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[Notices]

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DEPARTMENT OF AGRICULTURE

Grain Inspection, Packers and Stockyards Administration

Pilot Program for Barge Inspection Services

AGENCY: **Grain Inspection, Packers and Stockyards Administration**
(GIPSA).

ACTION: Notice.

SUMMARY: GIPSA is announcing its plan to conduct a pilot program allowing more than one official agency to provide barge **inspection** services within a single geographic area.

EFFECTIVE DATE: March 1, 1998.

ADDRESSES: Neil E. Porter, Director, Compliance Division, STOP 3604, (Room 1647-S), 1400 Independence Ave. S.W., Washington, D.C. 20250-3604.

FOR FURTHER INFORMATION CONTACT: Neil E. Porter, telephone 202-720-8262.

SUPPLEMENTARY INFORMATION: Sections 7(f) and 7A of the United States **Grain** Standards Act, as amended, (Act) were amended by the U.S. **Grain** Standards Act Amendments of 1993 (Public Law 103-156) on November 24, 1993, to authorize GIPSA's Administrator to conduct pilot programs. These pilot programs would allow more than one official agency to provide official services within a single geographic area without undermining the declared policy of the Act. The purpose of pilot programs is to evaluate the impact of allowing more than one official agency to provide official services within a single geographic area.

GIPSA considered several possible pilot programs as announced in the March 14, 1994, Federal Register (59 FR 11759) and the March 10, 1995, Federal Register (60 FR 13113). In the September 27, 1995, Federal Register (60 FR 49828) GIPSA announced two pilot programs, ``Timely Service'' and ``Open Season,'' starting on November 1, 1995, and ending on October 31, 1996. These two pilot programs were extended to October 31, 1999, as announced in the October 3, 1996, Federal Register (61 FR 51674).

The March 14, 1994, Federal Register invited comments on a possible pilot program for barges on selected rivers or portions of rivers as defined by GIPSA.

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This was one of five potential pilots being considered. GIPSA received 41 comments. Seven specifically talked about the pilot programs for barges. Of those seven, five supported the program for barges, and two did not. Subsequently, GIPSA determined that this proposed pilot

program was too narrow in scope for the initial round of pilot programs.

Subsequently, some official agencies expressed their belief that a pilot program on the Mississippi River would be beneficial because there is some uncertainty over the boundary lines between official agencies along the Mississippi River. At one point GIPSA considered the boundary to be the middle of a river. Official agencies found this very difficult to work with, and GIPSA subsequently changed the boundary definition to the edge of a river. The middle of a river was viewed as an open area to be served by either contiguous official agency.

In 1993, because of flooding along the Mississippi River, GIPSA granted a temporary exception for certain types of barge inspections along portions of the Illinois, Mississippi, and Missouri Rivers. This exception made the covered river areas open to any official agency for probe sampling and inspections to expedite barge traffic. GIPSA noted no problems resulting from this exception.

In addition, some facilities located along the Mississippi River (Birds Point Terminal, Bertrand, Missouri; Peavey Company, St. Louis, Missouri; ADM, Winona, Minnesota; and Consolidated **Grain**, Caruthersville, Missouri) have received services from alternative official agencies under the existing pilot programs. There have been no significant problems resulting from the barge inspections on the Mississippi River under the existing pilot programs.

GIPSA announced and invited comments on the following four possible pilot programs in the October 10, 1997, Federal Register (62 FR 52967).

1. Barges on the Mississippi River may be sampled by probe by any official agency; or
2. Barges on the Mississippi River may be sampled by probe at any location by the official agency designated to serve the geographic area within which the barge was loaded; or
3. Barges on all rivers may be sampled by probe by any official agency; or
4. Barges on all rivers may be sampled by probe at any location by the official agency designated to serve the geographic area within which the barge was loaded.

Comments were due by November 15, 1997. GIPSA received seven comments: five from official agencies (two private and three States) and two from trade organizations. Four official agencies supported option 4 and one supported option 2. Both options 2 and 4 would limit the pilot program to the official agency serving the area within which the barge was loaded. Option 2 is further limited to the Mississippi River while option 4 covers all rivers nationwide. The official agencies cited their belief that options 2 and 4 would provide more flexibility to the **grain** industry, and their concern that options 1 and 3 would weaken the official system. Allowing unrestricted access to **grain** barges would cause their fixed cost to rise as high **inspection** volume customers are lost and they are left with the responsibility of providing service to infrequent users of official services. This, they believe, would encourage official agencies to focus on serving high volume customers and encourage customers to look for better grades. Official agencies would tend to become national, contract with one large customer, and lose integrity and impartiality.

One of the three State official agencies did not favor projects opening up agency geographic areas while the other two State official agencies supported option 2 and 4 respectively. The State official agencies noted other concerns including their limitations on travel, inability to add or decrease staff quickly, and their stronger neutrality and integrity base on non-profit status compared to most private official agencies.

GIPSA recognizes these concerns, but believes that there are

adequate safeguards in the proposed pilot programs.

Two national **grain** trade organizations supported option 3. Option 3 would allow barges, nationwide, to be probe-sampled by any official agency no matter where it is located or where it was loaded. These two organizations cited their belief that option 3 would provide **grain** handlers another option for obtaining timely official **inspection** services when the official agency serving them is busy. It would, they believe, provide better access to service, and foster official agency emphasis on quality and efficiency. They also believed that market driven-competition can effectively and efficiently address many of the factors that discourage use of the domestic official **inspection** system. They believe the other proposed pilot programs would be too limited in scope.

After consideration of all relevant information, GIPSA is announcing that effective March 1, 1998, and ending October 31, 1999, concurrently with the two existing pilot programs, barges on all rivers may be sampled by probe by any official agency. During this time, GIPSA will monitor all pilot programs. Anytime, GIPSA determines that a pilot program is having a negative impact on the official system or is not working as intended, the pilot program may be modified or discontinued. If GIPSA determines that a customer violates the provisions of this pilot program, such customer will no longer be permitted to participate in the program.

Official agencies participating in this pilot program must notify GIPSA's Compliance Division at 202-720-8525 or FAX 202-690-2755 any time they sample a barge outside their assigned geographic area.

Authority: Pub. L. 94-582, 90 Stat. 2867, as amended (7 U.S.C. 71 et seq.).

Dated: January 9, 1998.

Neil E. Porter,
Director, Compliance Division.
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