the current wheat and sorghum VRI using new technology and techniques that significantly improve image quality.

Rice Inspection Equipment



In response to a request by the California rice industry, FGIS initiated a project to evaluate a different rice sheller for possible official use in grading California-production short and medium grain rice. Industry experience with this sheller model suggested that its use could potentially improve measurement consistency and reduce analysis time and machine maintenance costs relative to the currently approved rice sheller. FGIS conducted research to identify appropriate standardization settings for the sheller and quantify potential differences in rice milling yield that might result from its use. Performance comparisons were made for common California short- and medium-grain rice varieties for a range of head rice yields (a measure of rice quality) and rough rice moisture content. Results from the study were provided to the California rice industry for its comments regarding whether to switch to the new sheller design and its suggestions for implementing the technology in a manner that would minimize market impact.

Complaints From U.S. Grain Importers

FGIS administers a formal process for investigating grain quality and weight discrepancies. When an importer of U.S. grain submits a claim regarding quality or weight, FGIS analyzes samples retained on file from the original inspection and samples submitted from the complainant (if the buyer chooses to submit them) and evaluates the accuracy of the initial inspection. This process allows FGIS to verify whether the original inspection and weighing service provided at the time of loading was correct, based on all available information. FGIS then issues a report outlining its findings.

Occasionally, a particular buyer or importing country reports repeated discrepancies which cannot be resolved by a shipment-by-shipment review under this process. In such cases, FGIS may conduct collaborative sample studies or joint monitoring activities to address the discrepancy in a more comprehensive manner.

In 2010, FGIS received 16 quality complaints and 1 weight complaint from importers on grains inspected under the Act, as amended. These complaints involved 594,533 metric tons, or about 0.5 percent by weight, of the total amount of grain exported during the year.

**Summary of Complaints Reported by Importers on Inspection and Weighing
Fiscal Year 2010**

Complainant	Country	Grain/ Commodity	Number of Complaints	Nature of Complaint
Asia	China	Corn	1	Damage, heat damage
		Soybeans	4	Treated soybeans,
		Soybeans	1	Short weight
	Indonesia	Soybeans	1	Foreign material
	Japan	Wheat	1	Foreign material
	Korea	Soybeans	1	Quality, protein
	Malaysia	Soybeans	1	Damage, heat damage
	Taiwan	Corn	1	Damage, infestation
	Vietnam	Soybeans	1	Foreign material, damage, heat damage
Central/South America	Colombia	Corn	1	Heat damage, broken corn and foreign material
	Venezuela	Corn	2	Broken corn and foreign material, Heat damage, damage
Middle East	Syria	Soybeans	1	Damage
North America	Mexico	Wheat	1	Protein
Total			17	

Section IV: Providing Official Grain Inspection and Weighing Services

Partnerships with States and Private Entities

FGIS manages the national inspection and weighing system through a unique network of approximately 2,000 staff members including Federal, State, and private laboratories that serve grain producers, handlers, processors, and exporters across the country. Our State and private partners are authorized to provide official services on FGIS' behalf under the authority of the Act and the AMA. FGIS delegates States to provide official inspection and weighing of U.S. grain at export port locations; and designates States and private agencies to provide official inspection and weighing services in the domestic market. FGIS has 48 agreements with States and private entities to provide sampling or inspection services for miscellaneous processed commodities, graded commodities, or rice under the AMA.

Vessel Fumigation Procedures

Since 1975, FGIS, in cooperation with USDA's Agricultural Research Service and the grain, fumigant and maritime industries, has been involved in research to develop safe, effective, and economical fumigation methods for bulk grain loaded aboard ocean-going vessels. Based on the findings of these studies, FGIS developed policies and procedures to safely and effectively fumigate bulk grain aboard certain vessels and the vessels may sail (in-transit fumigation) before the fumigation results are verified.

In 2008, FGIS initiated a review of its in-transit fumigation policies and procedures and in 2009, involved stakeholders in a dialogue about its findings, and subsequently issued a new Fumigation Handbook that enhances the efficacy and safety of the program.

In 2010, a total of 100,743,697 metric tons of grain were exported from the United States. Out of these, 68,154,807, metric tons were fumigated because of either insect infestation or contract requirement.

Educational Material

FGIS provides educational materials and grading aids to our customers through various outlets, at industry meetings and trade shows, and to the public through the FGIS Website. In 2010, FGIS developed the following courses: Experimental Design; Oat Grading; Sunflower Grading; and Flaxseed Grading. FGIS also developed posters of Principal Stored Grain Insects and Principal Grain Damages for the major and minor grains. We also developed a pocket-sized version of the principle Visual Reference Images for the major grains called Grading Strips.



Distiller's Dried Grains

As the production of corn-based ethanol has increased over the past 5 years, so too have distiller's grains, the co-products of ethanol production. Distiller's grains are the remaining portion of corn (protein, fat, and fiber) used to produce ethanol after the starch is removed during the fermentation process. Roughly 17 pounds of distiller's grains can be produced from one bushel of corn (1 bu corn = 56 lbs), since corn is approximately two-thirds starch. Because of the composition of distiller's grains (30 percent protein, 11 percent fat, and 7-9 percent fiber), they remain a very nutritious source of energy for livestock and are used to replace traditional feed grains and meals in limited quantities.

Distiller's grains have been exported from the United States for as long as they have been produced. While they can be produced in several forms, the most common are dried (10 percent moisture) and wet (65 percent moisture). However, because of the difficulty in transporting something that is 65 percent moisture in bulk carriers, distiller's grains are exported in the dry form. The most common method for transporting distiller's grains overseas is by containers.

Over the past decade, Ireland, Mexico, United Kingdom, and Canada have been the main consumers of exported distiller's grains exported from the United States, accounting for 52 percent of the 1.1 million metric tons exported in 2005. By July 2010, total distiller's grains exports already totaled 4.9 million metric tons.

As the volume of distiller's grains exports increases, FGIS continues to facilitate their marketing by providing phytosanitary inspections for many of these export shipments. During FY 2010, FGIS provided phytosanitary inspections on nearly 50 percent of all exported distiller's grains. Given the expected continued growth in foreign demand, FGIS expects to continue to provide high-quality inspection service for this growing market.



Tons of distiller's dried grains being held in storage at the ethanol plant in West Burlington, Iowa (photo courtesy of USDA's Agricultural Research Service)

Inspection Program Data

Fiscal Years 2008-2010

Item	Fiscal Years		
	2008	2009	2010
Quantity of Grain Produced ¹ (mmt) ²	474.7	478.4	500.8
Quantity of Standardized Grain Officially Inspected (mmt) ³			
Domestic	181.3	168.3	191.5
Export by FGIS	81.4	71.4	77.7
by Delegated States	32.2	24.9	29.7
by Designated Agencies	<u>14.8</u>	<u>10.0</u>	<u>11.0</u>
Total	309.7	274.6	309.9
Quantity of Non-Standardized Grain Officially Inspected (Mmt) ⁴			
Domestic	0.0	0.0	0.0
Export by FGIS	0.1	0.0	0.0
by Delegated States	0.0	0.0	0.0
by Designated Agencies	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>
Total	0.2	0.0	0.0
Delegated States/Official Agencies			
Delegated and Designated States ⁵	4	4	4
Delegated States ⁶	1	1	1
Designated States ⁷	7	7	7
Private Agencies	<u>44</u>	<u>44</u>	<u>44</u>
Total	56	56	56

¹ Source: USDA World Agricultural Supply and Demand Estimates. This figure includes production of wheat, corn, sorghum, barley, oats, and soybeans.

² Million metric tons.

³ Includes grains for which FGIS maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.

⁴ Includes items inspected under the authority of the Act that do not meet the requirements for grain as set forth in the Official U.S. Standards for Grain, including cracked corn.

⁵ Alabama, South Carolina, Virginia, and Washington

⁶ Wisconsin

⁷ Georgia, Louisiana, Maryland, Missouri, Montana, North Carolina, and Utah



Item	Fiscal Years		
	2008	2009	2010
Number of Official Original Inspections ¹			
FGIS	96,930	101,630	121,239
Delegated States/Official Agencies	<u>3,315,636</u>	<u>3,025,970</u>	<u>3,281,013</u>
Total	3,412,566	3,127,600	3,402,252
Number of Grain Re-inspections			
FGIS	175	201	471
Delegated States/Official Agencies	<u>20,844</u>	<u>27,083</u>	<u>36,185</u>
Total	21,019	27,284	36,656
Number of Grain Inspection Appeals			
Field Offices	5,300	2,555	3,440
Board of Appeals and Review	<u>463</u>	<u>274</u>	<u>256</u>
Total	5,763	2,829	3,696
Number of Official Commercial Inspections			
FGIS	1	4,095	9,809
Delegated States/Official Agencies	<u>1,141,158</u>	<u>1,183,086</u>	<u>1,254,536</u>
Total	1,141,159	1,187,181	1,264,343
Number of Barley Protein Inspections			
FGIS	0	0	373
Delegated States/Official Agencies	<u>9,527</u>	<u>6,863</u>	<u>7,381</u>
Total	9,527	6,863	7,754
Number of Corn Protein, Oil and Starch Inspections			
FGIS	1	194	3
Delegated States/Official Agencies	<u>444</u>	<u>443</u>	<u>821</u>
Total	445	637	824
<i>(continued)</i>			

1 Includes original inspections for grade, factor-only inspections, official criteria, and official commercial inspections.

Item	Fiscal Years		
	2008	2009	2010
Number of Wheat Protein Inspections			
FGIS	24,965	19,168	22,458
Delegated States/Official Agencies	<u>550,273</u>	<u>456,994</u>	<u>501,121</u>
Total	575,238	476,162	523,579
Number of Soybean Protein and Oil Inspections			
FGIS	12,800	14,725	16,923
Delegated States/Official Agencies	<u>24,820</u>	<u>27,158</u>	<u>40,829</u>
Total	37,620	41,883	57,752
Number of Sunflower Seed Oil Inspections			
FGIS	0	0	0
Delegated States/Official Agencies	<u>39,210</u>	<u>45,305</u>	<u>45,554</u>
Total	32,210	45,305	45,554
Number of Grain Aflatoxin Inspections			
FGIS	32,470	28,642	28,367
Delegated States/Official Agencies	<u>143,062</u>	<u>107,386</u>	<u>114,042</u>
Total	175,532	136,028	142,409
Number of DON Inspections			
FGIS	9,820	7,637	15,150
Delegated States/Official Agencies	<u>61,959</u>	<u>51,833</u>	<u>125,607</u>
Total	71,779	59,470	140,757
<i>(continued)</i>			



Item	Fiscal Years		
	2008	2009	2010
Number of Fumonisin Tests			
FGIS	18	7	83
Delegated States/Official Agencies	<u>5,777</u>	<u>6,098</u>	<u>10,975</u>
Total	5,795	6,105	11,058
Number of StarLink Tests			
FGIS	2060	3,489	464
Delegated States/Official Agencies	<u>23,623</u>	<u>11,575</u>	<u>1,128</u>
Total	25,683	15,064	1,592
Number of Wet Gluten Tests			
FGIS	8	0	0
Delegated States/Official Agencies	<u>0</u>	<u>0</u>	<u>1</u>
Total	8	0	1
Qty. of Rice Produced (mmt) (milled basis)	9.2	9.9	11.2
Qty. of Rice Inspected (mmt) (milled basis)	2.4	2.3	2.7
Number of Rice Inspections			
FGIS	12,684	11,008	13,142
Delegated States/Official Agencies	<u>21,660</u>	<u>20,267</u>	<u>20,436</u>
Total	34,344	31,275	33,578
Number of Rice Appeals	103	109	281
Number of Rice Board of Review Appeals	0	2	5
<i>(continued)</i>			

Item	Fiscal Years		
	2008	2009	2010
Quantity of Pulses Produced (mmt) (beans, peas, lentils)	1.8	2.2	2.4
Quantity of Pulses Inspected (mmt)			
FGIS	0.8	0.6	0.7
Cooperators	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>
Total	0.9	0.8	0.9
Number of Pulse Inspections			
FGIS	13,131	11,283	13,673
Cooperators	<u>6,915</u>	<u>7,869</u>	<u>10,211</u>
Total	20,046	19,152	23,884
Number of Pulse Appeals	142	250	270
Number of Pulse Board of Review Appeals	20	26	22



Weighing Program Data

Fiscal Years 2008-2010

Item	Fiscal Years		
	2008	2009	2010
Official Weight Certificates Issued			
FGIS			
Class X ¹	80,537	67,943	78,970
Class Y ²	<u>7,572</u>	<u>1,220</u>	<u>1,125</u>
Total	88,109	69,163	80,095
Delegated States/Official Agencies			
Class X ¹	261,284	149,140	140,696
Class Y ²	<u>79,150</u>	<u>77,393</u>	<u>82,082</u>
Total	340,434	226,533	222,778
Exported Grain Weighed (mmt)			
FGIS	81.1	70.3	77.1
Delegated States	<u>31.9</u>	<u>24.8</u>	<u>29.0</u>
Total	113.0	95.1	106.1
Number of Certified Scales in Service			
Export Elevators	222	222	210
Number of Scales Tested			
Railroad Track Scales	220	215	220
Hopper Scales	615	520	530
Vehicle Scales	370	300	360

¹ Class X weighing involves 100 percent supervision of weighing.

² Class Y weighing involves a minimum of 25 percent supervision of weighing.

Volume of Export Grain Inspections by Port Areas October 2009-September 2010

Port Area	Million Metric Tons (MMT)	Percent of Total U.S. Exports
California	0.2	0.1 %
Chicago	0.2	0.2 %
Columbia River	19.9	16.8 %
Duluth-Superior	1.7	1.5 %
East Gulf	1.0	0.9 %
Interior ¹	11.8	10.0%
Mississippi River	54.0	45.6 %
North Atlantic	0.3	0.2 %
North Texas	11.3	9.6 %
Puget Sound	11.3	9.5 %
South Atlantic	2.2	1.8 %
South Texas	3.8	3.2 %
Toledo	0.7	0.6 %
Total	118.4 MMT	100.0%



¹ Figures include all rail and containers loaded in the continental United States destined for export. The primary destination for rail shipments is Mexico with containers shipped worldwide through established ports.



Section V: Management Initiatives

Succession Planning

FGIS has taken a number of steps to ensure the quantity and quality of our future workforce. In 2010, 12 FGIS employees participated in GIPSA's Leadership Development Program (LDP). The LDP's goal is to get potential new leaders ready educationally and experientially for future leadership challenges and opportunities. It is a competency-based program designed to support GIPSA's succession planning by preparing selected high-potential employees for future supervisory, managerial, and senior technician positions within the Agency through building and improving needed skills, as well as applying new approaches to address present and future needs.



FGIS also initiated a Federal Career Intern Program (FCIP) for approximately 28 new and current employees. Individuals selected for this 2-year internship will work rotating assignments and participate in the full range of inspection work to acquire on-the-job experience and training necessary for advancement. Interns will participate in developmental assignments that will provide them with the necessary skills to be the next generation of FGIS leaders. After successful completion of the FCIP, interns will become Agricultural Commodity Graders responsible for a wide variety of grain inspection services.

Restructuring Domestic Field Offices

New technology offers greater opportunity to change our business practices and improve service delivery. Centralizing quality control programs represents a critical component of a larger reinvention of the official inspection system that FGIS is undertaking to better serve the needs of the grain, oilseed, and commodity markets. This process will not merely move the quality control processes used today to a central location, but will entail a complete re-engineering of the quality control process using new technology.

FGIS continues to move down the path of centralization of the quality control processes. In FY 2010, FGIS progressed toward its goal of centralizing State, private agency, and contractor oversight and monitoring of inspection services at the National Grain Center in Kansas City, Missouri, by rolling out the FGIS Official Service Provider Licensing program and the Quality Assurance and Control program. In 2011, the technology development contractor will transfer control of the technology to FGIS which will result in a cost savings for the Agency. Additionally, FGIS plans to co-locate its Field Operations and Support Staff and Quality Assurance and Control Staff to a newly completed space at the National Grain Center which already houses the Grading Services Laboratory. FGIS will continue to maximize use of the official grain inspection and weighing system by implementing and improving operations and services to meet customers' needs.

Customer Survey



FGIS has conducted customer surveys in 1996, 2000, and 2007. Survey questions are based on those areas that had been identified by customers as being critical to the official system's success: timeliness, cost-effectiveness, accuracy, consistency, usefulness of services and results, and professionalism of employees. FGIS conducted an

electronic survey in August 2010, seeking feedback from 1,100 customers to evaluate the services provided by the official inspection, grading, and weighing programs. FGIS will conduct a follow-up paper survey to further increase customers' response rate in 2011.

Survey results are used to make necessary program and policy changes aimed at increasing service delivery. FGIS will share a compilation of the results with employees, customers, and the public via its web site.

Section VI: Financial Information

FGIS User Fee Accounts¹				
	Revenue	Obligations	Profit/Loss	Retained Earnings
U.S. Grain Standards Act				
Inspection & Weighing	\$36,887,797	\$35,474,405	\$1,413,393	\$6,527,766
Official Agencies	\$2,448,826	\$1,947,928	\$500,898	\$3,427,010
Agricultural Marketing Act				
Rice	\$5,835,841	\$4,275,487	\$1,560,354	\$2,654,231
Processed Commodities	\$3,922,383	\$3,554,855	\$367,528	\$1,974,067
Total FY 2010	\$49,094,847	\$45,252,674	\$3,842,173	\$14,583,073

¹ Figures as of 10/12/10 and subject to revision.

FGIS' Appropriated Budget Authority						
<i>Dollars in millions</i>						
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Appropriated Funds	\$17.49	\$18.19	\$17.61	\$17.61	\$17.93	\$18.27