



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Meeting Minutes Grain Inspection Advisory Committee

**November 17-18, 2009
Kansas City, Missouri**

**GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION
GRAIN INSPECTION ADVISORY COMMITTEE MEETING MINUTES**

**Embassy Suites Kansas City Plaza
November 17-18, 2009**

WELCOME

Nick Friant, Chairperson, opened the meeting with a welcome and introductions.

ACCEPTANCE OF JUNE 24-25, 2009, MEETING MINUTES

The Committee approved the minutes of the June 24-25, 2009, meeting as presented.

REVIEW AND ACCEPTANCE OF NOVEMBER 17-18, 2009, AGENDA

The Committee approved the agenda of the November 17-18, 2009, agenda as presented.

MEETING ATTENDEES

Committee Members

Tammy Basel, Vice-President, Women Involved in Farm Economics
Chet Boruff, Chief Executive Officer, Association of Official Seed Certifying Agencies
Theresa Cogswell, Consultant/President, BakerCogs, Inc.
Jerry Cope, Commodity Manager, South Dakota Wheat Growers
Tom Dahl, Vice-President, Sioux City Inspection and Weighing Service Company
Warren Duffy, Vice-President/Export Operations, ADM Grain
Nicholas Friant, Grain Handling Coordinator, Cargill
Jerry Gibson, Regional Manager, Bunge North America
Bennie Lackey Jr., Management Director of Commodity Operations, Riceland Foods, Inc.
Marvin Paulsen, Professor Emeritus, University of Illinois
Jon Stoner, President, Stoner and Sons, Inc.

Alternate Members

Paul Coppin, General Manager, Reynolds United Inc.
Randall R. Deike, Grain Inspection Program Manager, Washington State Department of
Agriculture, Grain Inspection Program
Cassie Eigenmann, Marketing Product Manager, DICKEY-john Corporation
Godfrey R. Friedt, Director of Elevator Operation, ConAgra Foods Inc.

GIPSA

Mike Eustrom, Leader, BAR, Technical Services Division (TSD), Federal Grain Inspection
Service (FGIS), Grain Inspection, Packers and Stockyards Administration (GIPSA)

Terri Henry, Management and Budget Services, GIPSA
Eric Jabs, Agricultural Marketing Specialist, Policies, Procedures and Market Analysis Branch (PPMAB), Field Management Division (FMD), FGIS, GIPSA
Randall Jones, Deputy Administrator, FGIS, GIPSA
Donald Kendall, Deputy Director, TSD, FGIS, GIPSA
Bob Krouse, Compliance Officer, Compliance Division, FGIS, GIPSA
Bob Lijewski, Acting Director, Field Management Division, FGIS, GIPSA
Pat McCluskey, Agricultural Marketing Specialist, PPMAB, FMD, FGIS, GIPSA
Tom O'Connor, Director, Compliance Division, FGIS, GIPSA
Jennifer Porter, Assistant to the Deputy Administrator, FGIS, GIPSA
Byron Reilly, Grain Marketing Specialist, Departmental Initiatives and International Affairs, FGIS, GIPSA
John Sharpe, Director, TSD, FGIS, GIPSA
Vincent Volpe, Union Representative
Mark Wooden, Compliance Officer, Compliance Division, FGIS, GIPSA

Other Attendees

David Ayers, Champaign Danville Grain
Mark Fulmer, Lincoln Inspection Service
Jess McCluer, National Grain and Feed Association
Tom Meyer, Kansas Grain Inspection Service
Janet Vial, Grain Council

JUNE 2009 RESOLUTIONS RECAP

Randall Jones, Deputy Administrator, FGIS, GIPSA, welcomed everyone to the meeting and gave a recap of the resolutions from the June 2009 meeting held in St. Louis.

1. The Advisory Committee recommends to GIPSA, to ensure a smooth transition when replacing FGIS personnel, that GIPSA look within current staffing with the experience to continue the facilitation of new programs being implemented.

FGIS understands and appreciates the Advisory Committee feedback. FGIS has a number of initiatives to train staff to take on more responsibility and to make opportunities available to staff.

2. The Advisory Committee applauds GIPSA on being a leader of governmental agencies by developing a Quality Management Program, conducting strategic planning, and developing *FGISonline*. Furthermore, we encourage GIPSA to continue setting positive examples and continue to be a leader of governmental agencies and recommends continuing work to develop an updated strategic plan, which focuses on current and future needs of the Agency, industry, and producers.

FGIS is currently providing information for the Department's strategic plan and will be updating the Agency's at a later date. A Quality Roundtable, with senior managers from FGIS, is scheduled mid-November to have a roadmap for FGIS as we move forward to provide guidance as it relates to quality. A customer survey is scheduled for 2010 which will be an automated process for customer to provide input. Also, we have in place a Knowledge Retention Initiative to obtain and retain information from retirees to capture their knowledge to keep FGIS programs running smoothly in the future.

3. The Advisory Committee recommends that GIPSA report the future 520 Program accounting information to the Advisory Committee in a manner that reflects revenue and direct costs by field office location.

The 520 program accounting information will be provided during the Program Update presentation.

4. The Advisory Committee recommends that GIPSA reconvene the Sorghum Odor Task Force. The Task Force would work with Dr. Chambers to establish a definitive odor line, that through proper training, would be consistently interpreted and applied system wide.

The Sorghum Odor Task Force information will be provided during the Sorghum Odor presentation.

5. The Advisory Committee recommends that the Chairperson work with GIPSA and FGIS to write a meeting summary containing pertinent information from the meetings in the 2 weeks following the meeting. This meeting summary shall be given to the Advisory Committee members, trade association (e.g., GEAPS, NAEGA, etc.), trade publications (e.g., Grain Journal) and producer publications (e.g., Successful Farming) for publication/distribution.

The first summary was prepared and distribution made within the 2 week timeframe from the June 2009 meeting. The meeting summaries will have a new format to include an executive summary and exhibits.

For additional details, please see the attached presentation, *Recap of June 2009 Resolutions*.

CROP PRODUCTION & MARKETING OUTLOOK

Eric Jabs, Agricultural Marketing Specialist, PPMAB, FMD, FGIS, GIPSA, presented to the Advisory Committee an overview of crop production and marketing outlooks including market fundamentals for corn, soybeans, wheat, and sorghum. In addition, commodity futures, the U.S. dollar, and transportation trends including truck, rail, barge, ocean, and container were discussed.

For additional details, please see the attached presentation, *Crop Production & Marketing Outlook*.

SORGHUM ODOR

John Sharpe, Director, Technical Services Division, FGIS, GIPSA, briefed the Advisory Committee on the actions and measures taken to date on the Advisory Committee resolutions regarding the official sorghum storage musty odor line since the June 2009 meeting. In May 2008, the grain industry reported differences in sorghum odor determinations between origin and export locations.

GIPSA has been reviewing the official storage musty odor line and its consistent application in sorghum. GIPSA entered into an agreement with the Agricultural Research Service to enlist the expertise of Dr. Edger Chambers, a noted sensory expert at Kansas State University, to develop a reference standard that could be easily replicated to reflect the official sorghum storage musty odor line. The reference would be used to ensure the line was maintained over time, train inspectors, and to provide an aid to inspectors and the industry when machining odor determinations.

Dr. Chambers will also provide GIPSA with training on how to use the standard, methods to prevent inspector desensitization when making multiple determinations in a short time period, and recommendations for environmental considerations for areas where odor determinations are made. This effort is designed to address the reported inconsistency of odor determination between inspection points.

At the direction of the Advisory Committee, GIPSA established a Sorghum Odor Taskforce to provide guidance in where the line storage musty sorghum should be set. After an initial taskforce meeting in April 2009 where data was gathered, but no consensus was found, the Advisory Committee asked GIPSA to reconvene the taskforce to seek consensus on where to set the sorghum storage musty odor line.

To accomplish this, a teleconference was held September 30, 2009. Because the level of odor that is acceptable is dependent on the specific end use, a single odor line will not meet all end-user needs. Dr. Chambers led the group to a consensus that 40 to 50 percent of end-users should be satisfied with the official line. Dr. Chambers will work to develop standards for this range. Once developed, the standards will be provided to the taskforce for further refinement. Dr. Chambers is targeting March 2010 to have initial standards developed.

For additional details, please see the attached presentation, *Sorghum Odor*.

CONTAINER REGULATIONS

Bob Lijewski, Acting Director, FMD, FGIS, GIPSA, briefed the Advisory Committee on container regulations, video railcar stowage exams, fumigation handbook, and the track scale program.

Containerized Shipments

Grain exported in containers has grown exponentially in the past 5 years to levels that far exceeded grain industry forecasts. This has prompted GIPSA to review current policies and procedures pertaining to containerized cargoes, and also the regulations for the inspection and weighing of grain in single lots and combined lots. GIPSA also reviewed regulations that are specific to the CuSum loading plan and is proposing that regulations applicable to inspections of shiplots, unit

trains, and lash barges be amended to address situations where load orders specify “Average Grade” or “No subplot to exceed” analysis. The goal of the review and any subsequent changes is to ensure inspection and weighing procedures are fair and do not create advantages or disadvantages with regard to the shipping container or method.

Video Railcar Stowage Exams

GIPSA provides stowage examinations that ensure that carriers and containers that hold grain, rice, pulses, and related products are clean, dry, and fit for loading. The use of video equipment in performing stowage exams greatly reduces the potential for falls. Currently, 14 facilities successfully utilize approved video stowage exam systems.

Fumigation Handbook

GISPA provided an overview of the changes to the Fumigation Handbook, which became effective August 24, 2009. The amendment clarified the definition and process of “recirculation”, and included a definition and process for “tubing” as it is used for fumigation in the recirculation method of fumigant application.

Track Scale Program

Under the requirements of the National Master Scale Calibration Program, the maximum life span of a test car is 50 years. GISPA has two master railroad test cars that use standard weights traceable to the National Institute of Standards and Technology. GIPSA is working with the Association of American Railroads for funding to secure funding to replace the 2 cars.

For additional details, please see the attached presentations, ***Amendments to Regulations Concerning the Inspection and Weighing of Grain in Combined and Single Lots, Video Railcar Stowage Exams, Fumigation Handbook, and GIPSA Track Scale Program.***

WHEAT STANDARDS REVIEW

Pat McCluskey, Agricultural Marketing Specialist, PPMAB, FMD, FGIS, GIPSA, briefed the Advisory Committee on wheat standards review. The review included background information, rulemaking process, outreach to stakeholders, and the current status of the review.

Information on the upcoming Advanced Notice of Proposed Rulemaking for the U.S. Wheat Standards was provided. GISPA will seek public comment on any changes that may be needed to the U.S. Wheat Standards or current official grading practices for wheat.

For additional details, please see the attached presentation, ***Wheat Standards Review.***

QUALITY MANAGEMENT PROGRAM FOR THE OFFICIAL SYSTEM

Tom O'Connor, Director, Compliance Division, FGIS, GIPSA, briefed the Advisory Committee on the quality management program for the official system.

Mr. O'Connor explained that GIPSA finalized and issued its directive implementing a Quality Management Program (QMP) in March 2009. The program represents a major enhancement in the way the Agency ensures that official service providers meet their obligations under the U.S. Grain Standards Act (USGSA) and associated regulations. Following publication, Mr. O'Connor told the group that GIPSA officials engaged in a number of outreach efforts with official agency personnel to discuss program elements and explain the implementation schedule.

Under the program, official service providers develop a draft quality manual specifying how they plan to comply with the requirements of the QMP directive, Mr. O'Connor noted. After their quality manual is approved by GIPSA's Compliance Division, he said that official service providers begin implementation and must conduct an audit of their program within 3 months. Thereafter, the QMP directive requires the performance of an annual audit with the results reported to the Compliance Division. Mr. O'Connor stated that the Compliance Division will also conduct on-site audits of all official agencies as part of the triennial review process. He concluded his presentation with data showing the status of receipt and approval of QMP manuals, and timeline for full implementation in 2010.

For additional details, please see the attached presentation, *Quality Management Program for the Official System*.

BIOTECHNOLOGY PROFICIENCY PROGRAMS

Don Kendall, Deputy Director, TSD, FGIS, GIPSA, presented an overview of its internationally-recognized Biotechnology Proficiency Program, which is designed to improve the consistency and reliability of testing for the presence of genetically engineered grains. This program was initiated in 2002 and now includes 160 participating organizations from all over the world. Participating organizations are better able to identify transgenic events for grain for the purpose of improving accuracy and precision. Information was also presented on GIPSA's activities in addressing advertent releases of unapproved events, and the development of specialty proficiency programs for rice and flax seed.

For additional details, please see the attached presentation, *GIPSA's Biotechnology Proficiency Programs*.

INTERNATIONAL TRADE AND OUTREACH ISSUES

Byron Reilly, Grain Marketing Specialist, Departmental Initiatives and International Affairs, FGIS, GIPSA, briefed the Advisory Committee on a variety of international trade and outreach issues which included:

China Soybean Project

In 2006, GIPSA's officer in Asia met with China's State Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) to discuss an alleged pesticide residue complaint. Chinese authorities claimed a soybean shipment contained treated beans. The beans were tested by TSD, and the red coloring was from pokeberry juice, not a fungicide treatment for seed beans. Since February 2007, AQSIQ alleged finding treated soybeans in nine shipments. To address these concerns and build positive relationships with our Chinese counterparts, GIPSA discussed the possibility of conducting a study on a single shipment of U.S. soybeans from loading to destination in China.

The Foreign Agricultural Service (FAS) agreed to fund the study and has taken the lead to communicate with AQSIQ about this project. The study includes FAS, North American Export Grain Association (NAEGA), and the American Soybean Association-International Marketing (ASA-IM) as cooperators. GIPSA drafted a project protocol for the study which included a visit to production areas, a barge loading facility, TSD, and the port. FAS submitted the protocol to AQSIQ for concurrence. AQSIQ responded that they want to include phytosanitary issues (weed seeds, diseases), plant health, and food safety in the study.

In July 2009, GIPSA traveled to Shanghai, China, to discuss the soybean project and other soybean concerns at the Animal and Plant Health Inspection Service (APHIS) – AQSIQ bilateral phytosanitary discussions. China requested a formal Memorandum of Understanding (MOU) defining overarching responsibility of U.S. agencies for ensuring quality, quarantine, plant health, and safety of soybeans and submitted a draft MOU and a revised soybean study work plan to the U.S. delegation for comment. FAS, APHIS, and GIPSA are willing to pursue a non-binding MOU that that would spell out the respective roles of the regulatory agencies and establish FAS as the primary point of contact. AQSIQ linked the soybean quality study to the MOU. The MOU must be agreed upon and signed before they would consider conducting the soybean study. In the new soybean study proposal, AQSIQ wants to study the quality of six shipments (three from the Gulf and three from the PNW). GIPSA and FAS are re-drafting the proposal to study one shipment from the Gulf and one from the PNW.

Long-Term Assignments to Asia

GIPSA's long-term assignments in Asia continue to draw praise from our customers (buyers, millers, and processors), USDA Cooperators, and FAS representatives in the area. GIPSA was commended both for adding value to their work related to ongoing issues in the region and for the Agency's work to nurture relationships and develop a more proactive approach to our work. The last assignment was for 5 weeks starting in September and ending in mid-October. This time our collateral duty officer did not have a home base, but immediately went to the first wheat grading seminar in Korea, then continued to Japan, the Philippines, Taiwan, and China where he gave additional wheat grading seminars. We are contacting USDA cooperator organizations in the region to gauge their needs and interest for having a GIPSA officer in Asia in 2010.

Indonesia Food Safety Regs

The Government of Indonesia is implementing new food safety regulations pertaining to the safety of fresh foods and feeds of plant origin that applies equally to domestically consumed and imported fresh foods of plant origin. The United States has filed an application with Indonesia for recognition that the U.S. systems approach to food safety meets Indonesia's import requirements. USDA requested that Indonesia delay implementation pending a review of the U.S. food safety system.

In October, a team of Indonesian Government officials visited the United States to evaluate the U.S. systems-based approach to food safety. The visit, organized by FAS and the Food and Drug Administration (FDA) allowed the team to observe the U.S. regulatory system as it relates to food safety. They were very interested in the GIPSA pesticide residue testing program and our mycotoxin survey on export wheat shipments. The team also visited a grain elevator and our Portland Field Office. On November 19, 2009, the Government of Indonesia officially recognized the U.S. systems approach as meeting Indonesia's new food safety requirements, which means they will not test at destination for contaminants such as mycotoxins and heavy metals.

Soybean Train Monitoring to Mexico

Mexico's largest soybean crusher requested technical assistance from GIPSA to assess why they are seeing discrepant results for foreign material and splits in the unit train shipments of U.S. soybeans to their crushing facility in Monterrey, Mexico. They would like to participate in a joint quality monitoring project for one of their train shipments of soybeans from the point of loading in the United States to discharge at their facility in Mexico. They are considering the installation of a diverter-type sampler. GIPSA proposed to monitor a unit train of soybeans from the point of loading in the U.S. to the final destination in Monterrey, Mexico.

FAS in Mexico City, the Agricultural Marketing Service (AMS) Transportation and Marketing Programs, the American Association of Grain Inspection and Weighing Agencies (AAGIWA), and the North American Export Grain Association (NAEGA) would participate in the study with GIPSA later this fiscal year.

Several representatives of the company's two crushing plants in Mexico would travel to observe the loading of the train and take subplot samples back to Mexico to grade in their own lab. While in the United States the group would also visit TSD. Representatives of GIPSA, AAGIWA, AMS, and FAS would meet the train in Monterrey to observe the unloading, sampling, and inspection done by the importer. Samples taken during the unloading process would be sent back to TSD for analysis. A joint report of findings would be prepared upon completion of the project.

Importer Complaints

In FY 2009, GIPSA received a higher -than-normal number of complaints from importers of U.S. grain. Approximately 0.6 percent of all grain exported was involved in grain quality discrepancies as compared to 0.2 percent in FY 2008.

FY 2009 Complaints

In FY 2009, GIPSA received 15 complaints from importers in 9 countries. The complaints involved different factors in different grains. The most common complaint was from Korea on corn quality.

Complaints (formal and informal) on corn quality continue. In September 2009, GIPSA met with representatives of the Japan Feed Milling industry to listen to their concerns. Importers are not suggesting GIPSA is grading improperly, but the concerns relate to the overall crop quality in recent years. Some are concerned that corn varieties have been developed to maximize yield and suitability for ethanol production and that emphasis on intrinsic quality has been overlooked. We will continue to work with FAS, the U.S. Grains Council, and NAEGA to be responsive to these concerns.

For additional details, please see the attached presentation, **International Programs and Outreach Issues**.

RICE EQUIPMENT APPROVAL ISSUES

Mr. Sharpe provided an overview of issues, history, types of official approval, and the approval criteria for inspection equipment used for official inspection services. Recently, the California Rice Commission requested that GISPA allow the use of the Yamamoto rice sheller for medium and short grain rice for use in California only. GISPA currently uses the GrainMan in all areas.

There are two basic categories of official inspection equipment approvals. In the first case are those measurements that are based on an accepted reference method and the second basic category of equipment approvals include those where the approval is based on equivalency to an existing officially approved type. The criteria involved in equipment approval decisions are determined by the needs and expectations of the official inspection system and grain marketing system that it serves. GIPSA makes approval decisions very carefully and deliberately because of the responsibility the Agency assumes for the quality of results resulting from officially approved equipment and the official procedures and calibrations (if applicable) that GIPSA specifies for official use of officially-approved equipment. The manufacturer, for its part, must commit to maintain the model design and fabrication identical to the model that was submitted for evaluation.

The National Type Evaluation Program, an activity under the National Conference on Weights and Measures, evaluates certain types of grain quality inspection equipment to certify suitability for commercial use. For those types of equipment covered by the NTEP program, demonstrated conformance with NTEP requirements is a prerequisite for consideration for use in the official inspection systems. One of GIPSA's core values is to achieve and maintain consistent inspection results throughout the official inspection system.

GISPA is working with the California Rice Commission and will be meeting with the rice industry to discuss this request.

For additional details, please see the attached presentation, **Rice Equipment Approval Issues**.

2009 PROGRAM UPDATE

Mr. Jones briefed the Advisory Committee on a number of issues on the horizon for FGIS.

Succession Planning

Currently, 35 percent of GISPA's workforce can retire. GISPA has created new apprenticeship programs for commodity graders, adopted an extensive Knowledge Management Project, and developed a new Leadership Development Program.

FGISonline

This online business application will improve information sharing, interaction of programs within the official system, and oversight.

Quality Roundtable

A mix of senior management will meet November 19-20, 2009, to identify ways to ensure continued quality of GISPA service throughout the entire inspection system.

Inspection and Weighing

Last year was historically low which caused shortcomings in revenue with the general trend downward but we are projecting a slight increase this coming year.

Financial Status and Projection

The commodity fee program, financial history, and the fee development process for hourly, unit, and commodity testing services for graded and processed commodities were reviewed. GISPA is currently reviewing its commodity inspection program and inspection and weighing program and aims to propose necessary changes in the coming year, with the goal of any new fees beginning October 1, 2010.

For additional details, please see the attached presentation, ***What's on the Horizon for FGIS.***

RESOLUTIONS

1. The Advisory Committee recommends that GIPSA put together a multi-regional work group to explore market-driven standardization requirements for the rice industry.
2. The Advisory Committee recommends to GIPSA that in order to protect the integrity of U.S. grains and related markets, GIPSA should continue to provide world-wide leadership through financial and institutional support to its Laboratory Biotechnology Proficiency Program with the on-going objective to improve the consistency and reliability of testing for the presence of genetically engineered traits. In addition, GIPSA should investigate the means of

implementing a fee structure related to participation in its Laboratory Biotechnology Proficiency Program.

3. The Advisory Committee recommends that GIPSA evaluate the current moisture calibration for high moisture rough rice for accuracy when compared to the air oven reference.
4. The Advisory Committee commends GIPSA for their work with rail scale testing; and recommends that GIPSA work with the Association of American Railroads (AAR) and their member companies to obtain financial assistance with rail scale test car replacement costs; and to provide a summary document describing the work that GIPSA does as the only governmental agency providing rail scale weighing traceable to National Institute of Standards and Technology (NIST) standards.
5. The Advisory Committee recognizes that market dynamics are affecting GIPSA's ability to fairly and equitably allocate costs. Therefore, the Advisory Committee recommends that GIPSA provide a more complete explanation of how overhead costs (e.g., Washington, DC costs) are allocated to the 520 Program vs. the 530 Program across all field offices.

CERTIFICATES TO OUTGOING MEMBERS

Mr. Jones presented certificates to and thanked the following outgoing members for their 3 years of service to the Committee: Chet Boruff, Jerry Gibson, and Nick Friant. Outgoing members not present were Bill Dumoulin and Edgar Hicks; and alternate members Rudy Arredondo, Tom Fousek, Dan Gross, Arvid Hawk, Donnie Love, and Brian Sorenson.

NEXT MEETING

The Committee recommended the next meeting be held June 2010, in Kansas City, Missouri.

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Randall Jones
FGIS Deputy Administrator
Advisory Committee Meeting
November 17-18, 2009



United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service

Resolution #1

- To ensure a smooth transition when replacing FGIS personnel, that GIPSA look within current staffing with the experience to continue the facilitation of new programs being implemented.

Action Taken:

- **FGIS understands and appreciates AC feedback. We recognize the value and dedication of FGIS employees and are committed to preserve the quality of our services.**



Resolution #2

- Encouraged GIPSA to continue setting positive examples and continue to be a leader of governmental agencies and recommends continuing work to develop an updated strategic plan, which focuses on current and future needs of the Agency, industry, and producers.

Action Taken:

- **Currently providing info for the Department's strategic plan and will later update our plan**
- **Quality Roundtable on November 19-20, 2009.**
- **Customer Survey in 2010**
- **Knowledge Retention Initiatives**



Resolution #3

- That GIPSA report the future 520 Program accounting information to the AC in a manner that reflects revenue and direct costs by field office location.

Action Taken:

- 520 Program accounting info will be provided during Program Update presentation.



Resolution #4

- That GIPSA reconvene the Sorghum Odor Task Force. The Task Force would work with Dr. Chambers to establish a definitive odor line, which through proper training, would be consistently interpreted and applied system wide.

Action Taken:

- **John Sharpe will address the Sorghum Odor Task Force during his presentation.**



Resolution #5

- That the Chairperson work with GIPSA and FGIS to write a meeting summary containing pertinent information from the meetings in the 2 weeks following the meeting. This meeting summary shall be given to the AC members, trade association, trade publications, and producer publications for publication/distribution.

Action Taken:

- Meeting summary will have new format including an executive summary and exhibits.



Questions?



United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service

Crop Production & Marketing Outlook

Advisory Committee

November 17, 2009

Eric Jabs



United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service

Presentation Outline

- **Market Fundamentals**
 - Corn, Soybeans, Wheat, Sorghum
 - Outlook
 - Production
 - Exports
 - Domestic Use
 - Ending Stocks
 - Market Share
- Commodity Futures
- U.S. Dollar
- Transportation Trends
 - Truck
 - Rail
 - Barge
 - Ocean
 - Container



Corn U.S. Outlook

U.S. Corn Supply and Demand				
(Million Bushels/Million Acres)				
	Marketing Year	2007/08	2008/09	2009/10 (Oct.)
Supply	Planted Acres	93.5	86.0	86.4
	Harvested Acres	86.5	78.6	79.3
	Yield (Bushels/Acre)	150.7	153.9	164.2
	Beginning Stocks	1,304	1,624	1,674
	Production	13,038	12,101	13,018
	Imports	20	14	10
	Total Supply	14,362	13,739	14,702
Demand	Feed & Residual	5,913	5,231	5,400
	Food/Seed/Industrial	4,387	4,976	5,480
	Ethanol ¹	3,049	3,700	4,200
	Exports	2,437	1,858	2,150
	Total Use	12,737	12,065	13,030
	Ending Stocks	1,624	1,674	1,672
	Stocks/Use Ratio	12.8%	13.9%	12.8%
	Farm Price (\$/Bushel)	\$4.20	\$4.06	\$3.05-\$3.65
¹ Ethanol use included in Food/Seed/Industrial				



United States Department of Agriculture
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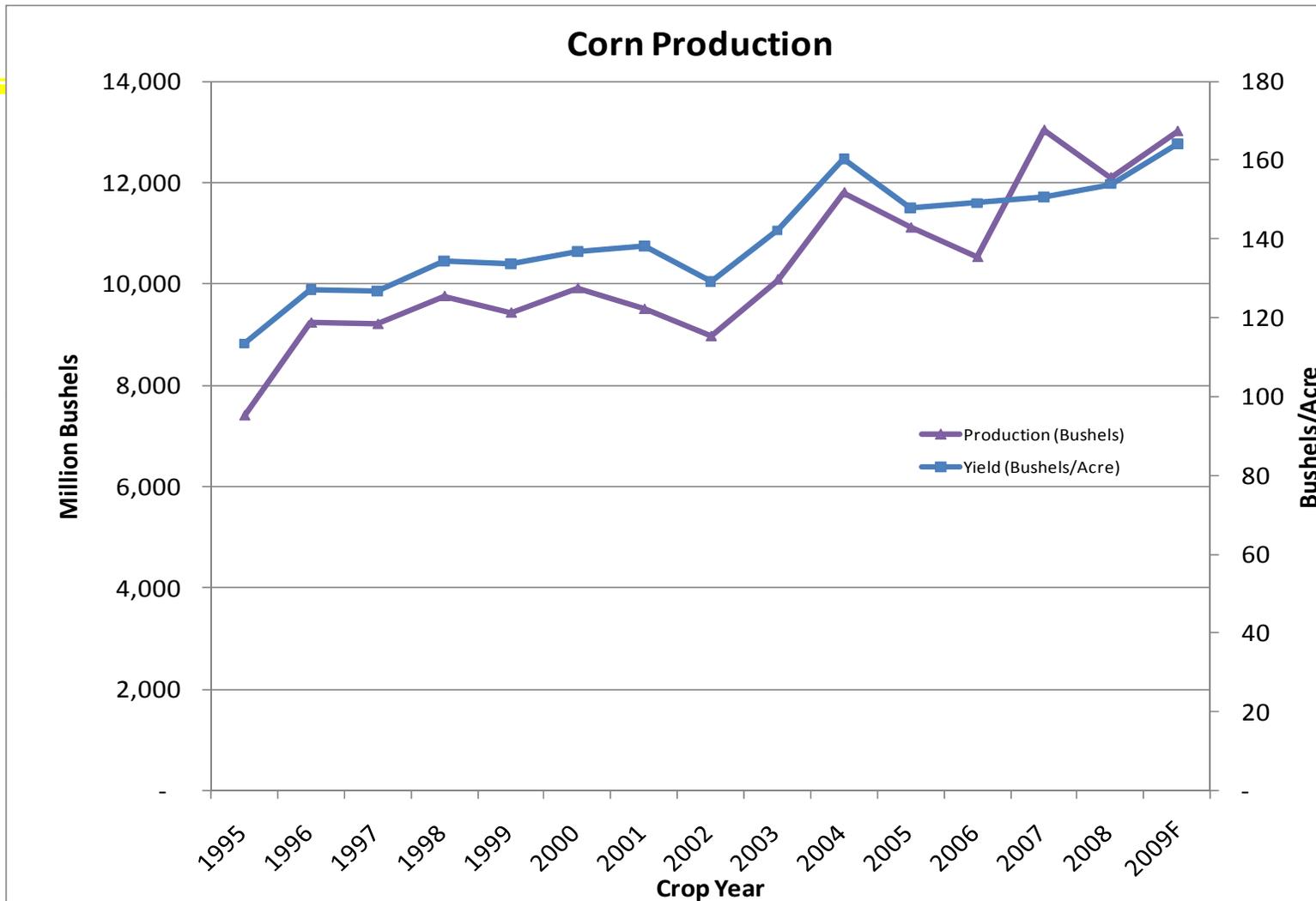
Corn World Outlook

World Corn Supply and Demand				
(Million Metric Tons)				
	Marketing Year	2007/08	2008/09	2009/10 (Oct.)
Supply	Beginning Stocks	109	130	147
	Production	792	791	793
	Imports	98	78	82
	Total Supply	999	1,000	1,021
Demand	Feed	496	477	489
	Total Domestic Use	771	775	803
	Exports	99	79	84
	Total Use	869	854	888
	Ending Stocks	130	147	136



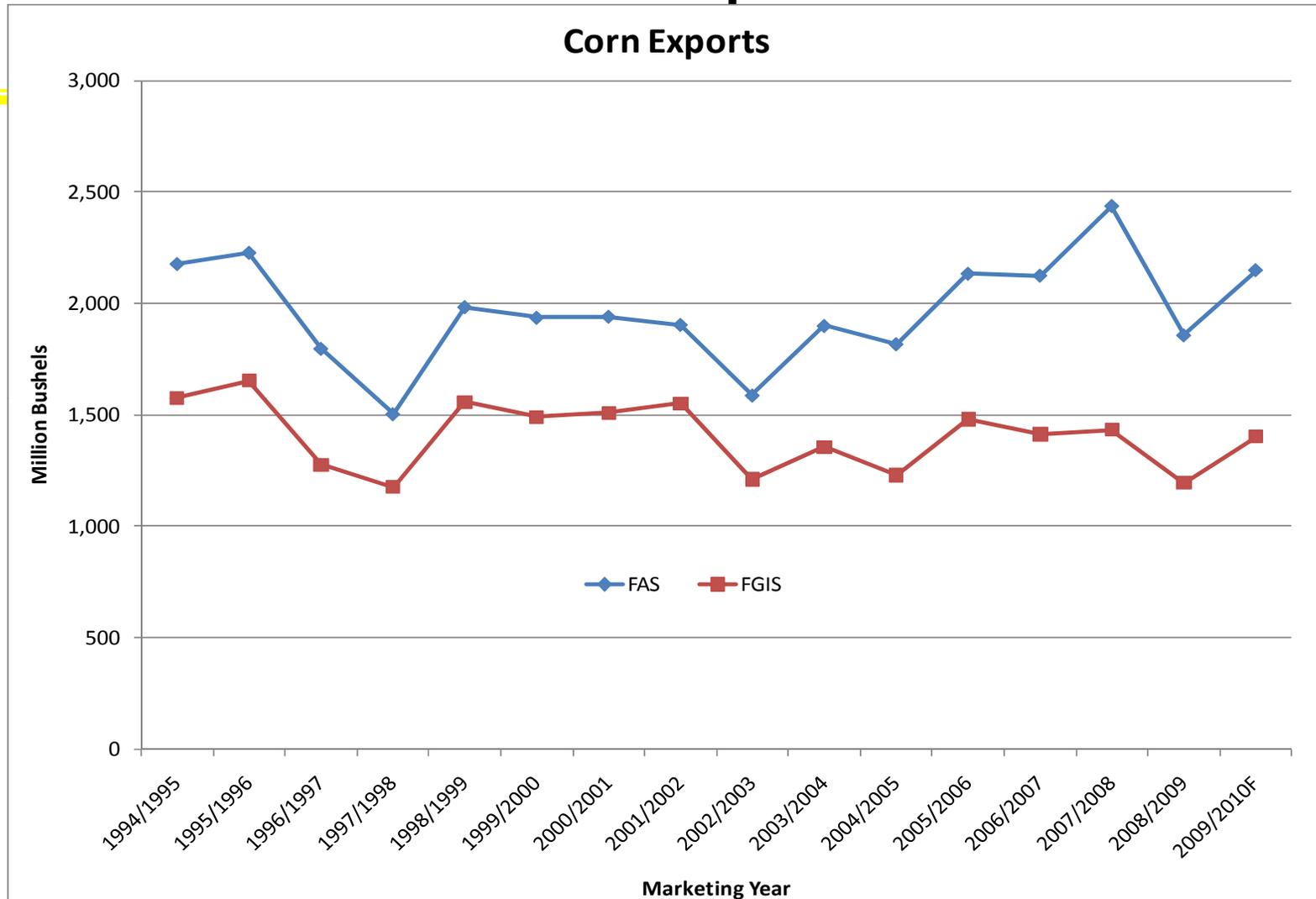
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Corn Production



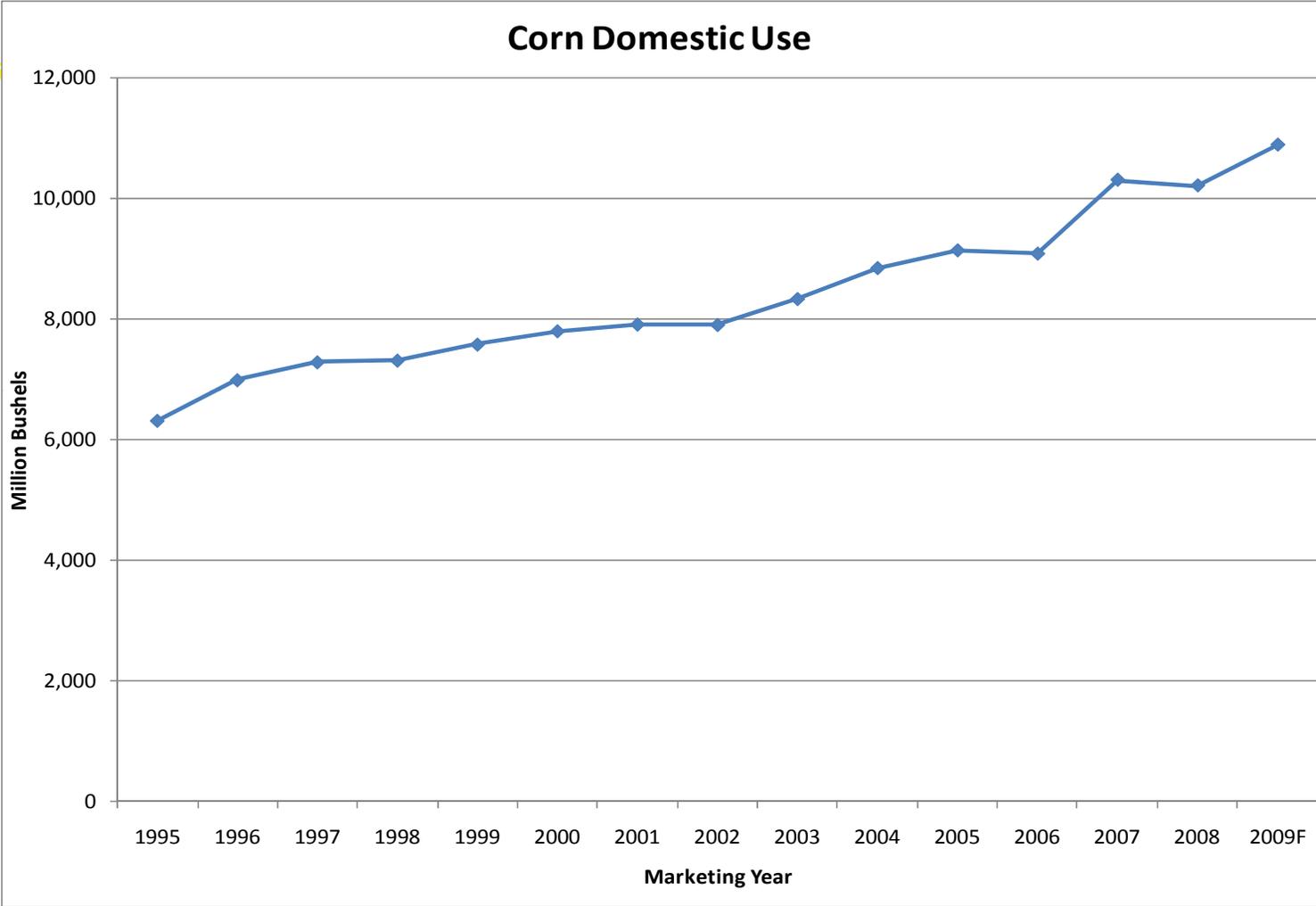
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Corn Exports



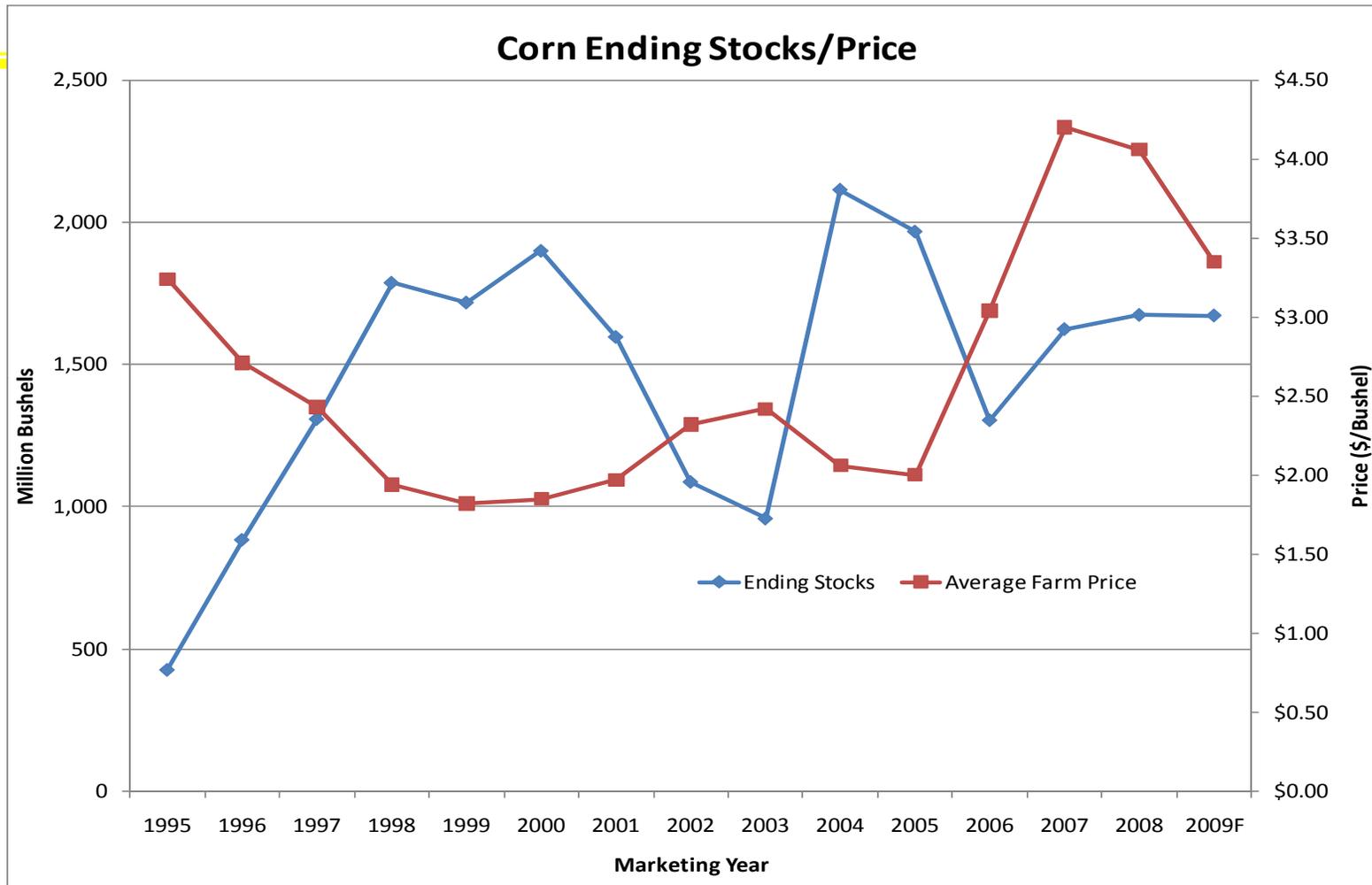
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Corn Domestic Use



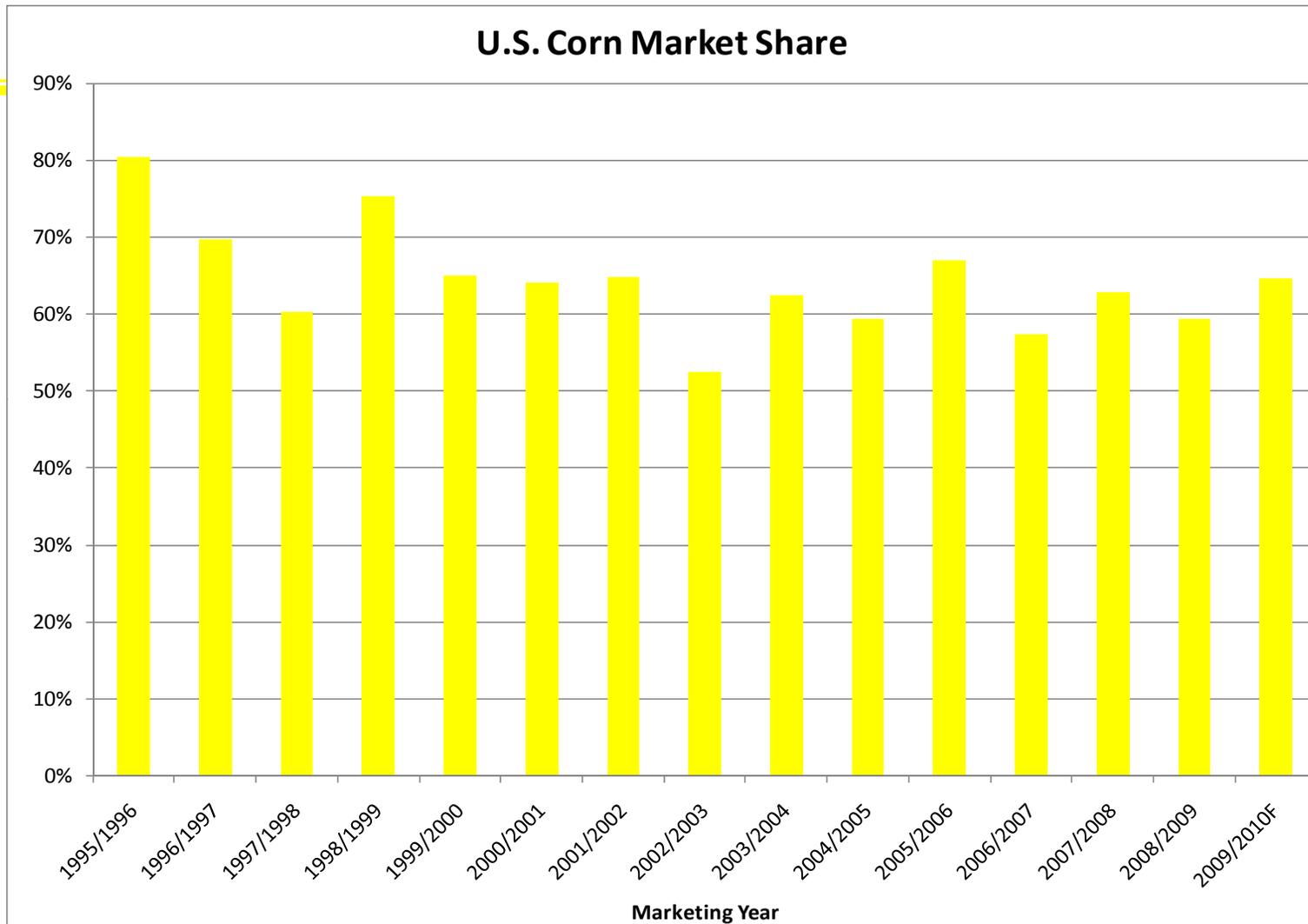
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Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service

Corn Ending Stocks & Price



United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service

Corn Market Share



United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service

Soybean U.S. Outlook

U.S. Soybean Supply and Demand				
(Million Bushels/Million Acres)				
Marketing Year	2007/08	2008/09	2009/10 (Oct.)	
Supply	Planted Acres	64.7	75.7	77.5
	Harvested Acres	64.1	74.7	76.6
	Yield (Bushels/Acre)	41.7	39.7	42.4
	Beginning Stocks	574	205	138
	Production	2,677	2,967	3,250
	Imports	10	15	10
	Total Supply	3,261	3,187	3,398
Demand	Crush	1,803	1,662	1,690
	Seed	93	95	94
	Residual	0	11	79
	Exports	1,159	1,280	1,305
	Total Use	3,056	3,049	3,169
	Ending Stocks	205	138	230
	Stocks/Use Ratio	6.7%	4.5%	7.3%
	Farm Price (\$/Bushel)	\$10.10	\$9.97	\$8.00-\$10.00



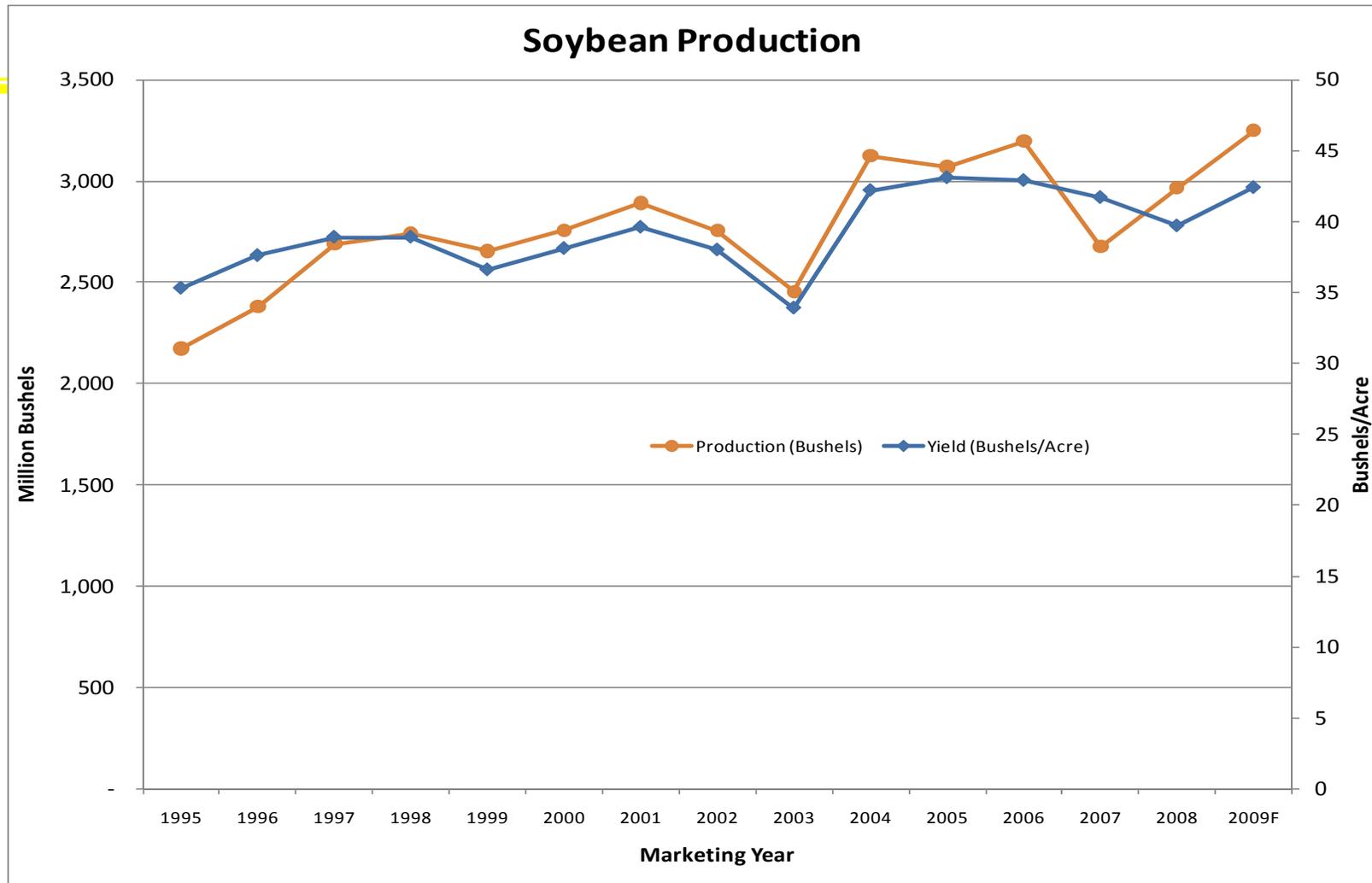
Soybean World Outlook

World Soybean Supply and Demand				
(Million Metric Tons)				
	Marketing Year	2007/08	2008/09	2009/10 (Oct.)
Supply	Beginning Stocks	63	53	42
	Production	221	211	246
	Imports	78	75	76
	Total Supply	362	339	364
Demand	Crush	202	192	201
	Total Domestic Use	230	220	232
	Exports	80	77	78
	Total Use	309	297	309
	Ending Stocks	53	42	55



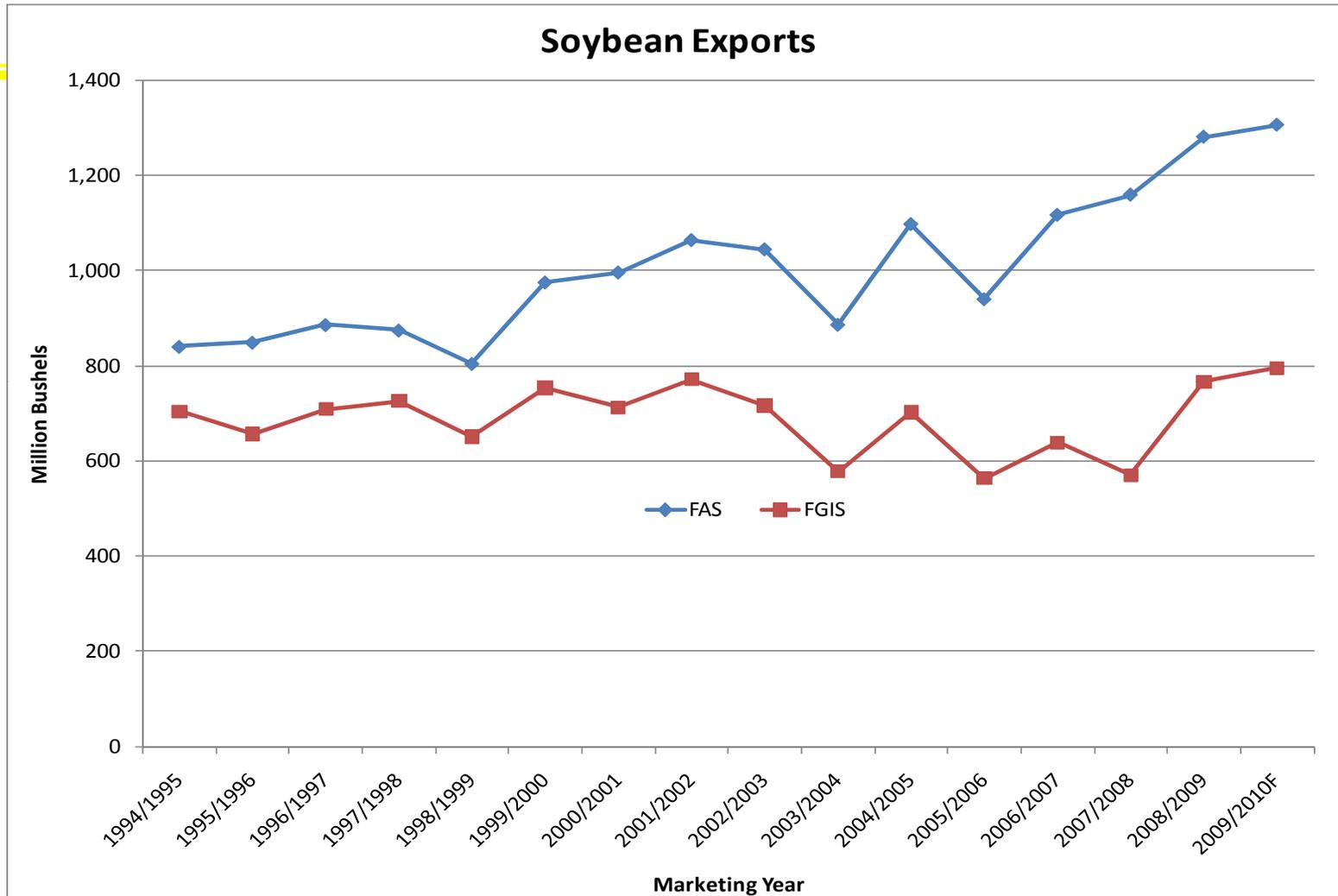
United States Department of Agriculture
 Grain Inspection, Packers and Stockyards Administration
 Federal Grain Inspection Service

Soybean Production



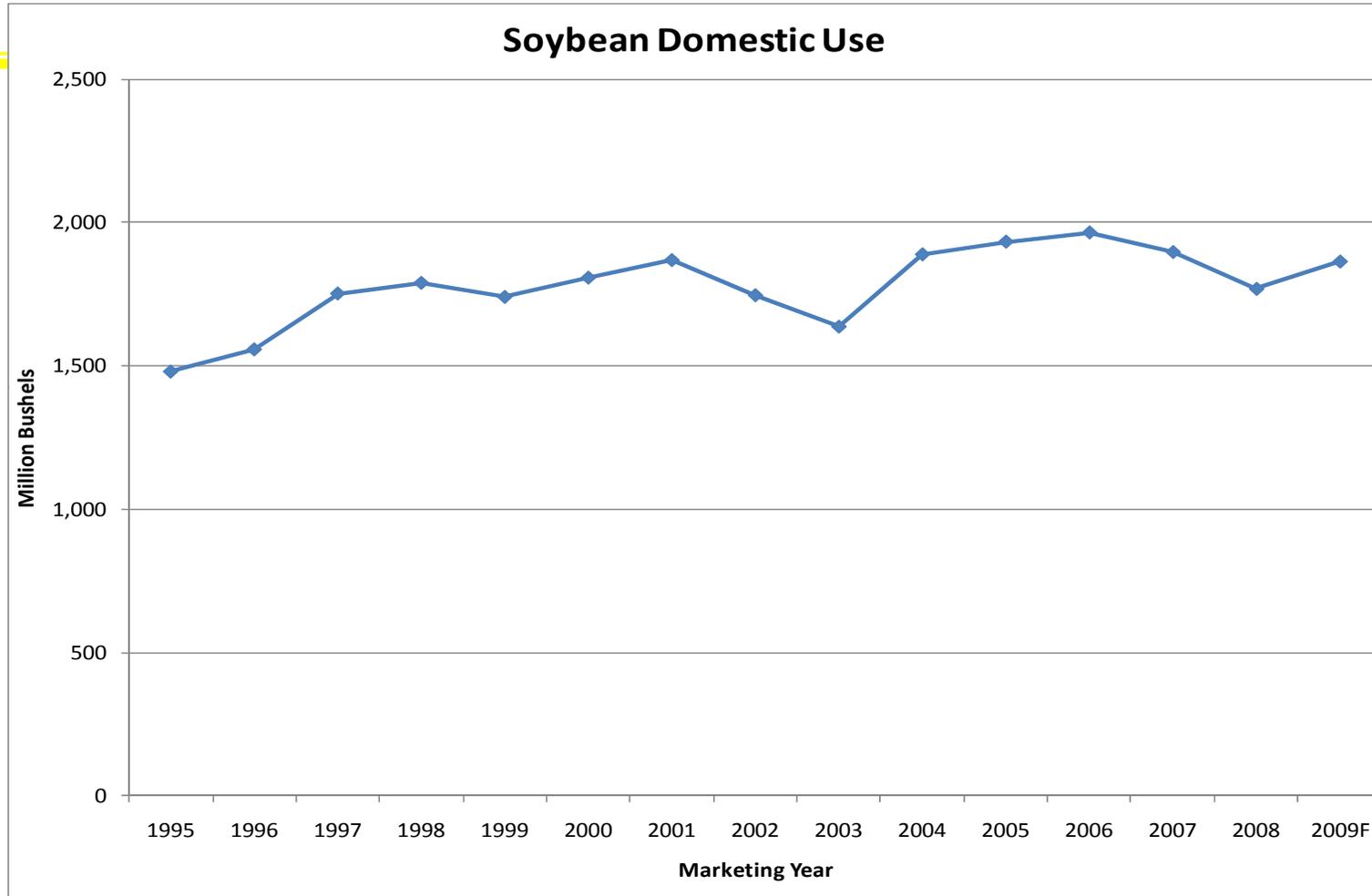
United States Department of Agriculture
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Soybean Exports



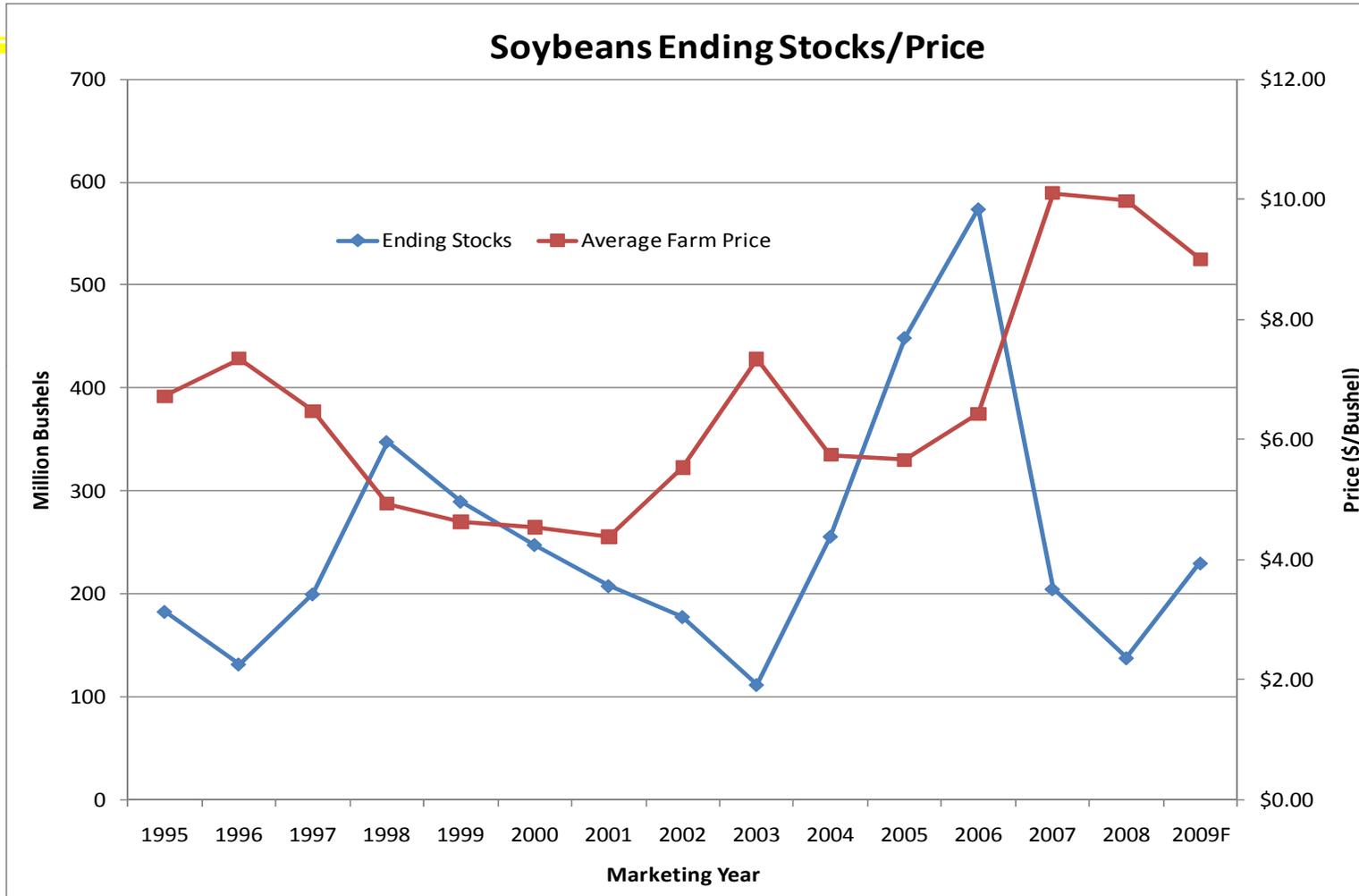
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Soybean Domestic Use



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Soybean Ending Stocks & Price



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Soybean Market Share



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Federal Grain Inspection Service

Wheat U.S. Outlook

U.S. Wheat Supply and Demand				
(Million Bushels/Million Acres)				
	Marketing Year	2007/08	2008/09	2009/10 (Oct.)
Supply	Planted Acres	60.5	63.2	59.1
	Harvested Acres	51.0	55.7	50.1
	Yield (Bushels/Acre)	40.2	44.9	44.4
	Beginning Stocks	456	306	657
	Production	2,051	2,499	2,220
	Imports	113	127	110
	Total Supply	2,620	2,932	2,987
Demand	Food	948	925	955
	Seed	88	75	78
	Feed & Residual	16	260	190
	Exports	1,263	1,015	900
	Total Use	2,314	2,275	2,123
	Ending Stocks	306	657	864
	Stocks/Use Ratio	13.2%	28.9%	40.7%
	Farm Price (\$/Bushel)	\$6.48	\$6.78	\$4.55-\$5.15



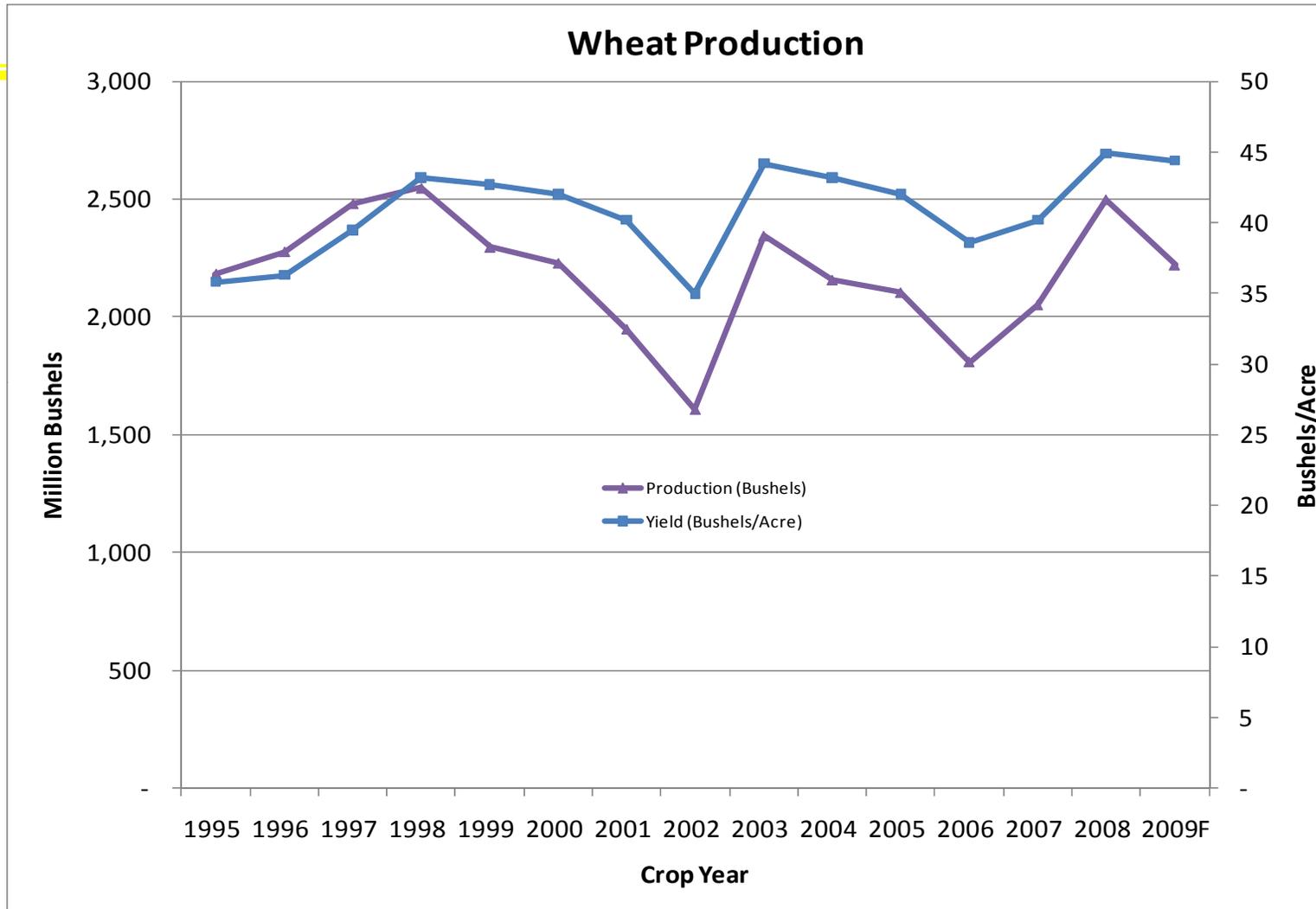
United States Department of Agriculture
 Grain Inspection, Packers and Stockyards Administration
 Federal Grain Inspection Service

Wheat World Outlook

World Wheat Supply and Demand				
(Million Metric Tons)				
	Marketing Year	2007/08	2008/09	2009/10 (Oct.)
Supply	Beginning Stocks	128	122	167
	Production	611	682	668
	Imports	113	136	120
	Total Supply	852	941	955
Demand	Feed	96	113	111
	Total Domestic Use	616	638	648
	Exports	117	141	125
	Total Use	734	778	773
	Ending Stocks	122	167	187

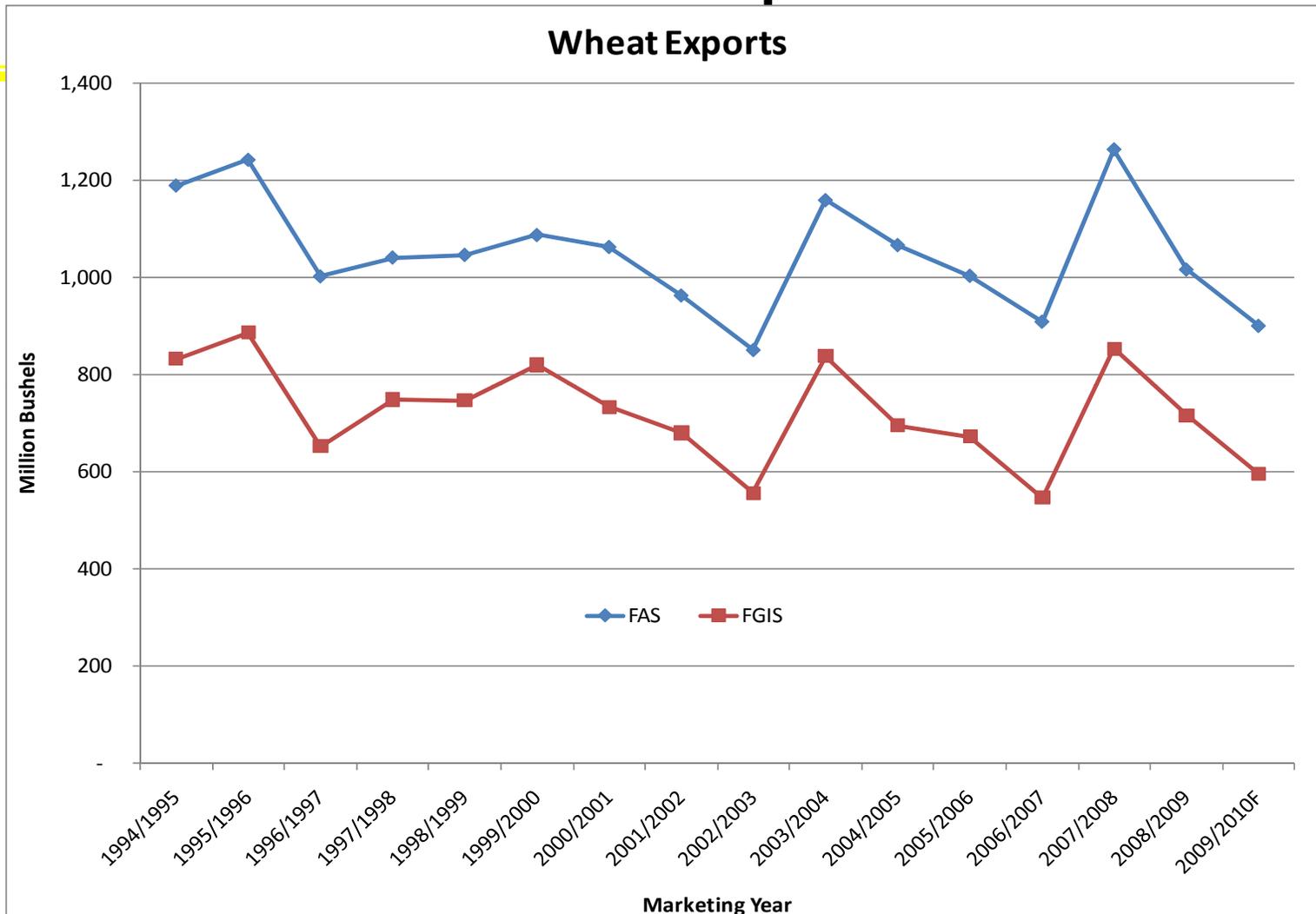


Wheat Production



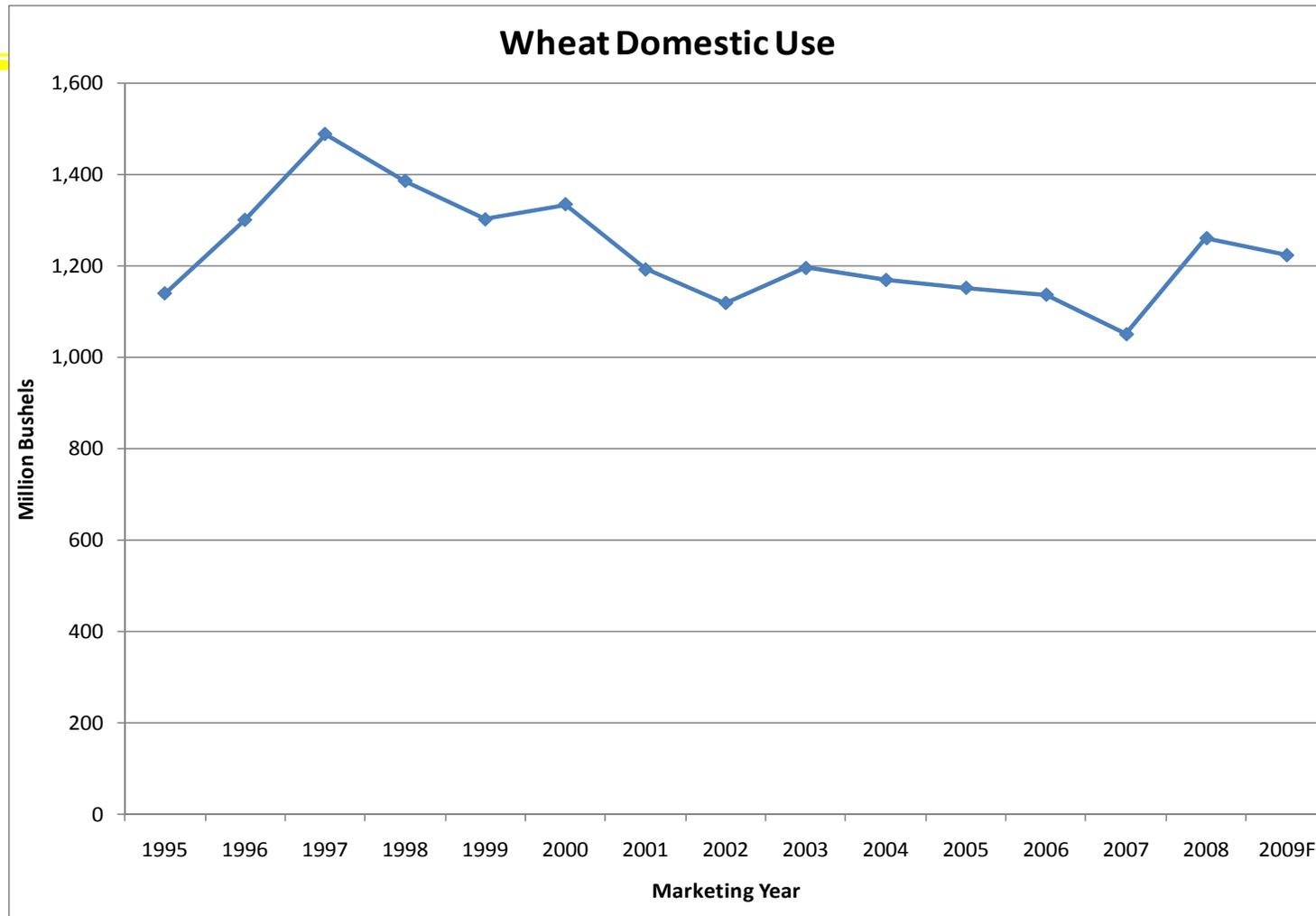
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Wheat Exports



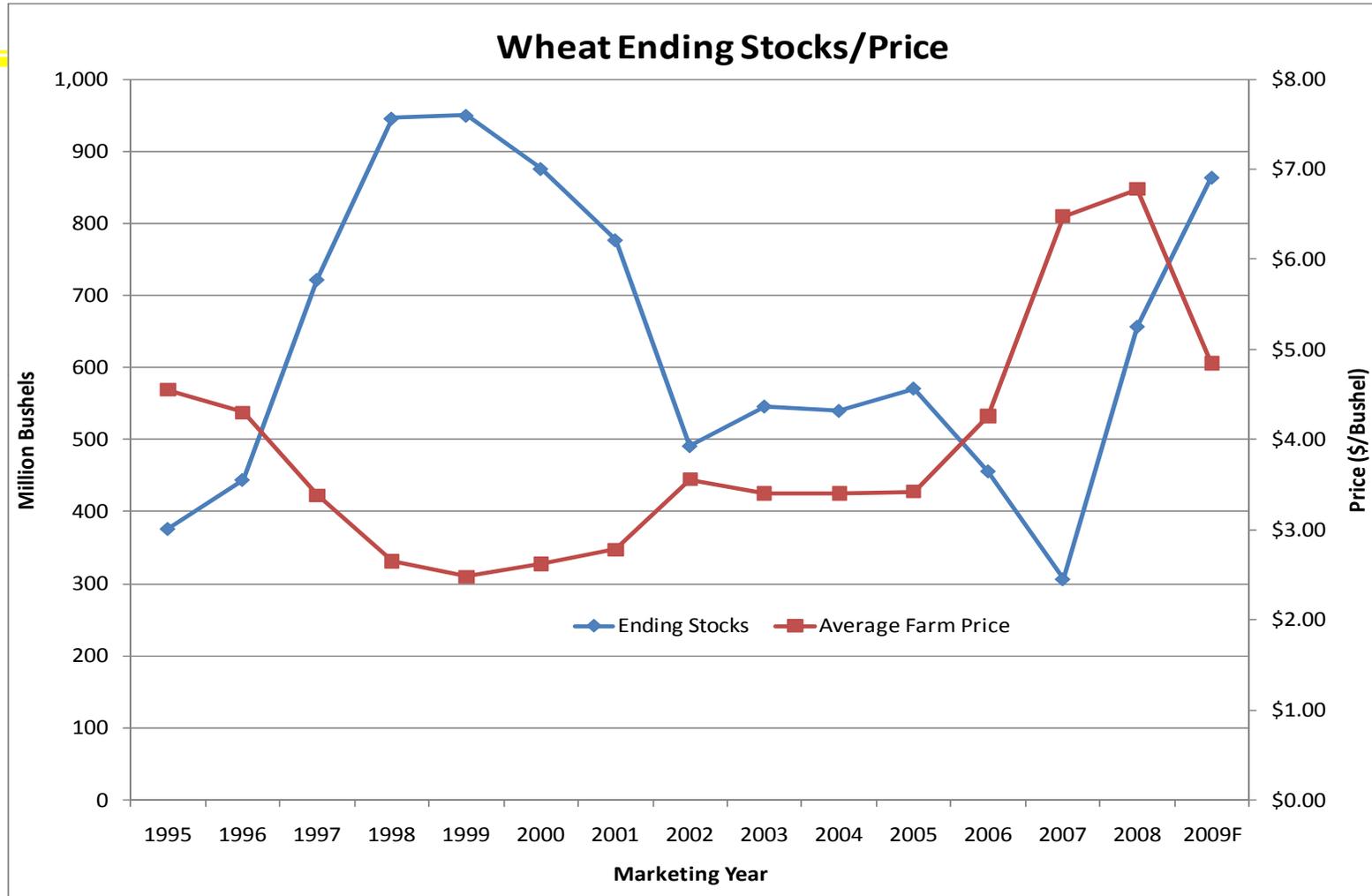
United States Department of Agriculture
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Federal Grain Inspection Service

Wheat Domestic Use



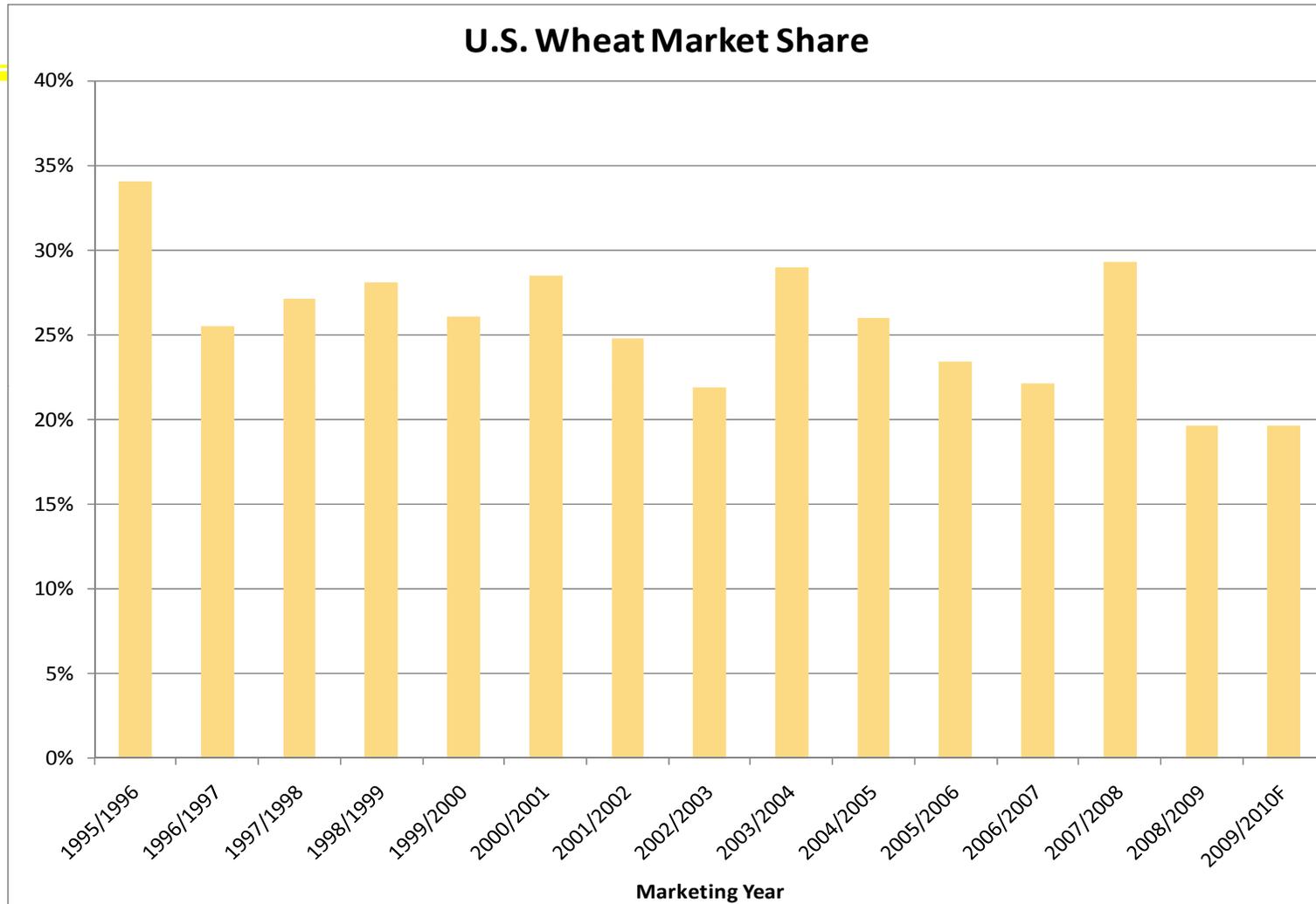
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Wheat Ending Stocks & Price



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Wheat Market Share



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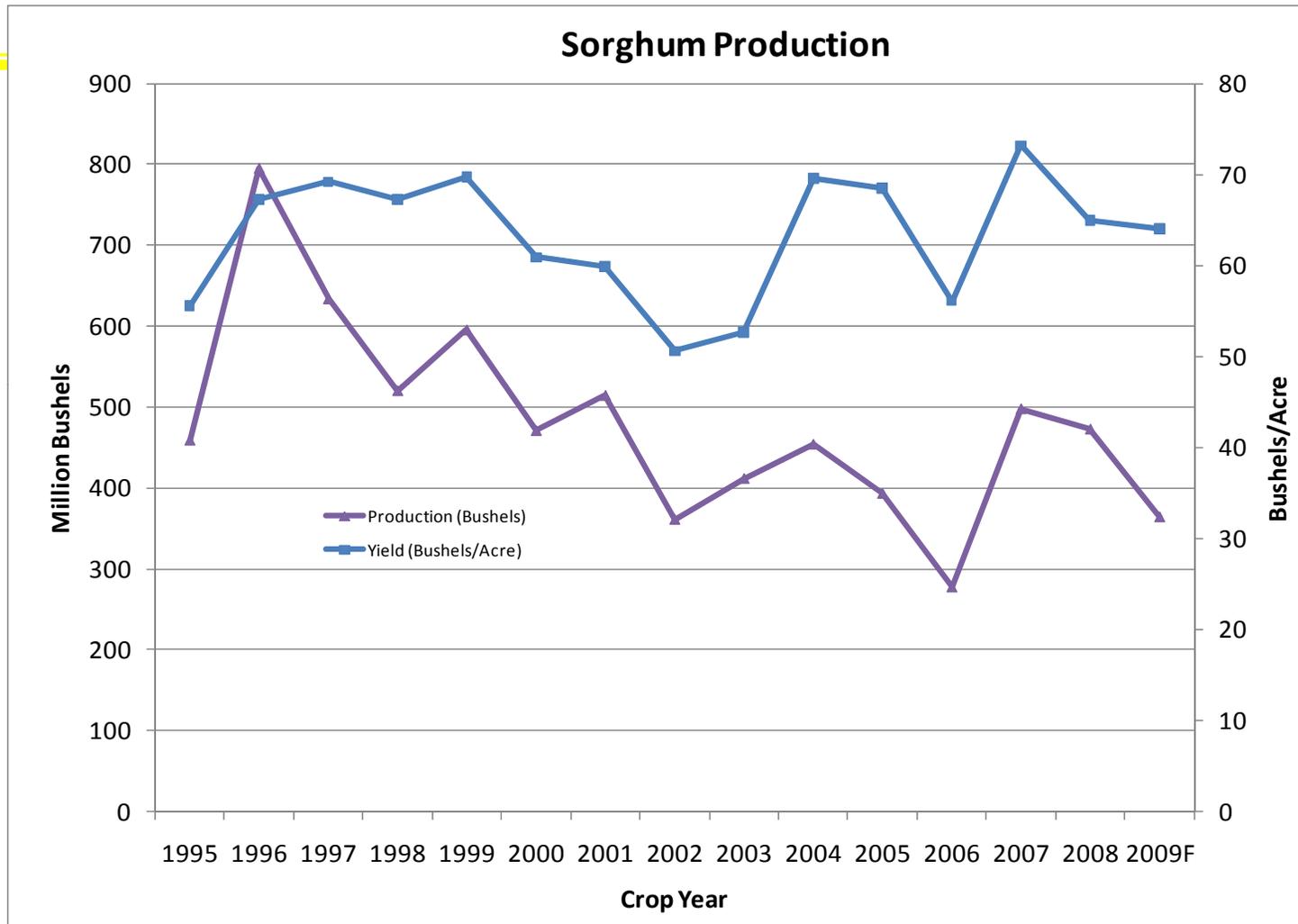
Sorghum U.S. Outlook

U.S. Sorghum Supply and Demand				
(Million Bushels/Million Acres)				
Marketing Year	2007/08	2008/09	2009/10 (Oct.)	
Supply	Planted Acres	7.7	8.3	6.6
	Harvested Acres	6.8	7.3	5.7
	Yield (Bushels/Acre)	73.2	65.0	64.0
	Beginning Stocks	32	53	55
	Production	497	472	364
	Imports	0	0	0
	Total Supply	530	525	418
Demand	Feed & Residual	165	232	140
	Food/Seed/Industrial	35	95	90
	Exports	277	143	140
	Total Use	477	470	370
	Ending Stocks	53	55	48
	Stocks/Use Ratio	11.1%	11.7%	13.0%
	Farm Price (\$/Bushel)	\$4.08	\$3.20	\$2.60-\$3.20



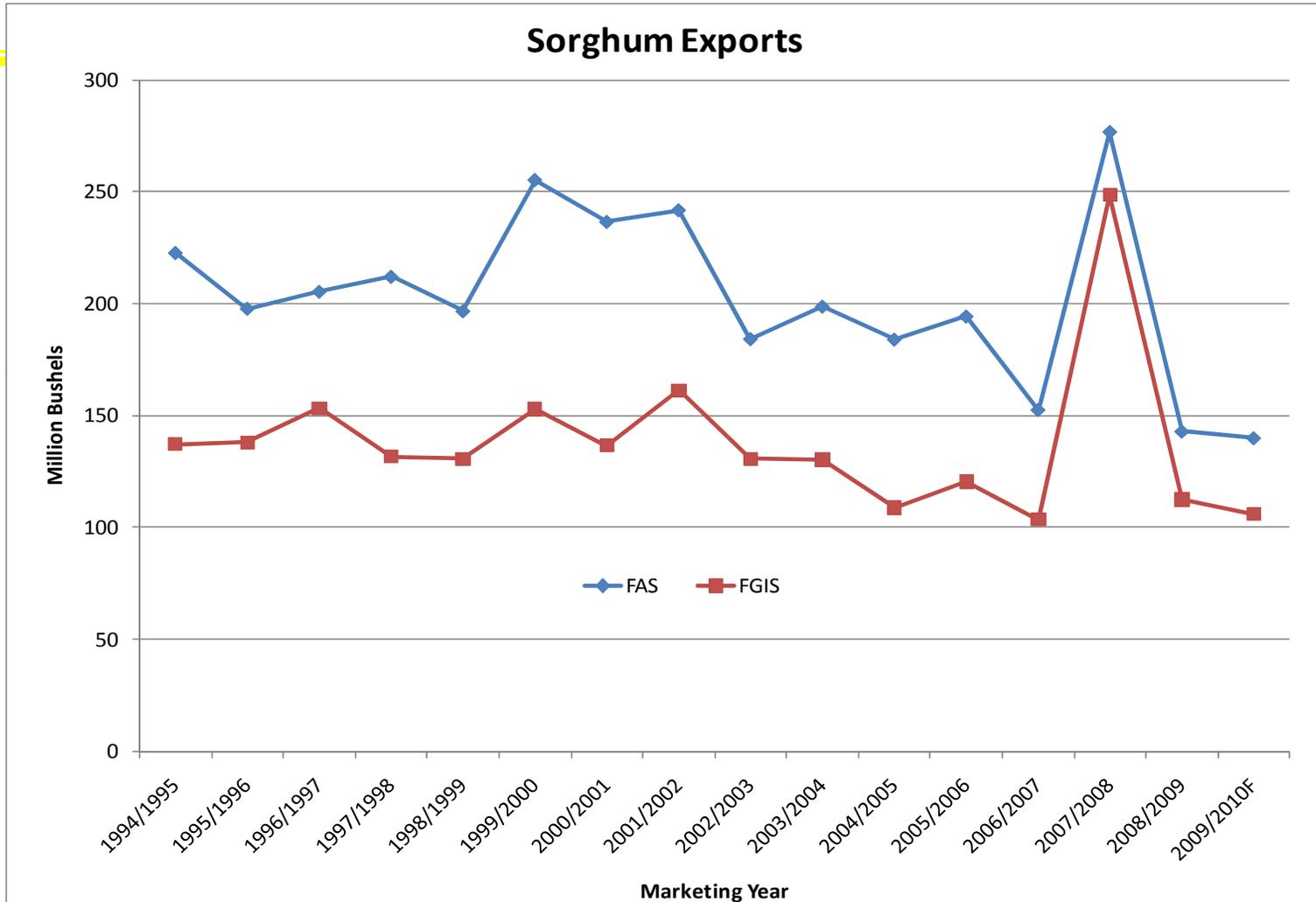
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Sorghum Production



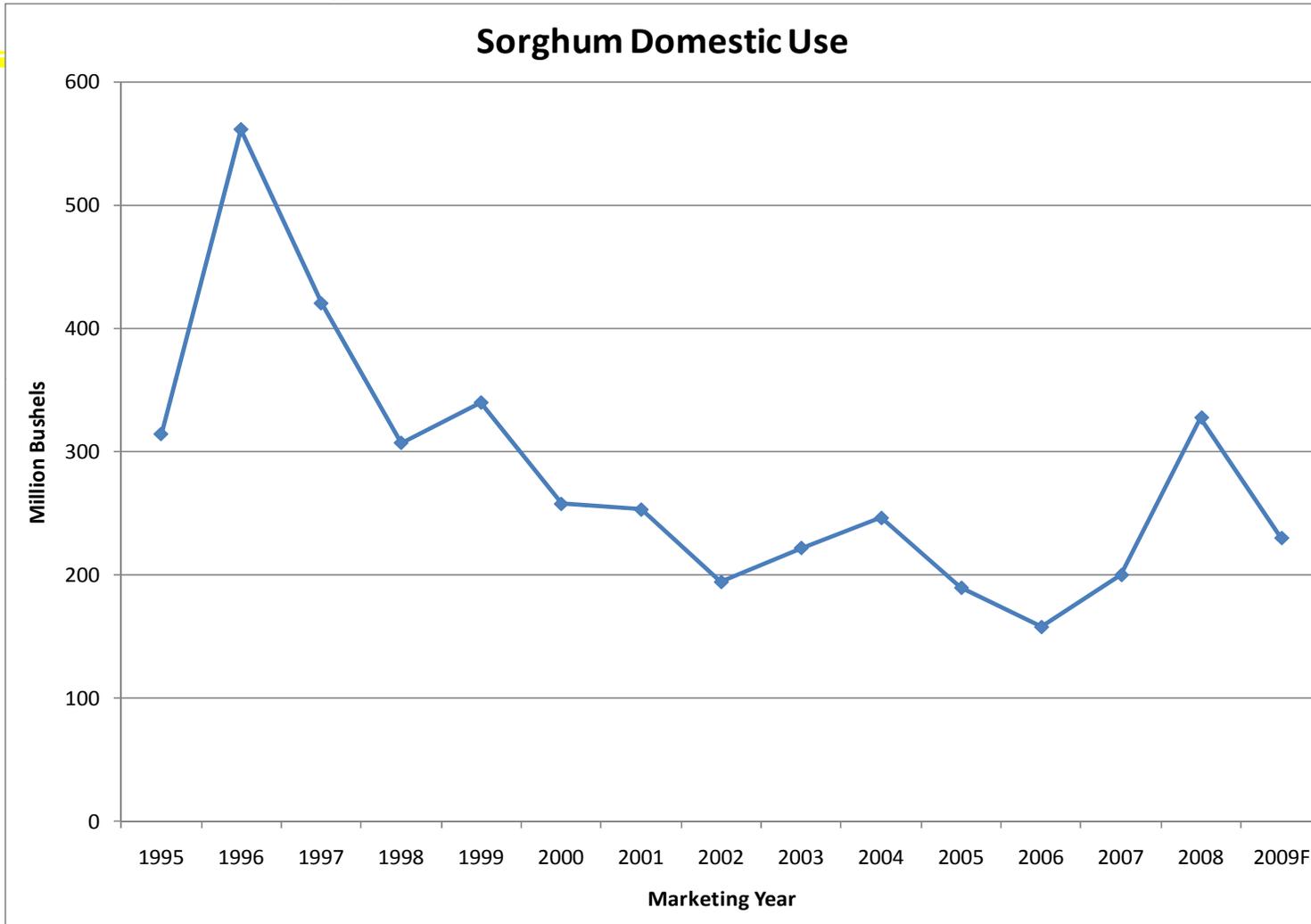
United States Department of Agriculture
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Federal Grain Inspection Service

Sorghum Exports



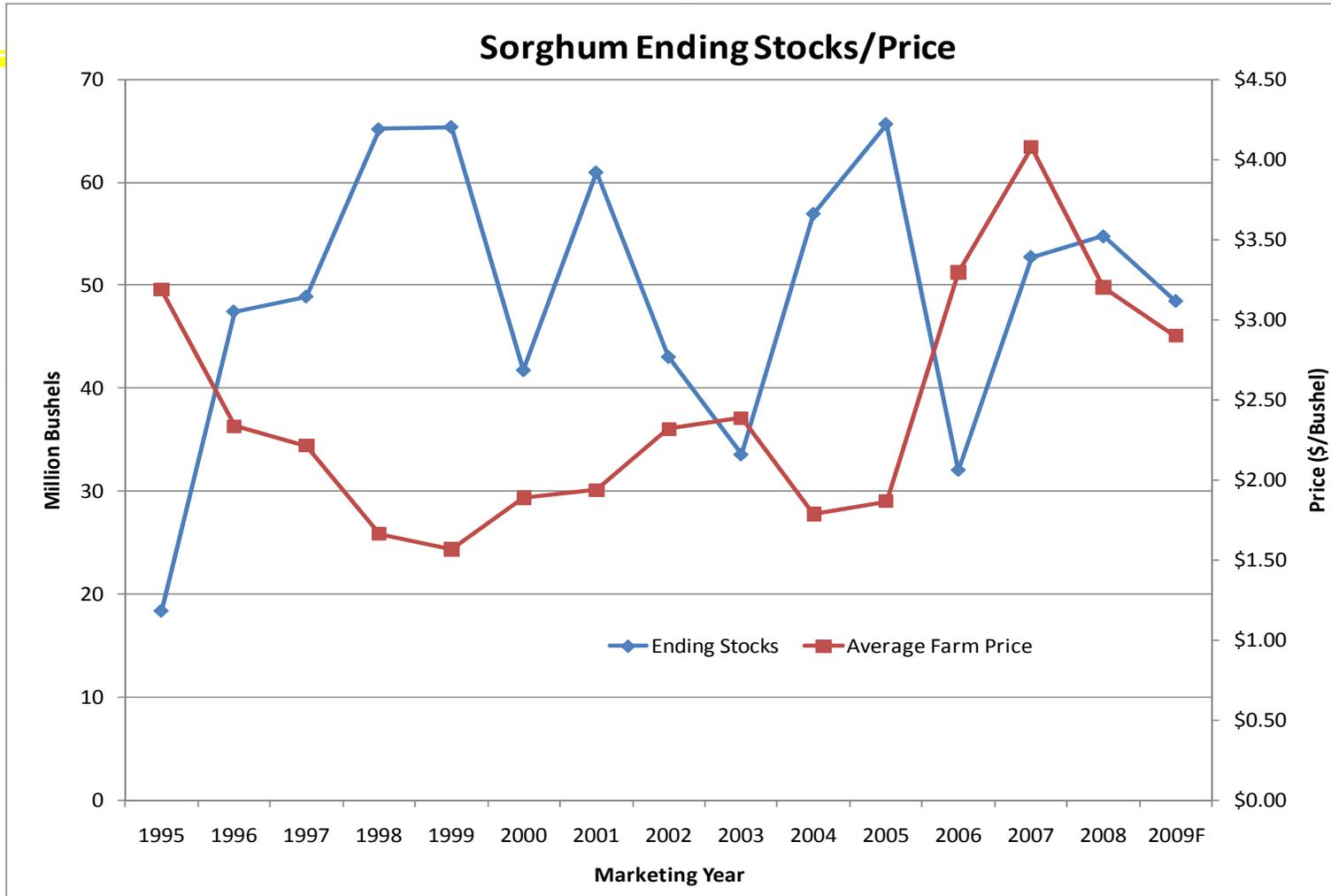
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Sorghum Domestic Use



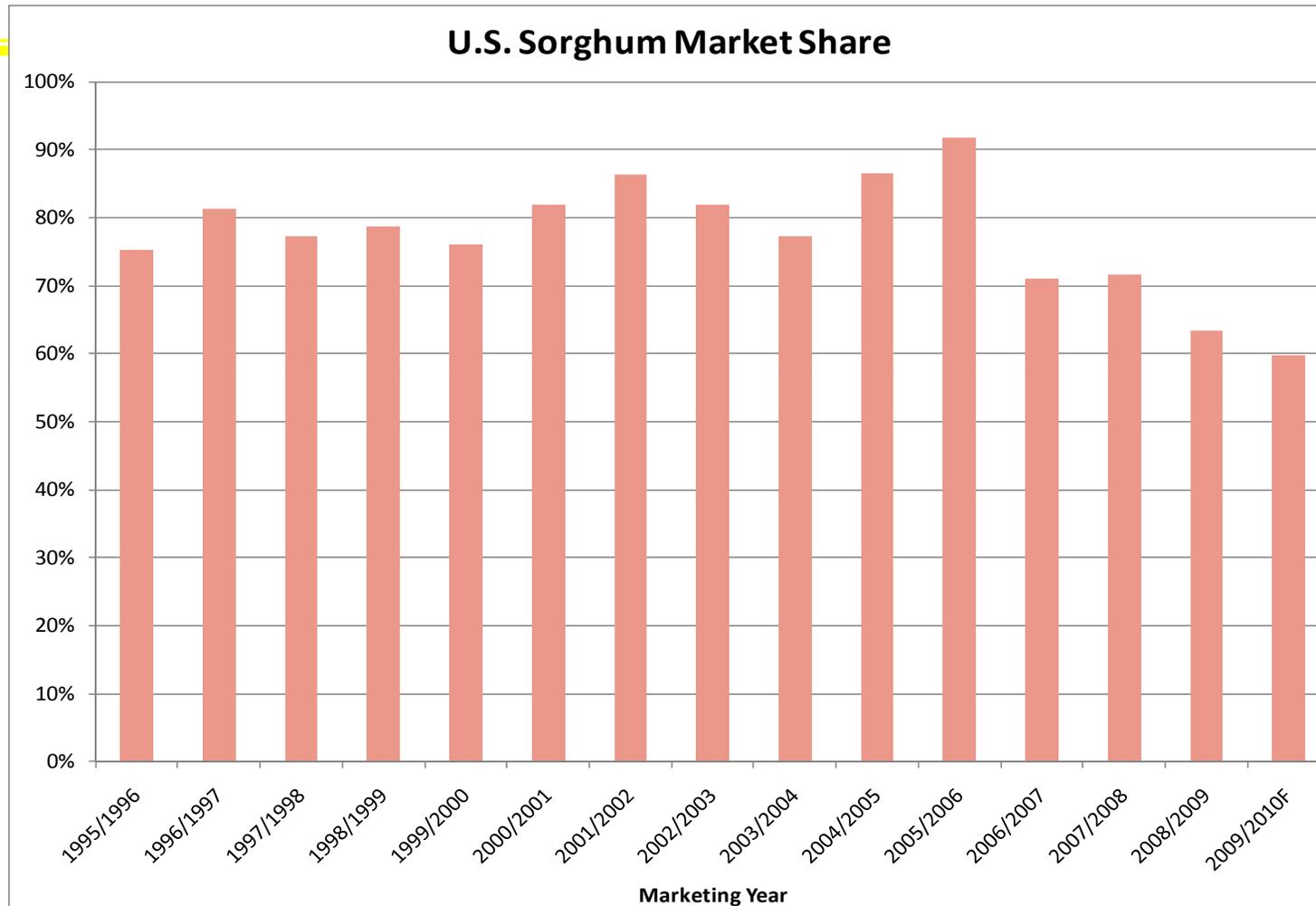
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Sorghum Ending Stocks & Price



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Federal Grain Inspection Service

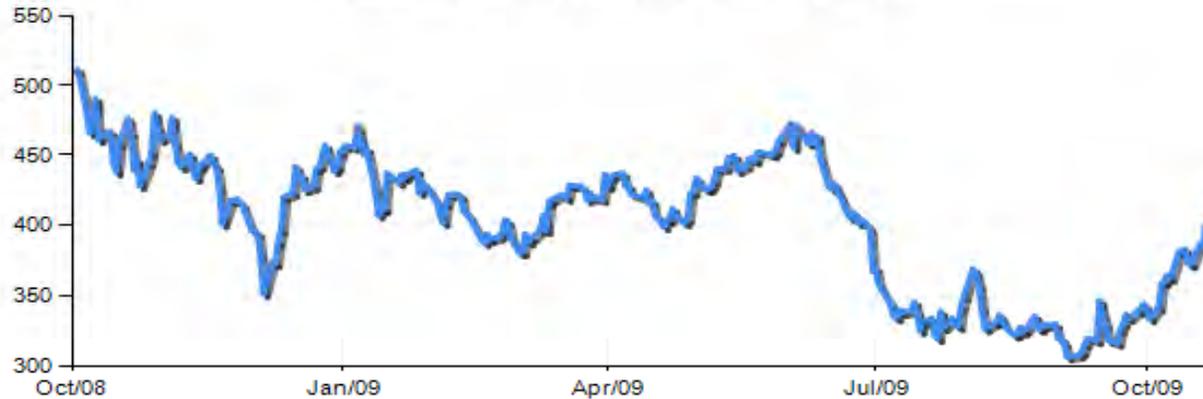
Sorghum Market Share



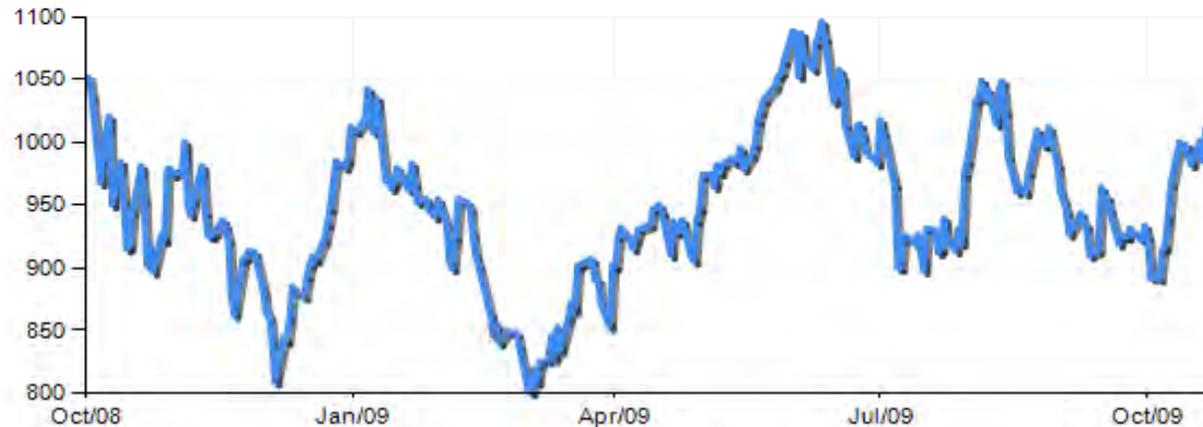
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Federal Grain Inspection Service

Commodity Futures

Com Futures Trading Chart With Historical Prices



Soybeans Futures Trading Chart With Historical Prices



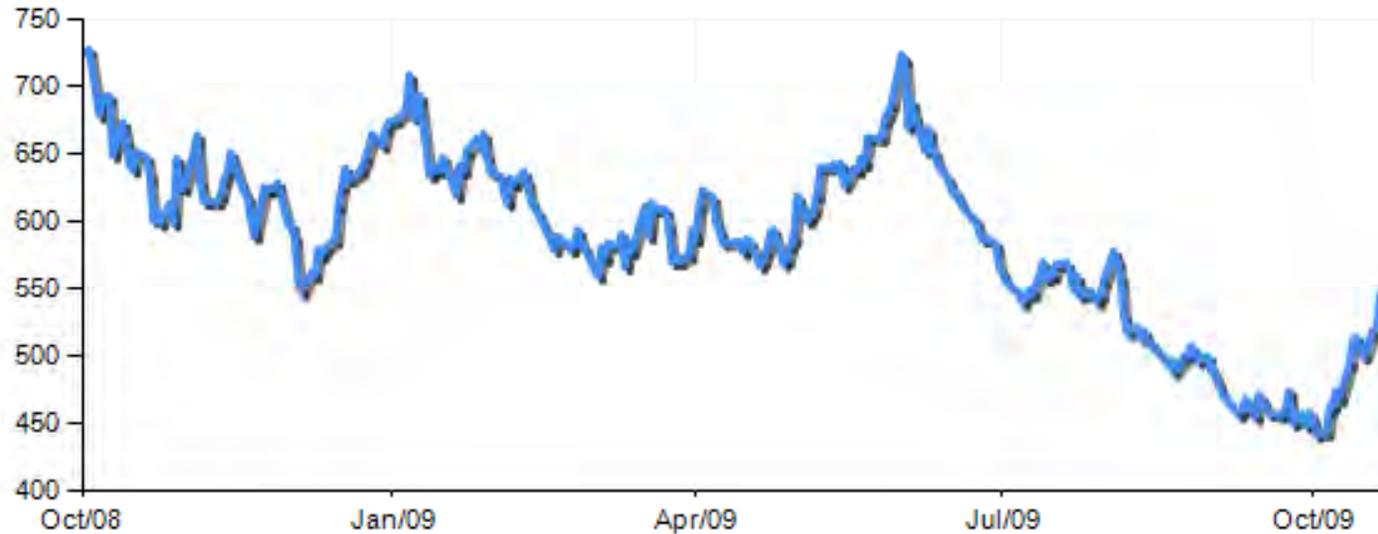
www.tradingeconomics.com



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Commodity Futures

Wheat Futures Trading Chart With Historical Prices



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U.S. Dollar Index

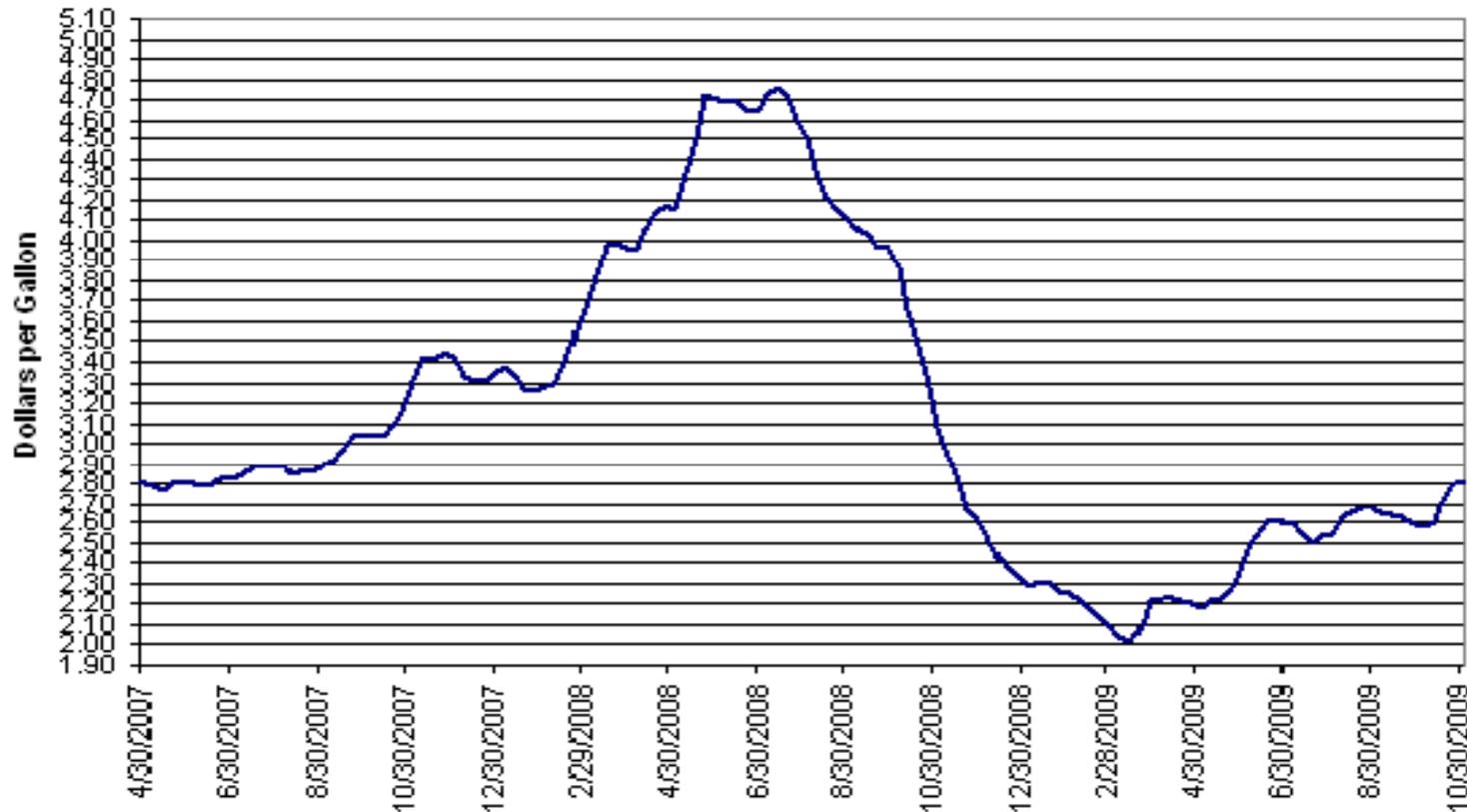
\$USD (US Dollar Index (EOD)) INDX © StockCharts.com
23-Oct-2009 **Open 75.07 High 75.52 Low 74.95 Close 75.47 Chg +0.42 (+0.56%) ▲**



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Transportation: Truck

Weekly U.S Retail On-Highway Diesel Prices
Average All Types



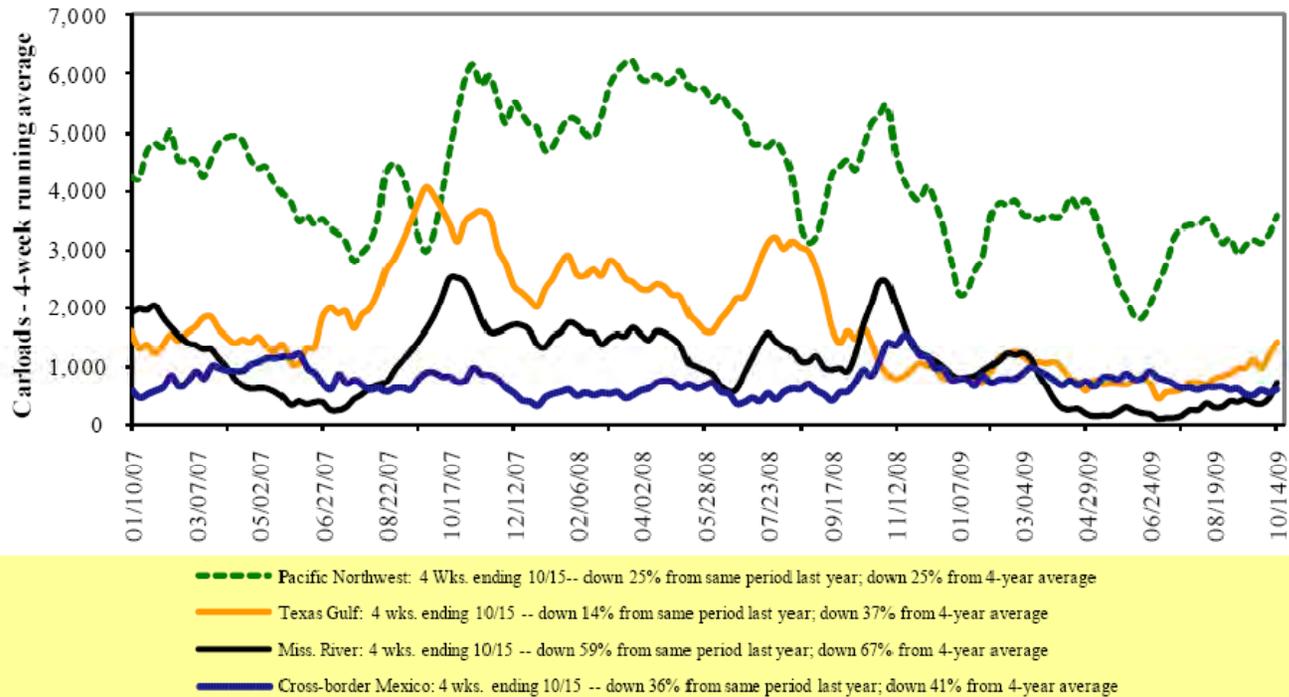
Source: Energy Information Administration



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Transportation: Rail

Rail Deliveries to Port



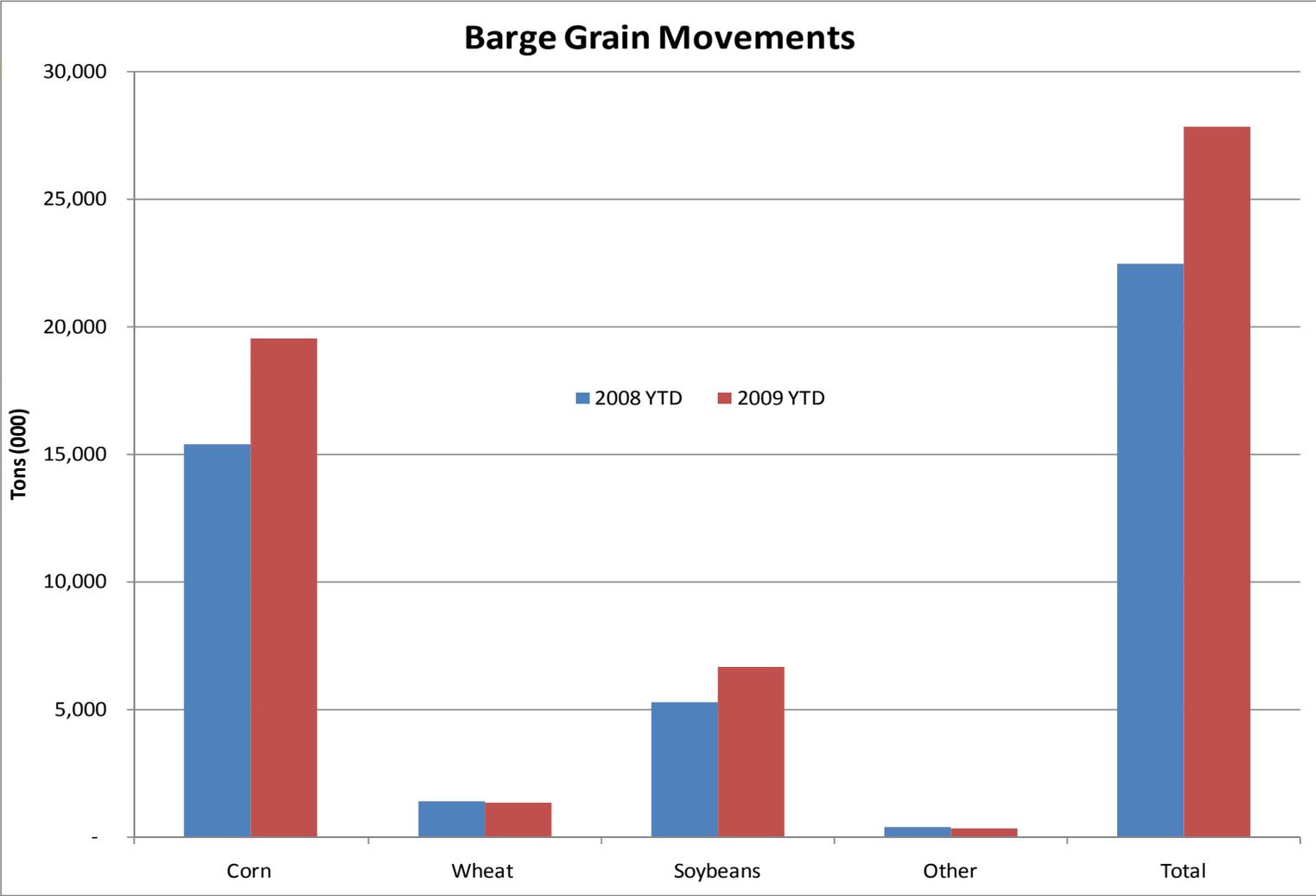
Source: Transportation & Marketing Programs/AMS/USDA

- 2009 YTD: 787,049 Class 1 grain carloads originated
 - 20.1% reduction from 2008 YTD
- Lower rail tariffs year over year for unit and shuttle trains to NOLA, TX, PNW, and East Coast.



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Transportation: Barge

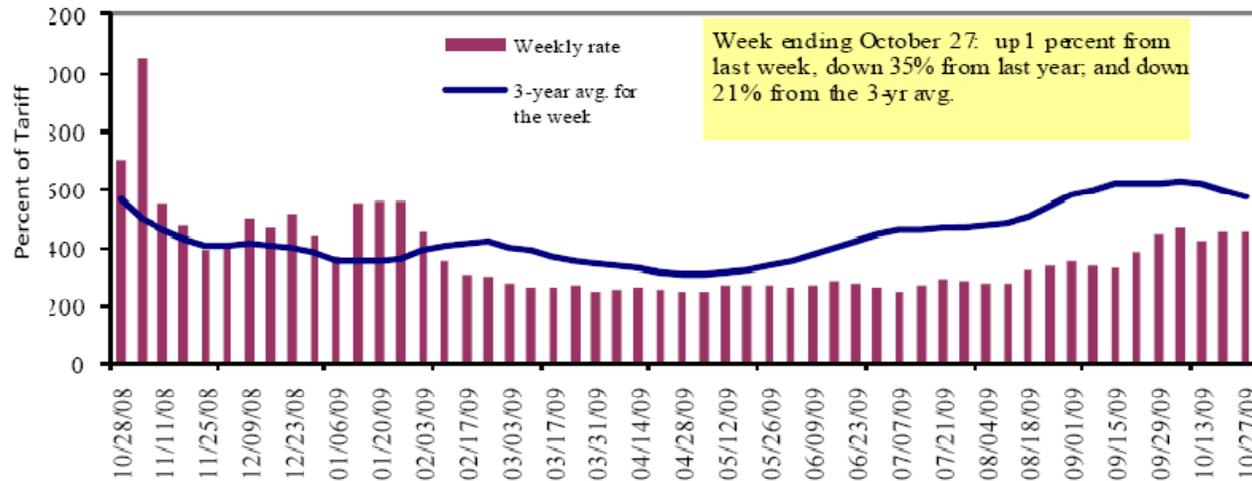


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Transportation: Barge

Figure 8

Illinois River Barge Freight Rate^{1,2}



¹Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); ²4-week moving average of the 3-year average.

Source: Transportation & Marketing Programs/AMSUSDA

2009 Barge Rate Comparison (% Change)

	Twin Cities	Mid-MS	IL River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Last Year	-13%	-20%	-35%	-50%	-35%	-35%	-48%
3 Year Avg.	-20%	-20%	-21%	-30%	-22%	-22%	-37%

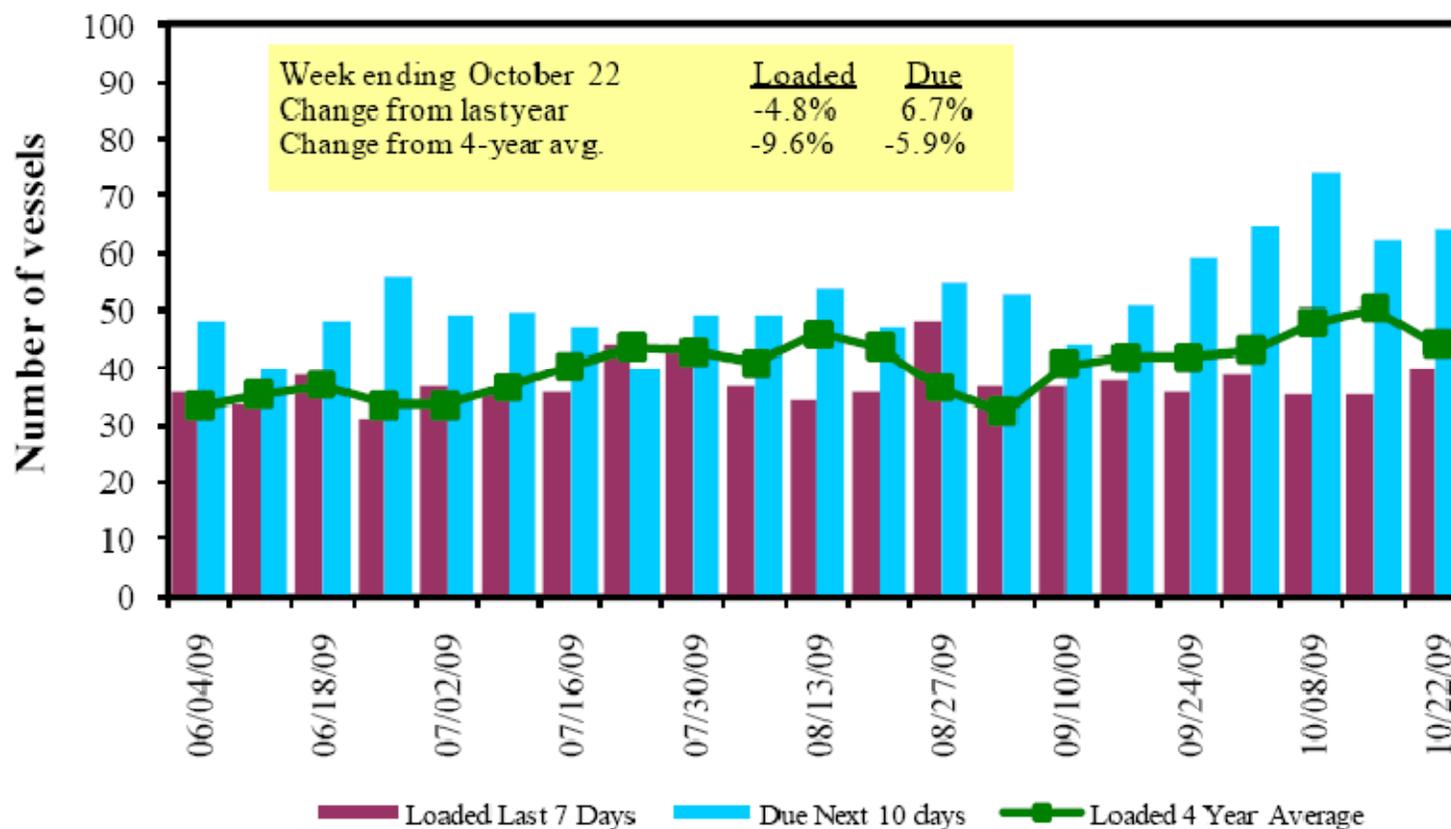


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Transportation: Ocean

Figure 16

U.S. Gulf¹ Vessel Loading Activity



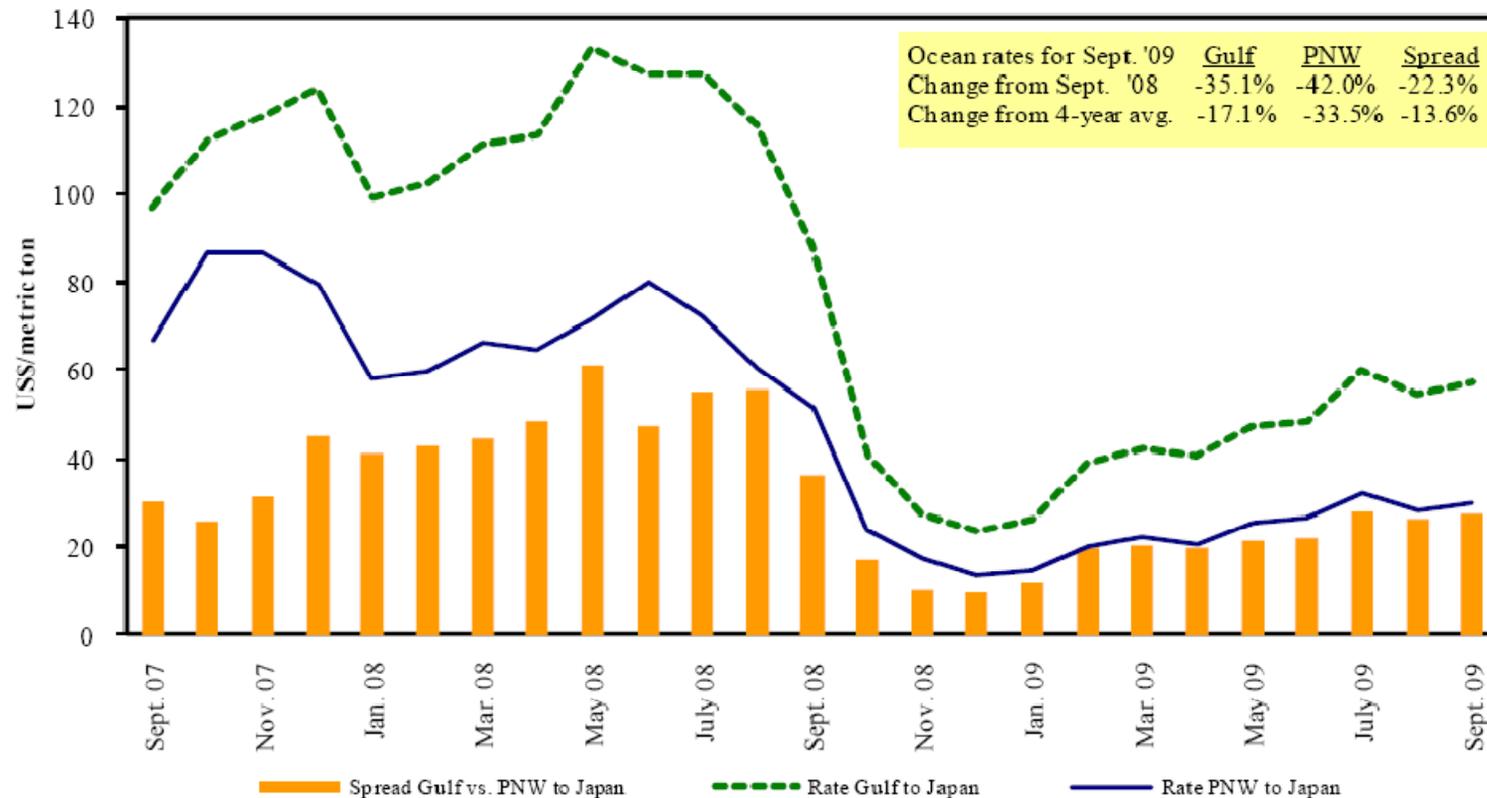
Source: Transportation & Marketing Programs/AMS/USDA
¹U.S. Gulf includes Mississippi, Texas, and East Gulf



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Transportation: Ocean

Grain Vessel Rates, U.S. to Japan



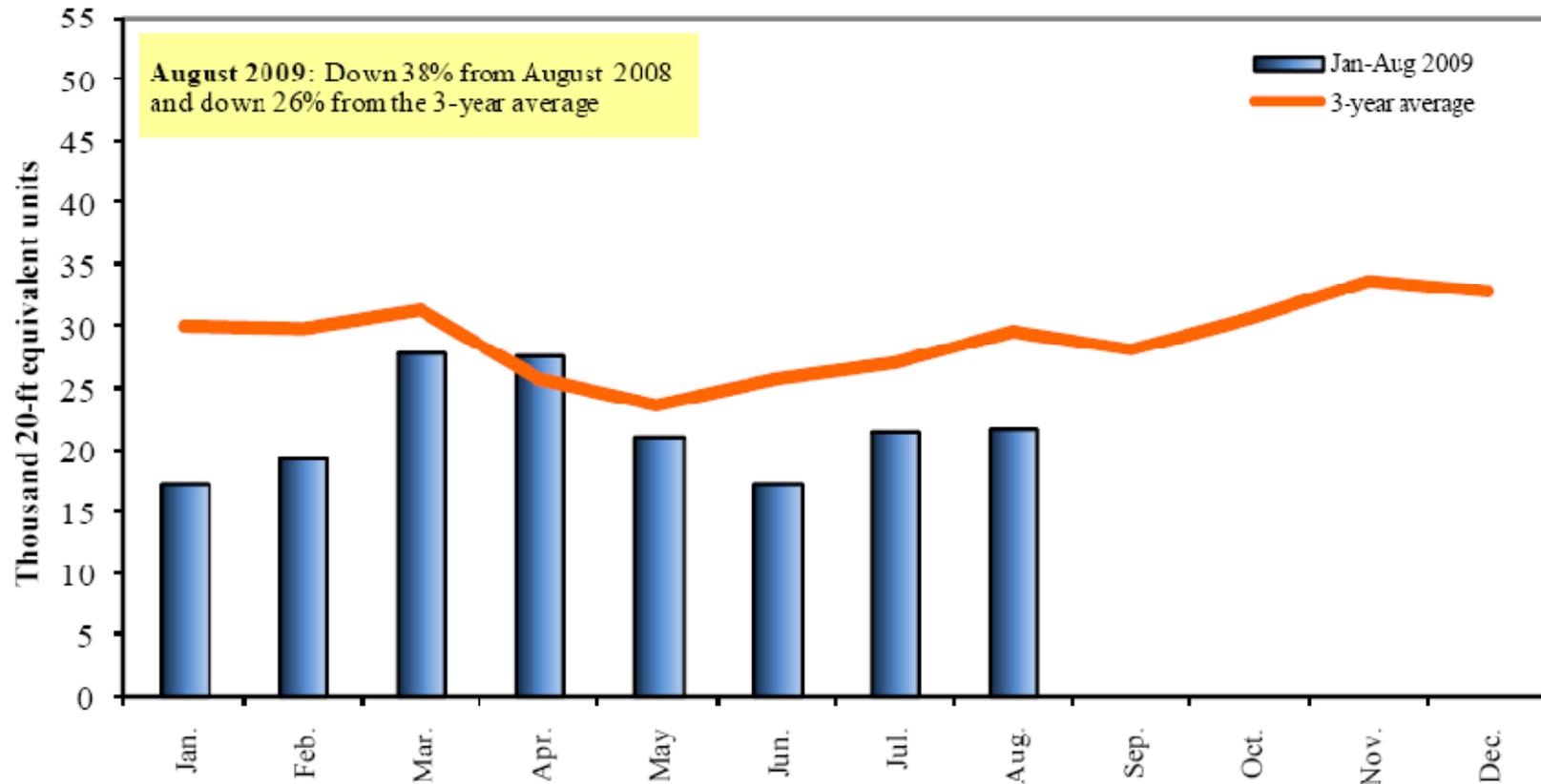
Source: Drewry Shipping Consultants Ltd (www.drewry.co.uk)/O'Neil Commodity Consulting



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Transportation: Container

Monthly Shipments of Containerized Grain to Asia

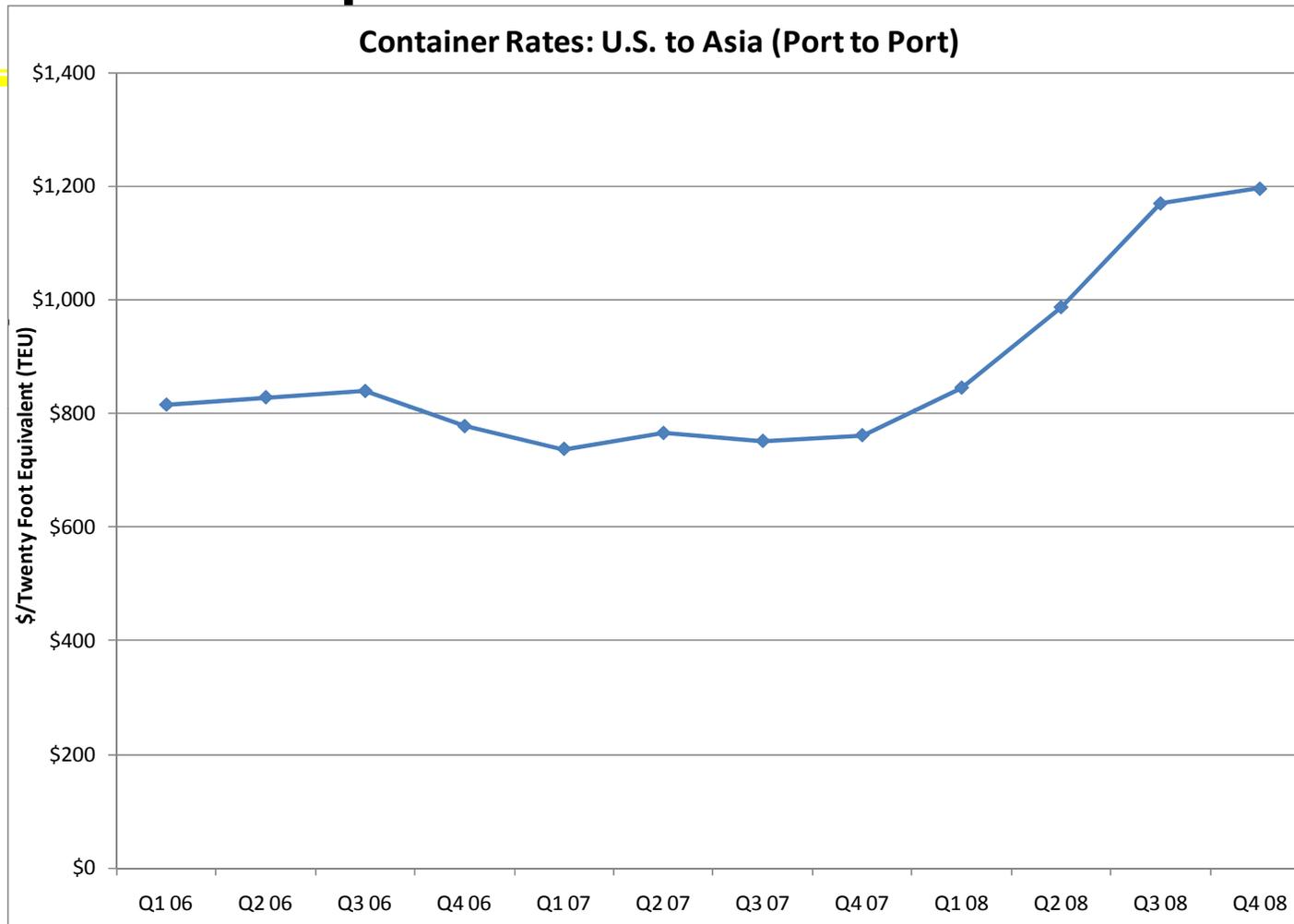


Source: Port Import Export Reporting Service (PIERS), *Journal of Commerce*



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Transportation: Container



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Questions?



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Sorghum Odor

John Sharpe
November 17, 2009
GIPSA Advisory Committee
Kansas City, Missouri

Background

Producers, handlers and exporters concerns

1. Consistent application of storage musty line
2. Storage musty line/threshold is too rigid



Advisory Committee Resolutions

December 2008

The Advisory Committee recommends that GIPSA embark on a review of how the sour/musty odor is determined for official grades of grain sorghum. Input from all stakeholders in the form of an industry group that has as its members a cross section of users, producers, and handlers.

June 2009

The Advisory Committee recommends that GIPSA reconvene the Sorghum Odor Taskforce. The Taskforce would work with Dr. Chambers to establish a definitive odor line, that through proper training, would be consistently interpreted and applied system wide.



Actions

Consistency

- Initiated agreement with ARS and Kansas State University (Dr. Edgar Chambers IV) to develop reproducible standard (July 2009)

Threshold Evaluation

- GIPSA surveyed 62 individuals from 26 companies in 5 states (November 2008)
- Convened taskforce to obtain input from all parties (April 2009)
- Reconvened taskforce (September 2009)



Consistency

Agreement Outcomes

- Develop Reproducible Standard
 - Chemical compound “cocktail” added to sorghum to meet storage odor line
- Provide training on standard use
- Provide environmental guidelines to make odor determinations
- Provide evaluation techniques to minimize inspector desensitized

Benefits

- Verify the line is maintained over time
- All inspectors trained to standard reference
- Inspectors have reference when needed
- Industry could have standards for house inspectors

Timeline

- July 2009 – July 2010



Consistency

Progress

- Determined the musty chemical compounds in the "taskforce" test samples and evaluating additional samples
 - 5 Compounds initially identified others remain to be identified
- Completed sensory work on samples evaluated by the Taskforce in April
 - Good correlation between the degree of mustiness found by the sensory panel and the "% unacceptable" as found by the Taskforce
 - Should be able to come up with a level of mustiness that represents various "% unacceptable" levels.
 - Will be the basis for all the other work.



Odor Line Activity

Reconvened Taskforce Meeting September 30, 2009

Objective

Review data obtained at initial meeting to determine where the storage musty line should be set

Members Present

Curtis Engel, National Grain and Feed Association

Tom Fousek, National Grain and Feed Association

Roy Henry, Pork Producers Council

Mike Kemling, IAMS Pet Food

Tim Lust, National Sorghum Producers

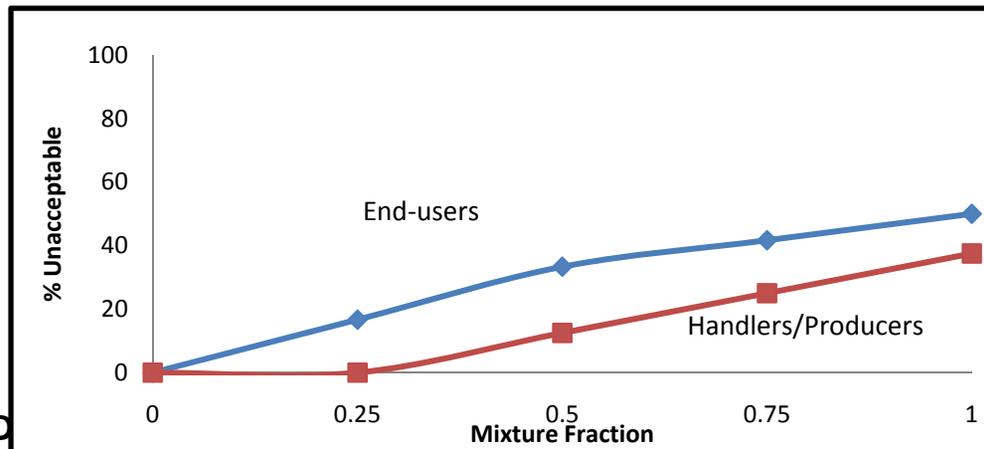
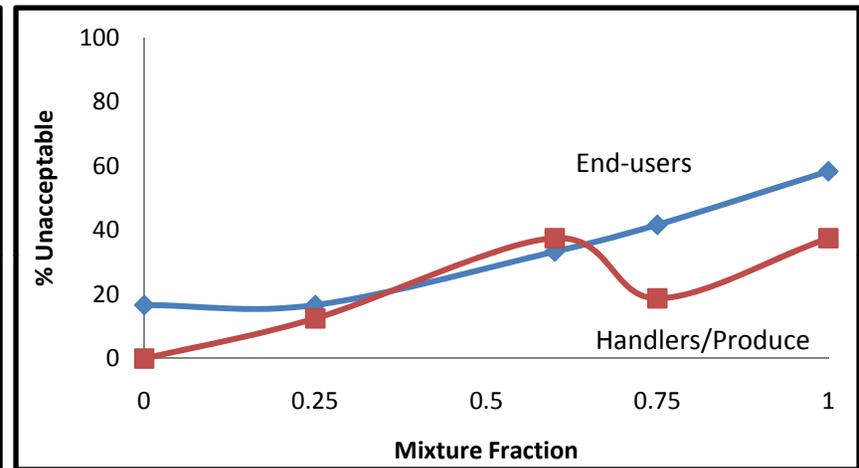
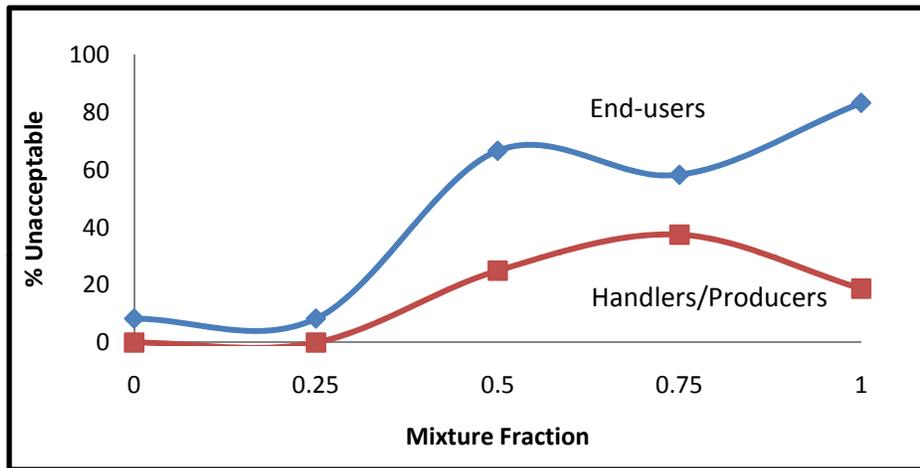
Tom Meyer, Grain Elevators and Processors Society

Virgil Smail, United Sorghum Checkoff Program

Randy West, ADM, Harvest Queen



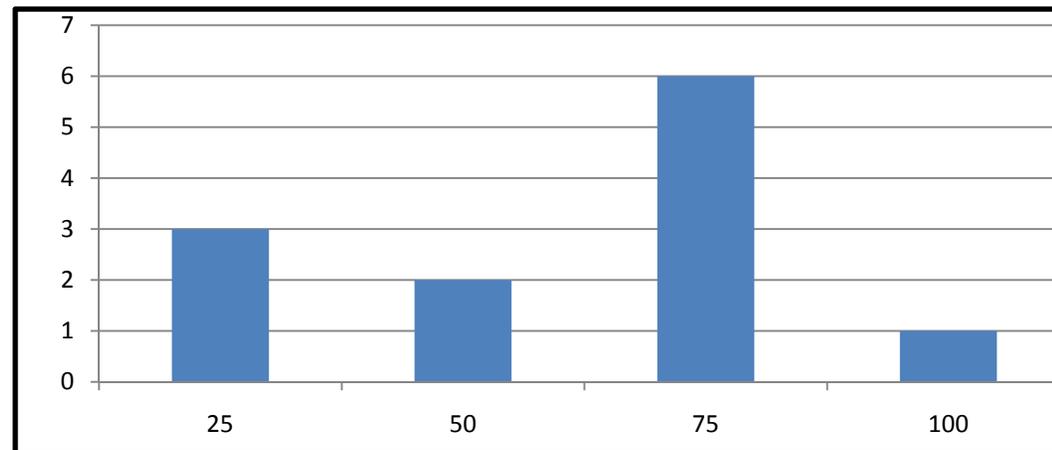
Taskforce Meeting



Taskforce Meeting

Question

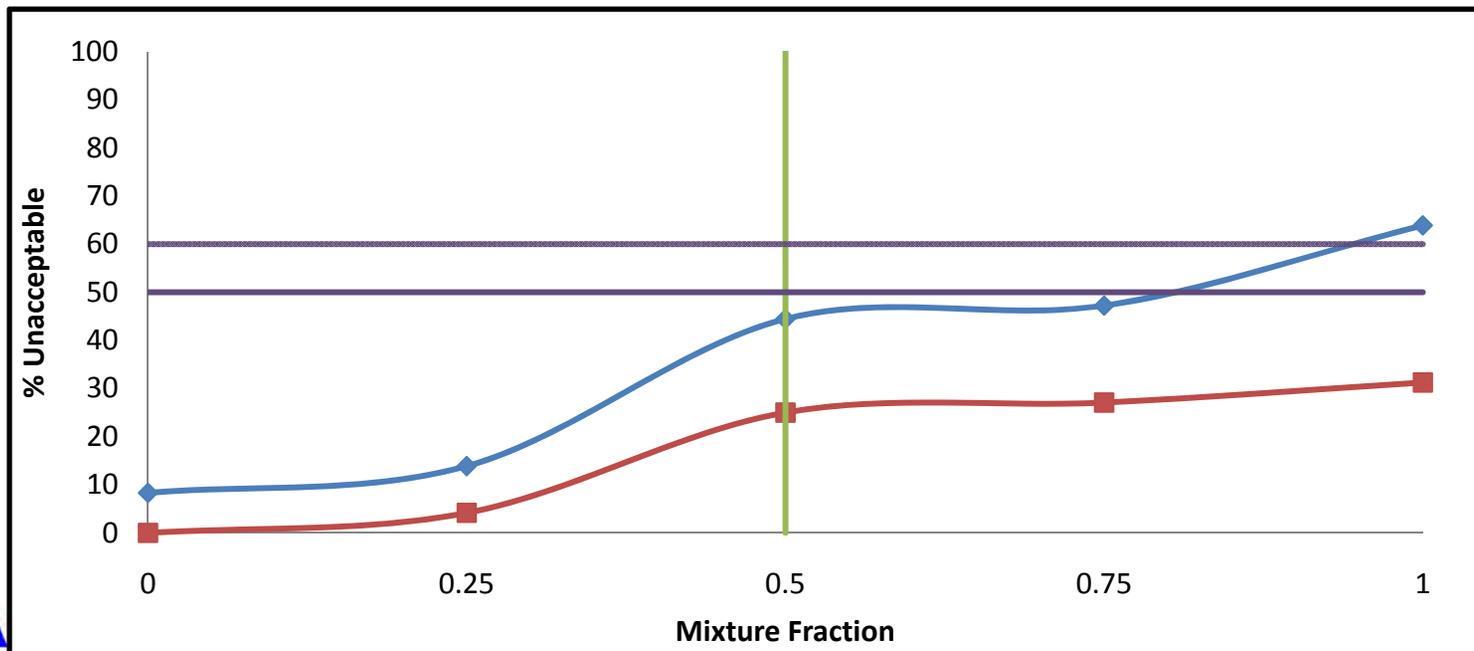
Given the differences between all parties observed in the evaluation what percent of the industry should the odor line satisfy?



Taskforce Meeting

Consensus

A range of 40 to 50 percent of users should be satisfied



Taskforce Meeting

Next Steps

Dr. Chambers to use this target to establish standard(s)

Once Standards are established taskforce and others will evaluate samples in the target range for final decision on the line



Questions



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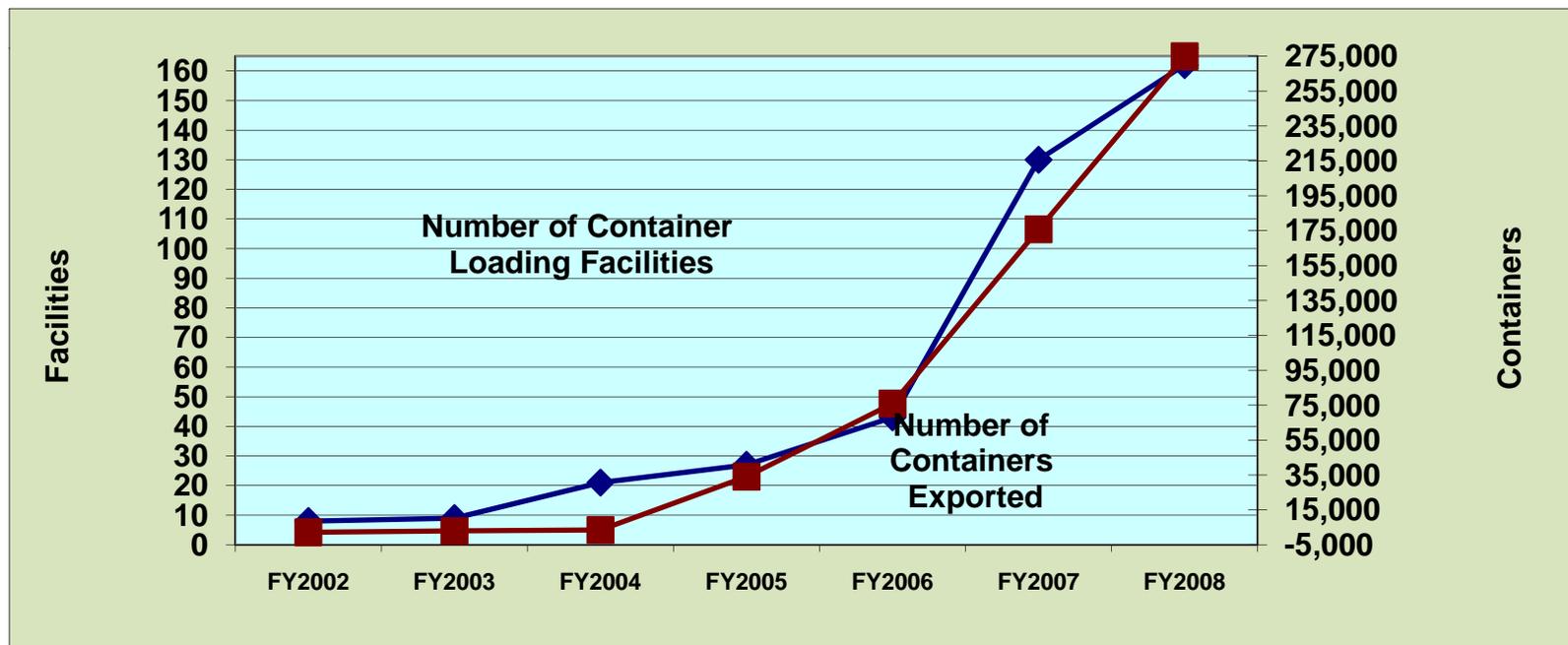
Amendments to Regulations concerning the Inspection and Weighing of Grain in Combined and Single Lots



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Historical Volume

- Currently there are over 160* loading facilities with the majority in proximity to the railroad hub in Chicago.



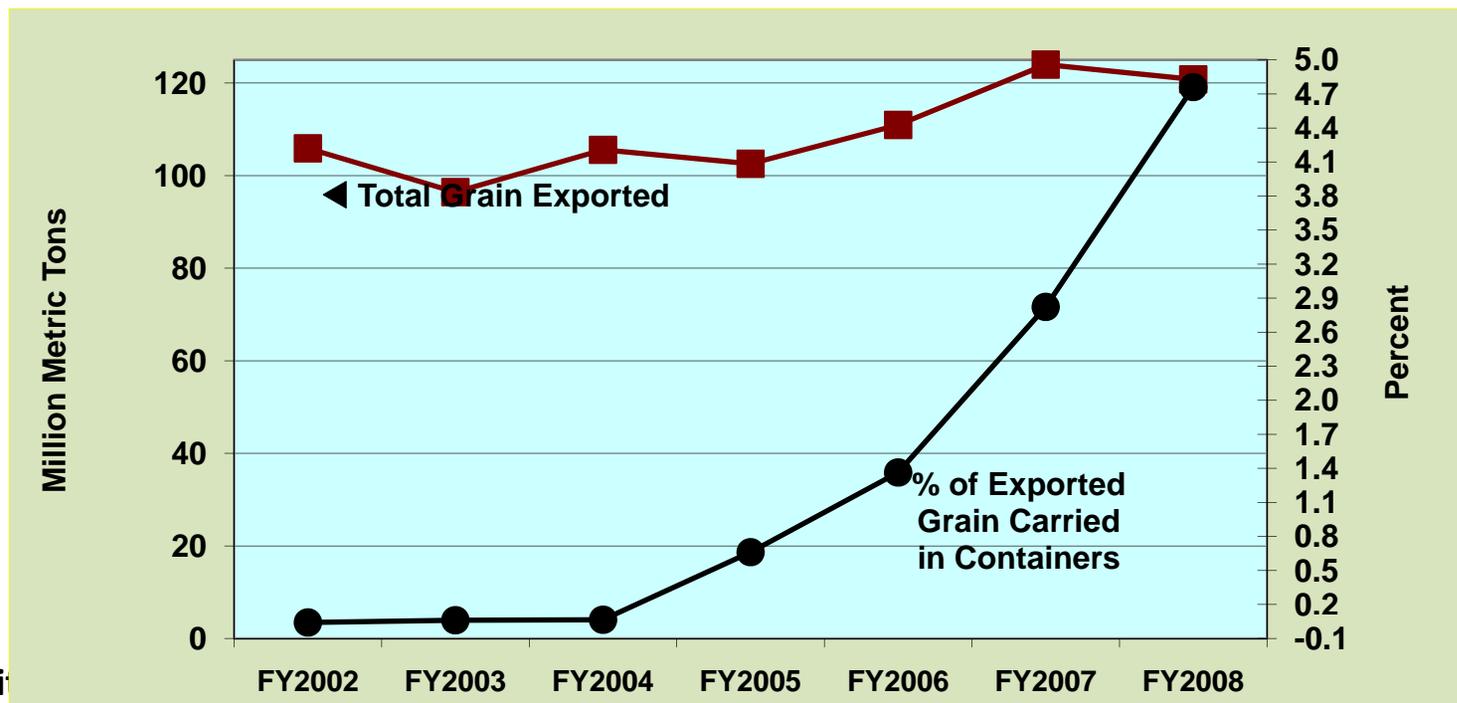
* There are also over 150 facilities operating under GIPSA's 15,000 metric ton or high quality specialty grain exemptions, contributing to an unknown number of exported containers.

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Container Exports Increasing

- Inspection of containerized cargo has increased from 0.7% of total grain exported (metric tons) in 2005 to 4.8% of total grain exported (metric tons) in 2008.



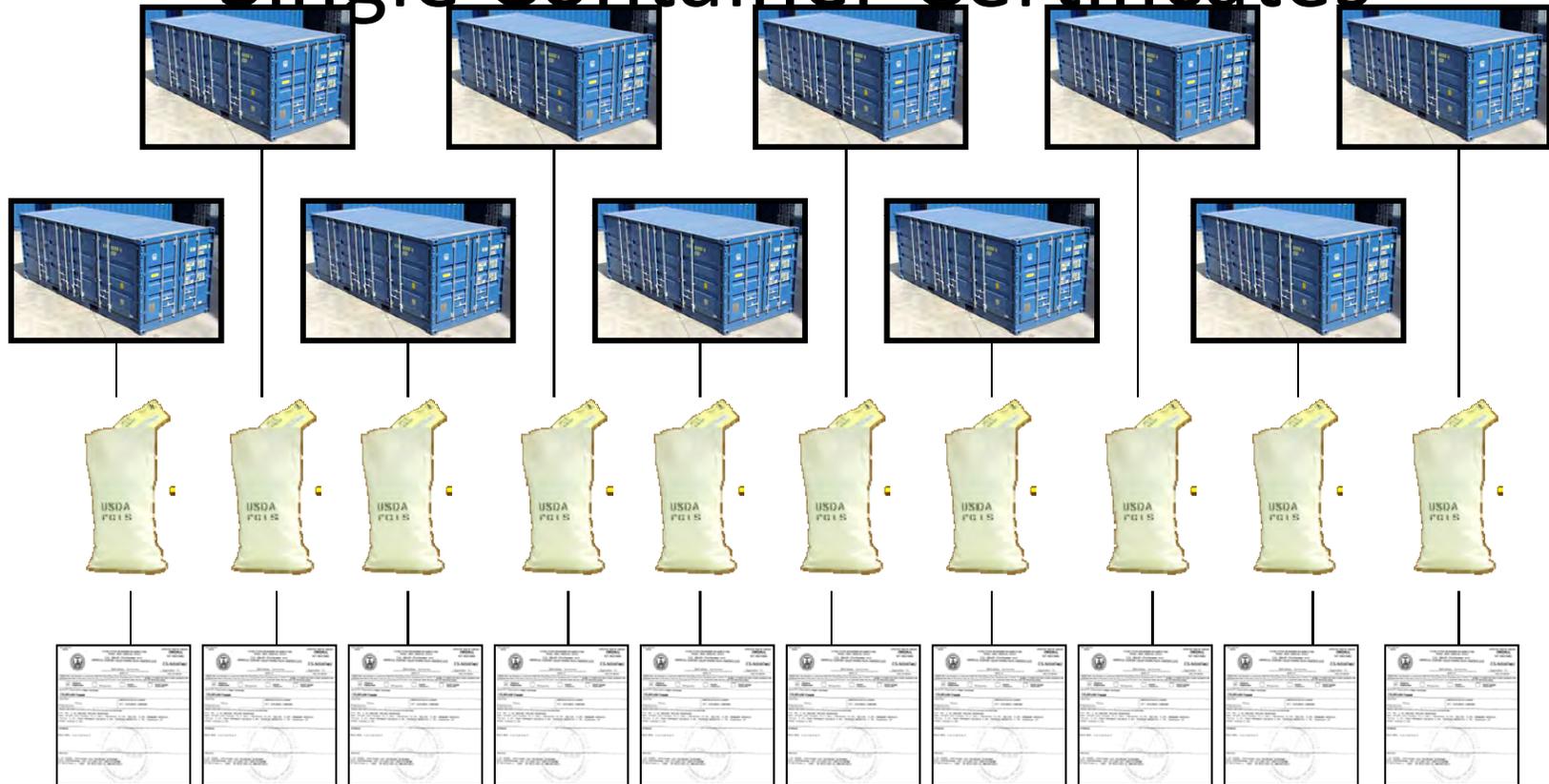
Container Facts

- Bulk grain lots exported by containers are sampled, inspected, and certificated as individual lots (default) except when the load order specifies certification based on a composite sample.
- Most container loaders request composite sample basis.
- Shippers may request an unlimited number of containers be combined to form a “booking”.
- To form composite samples from multiple carriers official personnel sample each individual carrier and examine the sample for insects, odor, and condition.



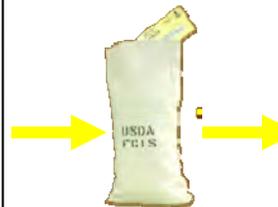
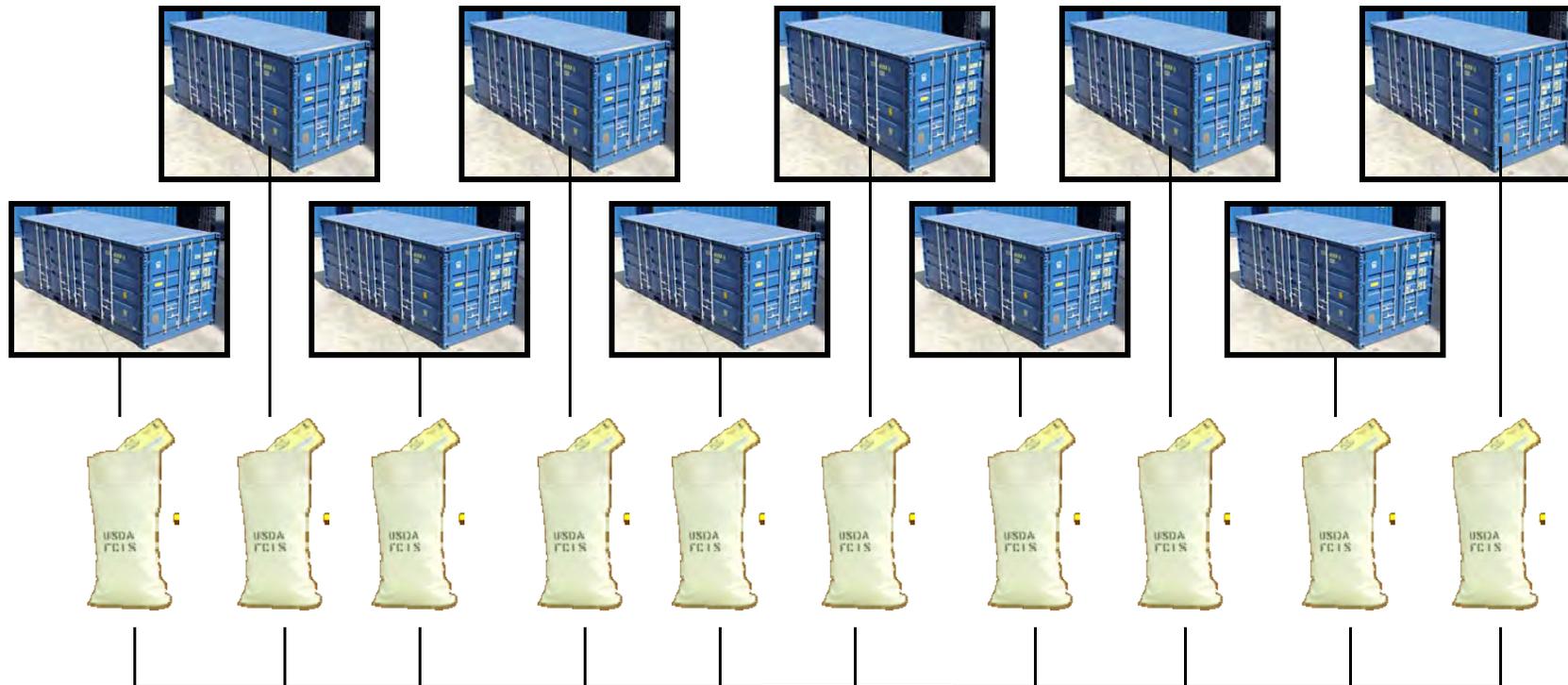
Basis of Analysis

Single Container Certificates



***If contract is silent, 1 certificate per container**
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Average Multiple Containers – Single Certificate



UNITED STATES DEPARTMENT OF AGRICULTURE FEDERAL GRAIN INSPECTION SERVICE OFFICIAL GRAIN STANDARD ACT OFFICIAL GRAIN INSPECTION CERTIFICATE		APPROVED FOR EXPORT ORIGINAL US-NO19761 Inspector ID:
Description: <input type="checkbox"/> Bulk <input type="checkbox"/> Parquet <input type="checkbox"/> Shipper <input type="checkbox"/> Other		
Quantity: 135,889.000 Pounds		
Location: Inspector:	DEPARTMENT OF COMMERCE CITY: LONGBEACH, CALIFORNIA	Date of Issue: 01/01/2010 Issued by: [Signature] Title: [Signature]
Method: 1, 2, 3, 4, 5, 6, 7		
Remarks:		



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-
- To accommodate the containerized grain trade GIPSA has remained flexible with regards to sampling, combining samples for composite purposes, and certification procedures.
 - Flexibility has provided shippers access to new markets.
 - However, too much flexibility may have provided an advantage to container shippers over other bulk lot exporters in terms of uniformity requirements.



GIPSA's 2007 Review

- GIPSA performed a comprehensive evaluation of the container inspection and weighing program.
- Average Booking size - approximately 19 containers with 350 as a high.
- Most contracts specify U.S. Number 2 quality.
- Destinations of containerized shipments

Taiwan 77%

Indonesia 15.6%

Philippines 2.0%

Malaysia 1.5%

Hong Kong 1.2%



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2009 Containerized Shipments

- Grain exported in containerized shipments:

3,214,970 metric tons

Corn = 45% of shipments

Soybeans = 48% of shipments

Wheat = 6% of shipments

Barley, Flaxseed, Oats and Triticale make up the other one percent.



-
- GIPSA is currently proposing changes to the regulations to harmonize export policies across diverse carriers, to better control quality uniformity between containers and to ensure that the regulations effectively address market conditions.
 - These amendments would promote fairness by setting regulations for exported grain in containers that are parallel to those we already have for grain exported in shiplots, unit trains, and lash barges.



Proposed Changes

- Overall, the proposed changes will:
 - define the terms “average grade” and composite;
 - limit the number of containers (maximum 20) that may be averaged or combined to form a single lot for certification;
 - restrict the inspection of container lots to the official service provider’s area of responsibility;
 - specify a minimum 60 day retention period for the file samples representing container lots;
 - require the application for shiplot inspection to include tolerances or inspection conditions as required by contract;



-
- ❑ require the use of qualifying statements on inspection certificates for lots graded on average quality basis; and
 - ❑ align weighing certification procedures on container lots with inspection certification procedures.



Anticipated Impacts

- This regulation should impose minimal burden on U.S. exporters of grain.
- There should be no impact on small entities, because exporters of less than 15,000 metric tons per calendar year are exempt from mandatory inspection and weighing.



Time Table

- We envision this process to take approximately 18-24 months from drafting the proposed rule to implementation.
- Draft of proposed rule and internal (FGIS) clearance: 6 months. (In progress)
- Publication in Federal Register (December 2009) with a comment period of 60 days.
- GIPSA addresses comments and prepares final rule (June 2010).
- Effective date 30 days after final rule is published (July 2010).



Summary

- By defining and setting procedures for establishing average and composite grades, we are making the rules more flexible to meet the needs of grain exporters. Customers are writing sales contracts that specify these kinds of inspection tolerances, and we need to be able to certify that U.S. grain meets those tolerances.



Questions



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Stowage Exams are Mandatory

- CFR 800.75(f)(2) states: "Approval of the stowage space is required for official sample-lot inspection services on all export lots of grain and all official sample-lot inspection services performed on outbound domestic lots of grain which are sampled and inspected at the time of loading. Also, approval of the stowage space is required for any weighing services performed on all outbound land carriers."



What We Look For in a Stowage Exam

- Foreign material, grain of another type, and out of condition grain.
- Rust or peeling paint, leaks or damaged covers.



Usual Procedure for Hopper Cars:

- Walk on cars and look into compartments
 - Issue: Fall Hazard
 - Fall protection is available only near buildings.
 - OSHA may require fall protection whenever people are on railcars.



Preferred Camera Location

- Mounted above the approach to the loading spout
- Must be above fall protection cables



Sample Image

- **Zoom lens viewing interior**



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Sample Image

- **Zoom lens viewing cover**



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-
- 14 facilities are using approved video storage exam systems:
 - Hutchinson, KS
 - Sterling, IL
 - (2 facilities)
 - Mendota, IL
 - Hugoton, KS
 - Tipton, IN
 - Topeka, KS
 - Columbus, OH
 - Gurley, NE
 - Circleville, OH
 - Enid, OK
 - Bloomingburg, OH
 - Templeton, IA
 - Ottawa Lake, MI
 - 2 additional facilities have systems under construction, and at least 8 more are being planned.



Locations of Approved Systems



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Federal Grain Inspection Service

Fumigation



**United States
Department of
Agriculture**

Grain Inspection,
Packers and
Stockyards
Administration

Federal Grain
Inspection
Service

Washington, DC

August 2009

FUMIGATION HANDBOOK



**United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service**

Fumigation Handbook Changes

- Effective 8-24-2009
- Eliminated the short probe; long/short; long probe, and tubing, methods.
- Required a semi-permanent method (e.g. bolt, screw, clamp, etc.) of attaching recirculation tubing to the blower fan housing.
- Established a minimum fumigant dosage rate (per 1,000 cubic feet of storage space) for surface, subsurface, and the recirculation application method based on depth of cargo hold and exposure time.
- Establish minimum exposure time based on depth of cargo and fumigation method.



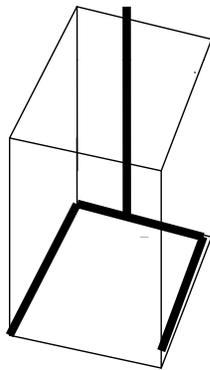
Fumigation Handbook Changes

- Revised the table for application method, dosage rate, and exposure time to reflect changes.
- Provide an additional letterhead statement for witnessing fumigation, and allow official personnel to modify approved letterhead statements to meet the needs of the applicant.
- Removed all reference to short voyage fumigation, and made minor editorial and format changes.

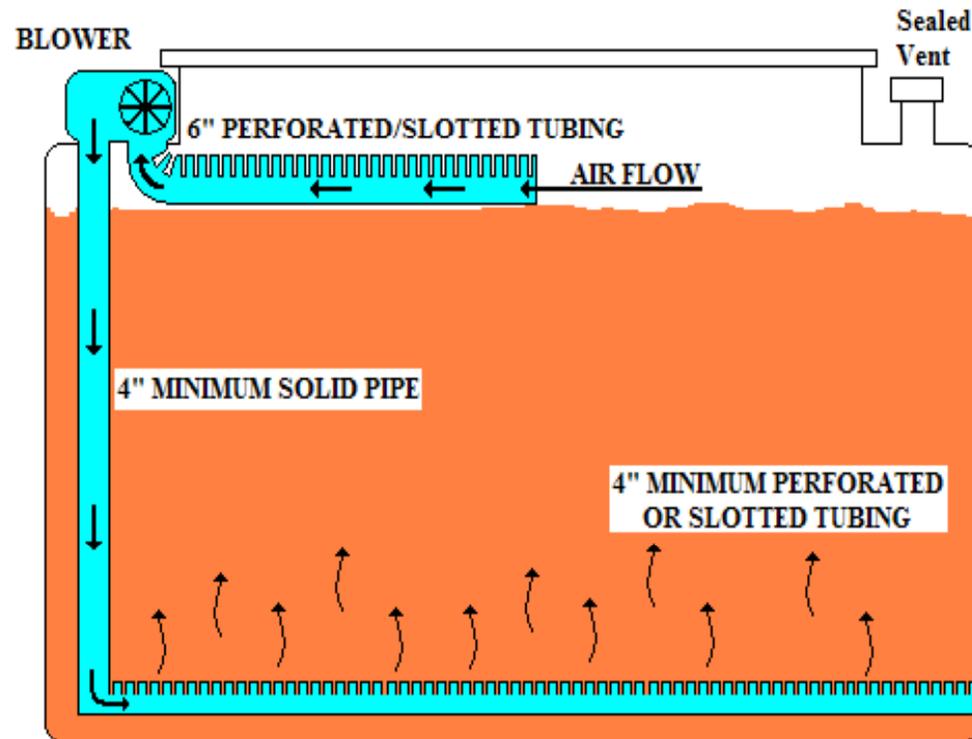


Recirculation Tubing Method

AIR FLOW DIAGRAM



Installation Configuration of Tubing



Suggested Fumigant Application Methods For Various Commodity Depths, And Exposure Time

- From 12/20/06

Application Method	<6 meters		6-12 meters		12-20 meters		>20 meters	
Surface	9		15		Not Acceptable		Not Recommended	
Trench	8		15		18		Not Recommended	
Short Probe	8	15			18		Not Recommended	
Long/Short Probe	4	12		18			Not Recommended	
Long Probe	4		10		18		Not Recommended	
Tubing	4		7		9		9	
Recirculation	3.5		3.5		3.5		3.5	



Application Method with Minimum Exposure Time

- To 8/24/09

Application Method with Minimum Fumigant Dosage Rate and Exposure Time in Days by Cargo Hold Depth				
Application Method and Minimum Dosage Rate Per 1,000 Cubic Feet of Storage Space	CARGO HOLD DEPTH IN METERS			
	< 6	6 – 12	>12 – 20	>20
	FUMIGANT EXPOSURE TIME IN DAYS			
Surface Application 45 grams of metal phosphide per 1,000 cu. ft	9	15	Not Acceptable	Not Acceptable
Subsurface / Trench-in Application 45 grams of metal phosphide per 1,000 cu. ft	8	15	18	Not Acceptable
Recirculation Application – Method A 33 grams of metal phosphide per 1,000 cu. ft	4	7	9	9
Recirculation Application – Method B 45 grams of aluminum phosphide pellets per 1,000 cu. ft or 30 grams of magnesium phosphide per 1,000 cu. ft	3.5	3.5	3.5	3.5



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GIPSA Track Scale Program



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Rail Scale Test Car Replacement

GIPSA is in the process of replacing one of our outdated 50 year old test car units. The anticipated replacement cost is in the \$300,000 range. The solicitation closed at the end of October. Hopefully a contract will be awarded some time soon.

GIPSA requested that the Association of American Railroads (AAR) replace a second outdated test car units.



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Association of American Railroads

- GIPSA has requested \$160,000 for CY 2010 funding from the AAR for the AAR program. AAR has offered \$89,600 for CY 2010.



WHEAT STANDARDS REVIEW

Grain Inspection Advisory Committee

17 November 2009

Patrick J. McCluskey



**United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Federal Grain Inspection Service**

OUTLINE

- Background information
- Review of rulemaking process
- Outreach to stakeholders
- Current status of review



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BACKGROUND

- Wheat standards: last major review in 1993.
 - ❖ Minor amendment in 2006
- GIPSA plans to review standards on a 5-year cycle.
- Planning began early in 2009.



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GIPSA's Objectives

- Expand our market outreach so that we may better understand marketing developments and trends and what factors are “of value”.
- Increase our efforts to learn what technology is available and bring accurate, reliable, cost-effective, and timely measurement technology to the official system.



USGSA Authority

- Authorized to amend or revoke standards or procedures whenever the necessities of the trade may require.
- Establishment or amendment of standards should:
 - ✓ Enhance competitiveness
 - ✓ Result in maintenance or expansion of US exports
 - ✓ Result in maintenance or increase of US producer income
 - ✓ Be in the interest of US Agriculture



Elements of Rulemaking

- Advanced Notice of Rulemaking
 - Regulatory Work Plan
 - Listening sessions
- Proposed Rule
- Final Rule



Changes in Grain Standards

- Become effective one year later
- Effective date conforms to beginning of crop year or precedes it
- Does not disrupt grain marketing



Outreach to Stakeholders

Feb. 19, '09 : GIPSA letter to trade associations;

Trade publications-print media;

Press release.



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Purpose: invite interested parties to submit comments, ideas, and suggestions on all aspects of the U.S. wheat standards and inspection procedures.



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Trade Associations Contacted

- U.S. Wheat Associates
- National Association of Wheat Growers
- North American Millers Association
- International Association of Operative Millers
- National Grain and Feed Association
- Grain Elevator and Processing Society
- North American Export Grain Association
 - also Foreign Agriculture Service, Risk Management Agency and Farm Service Agency



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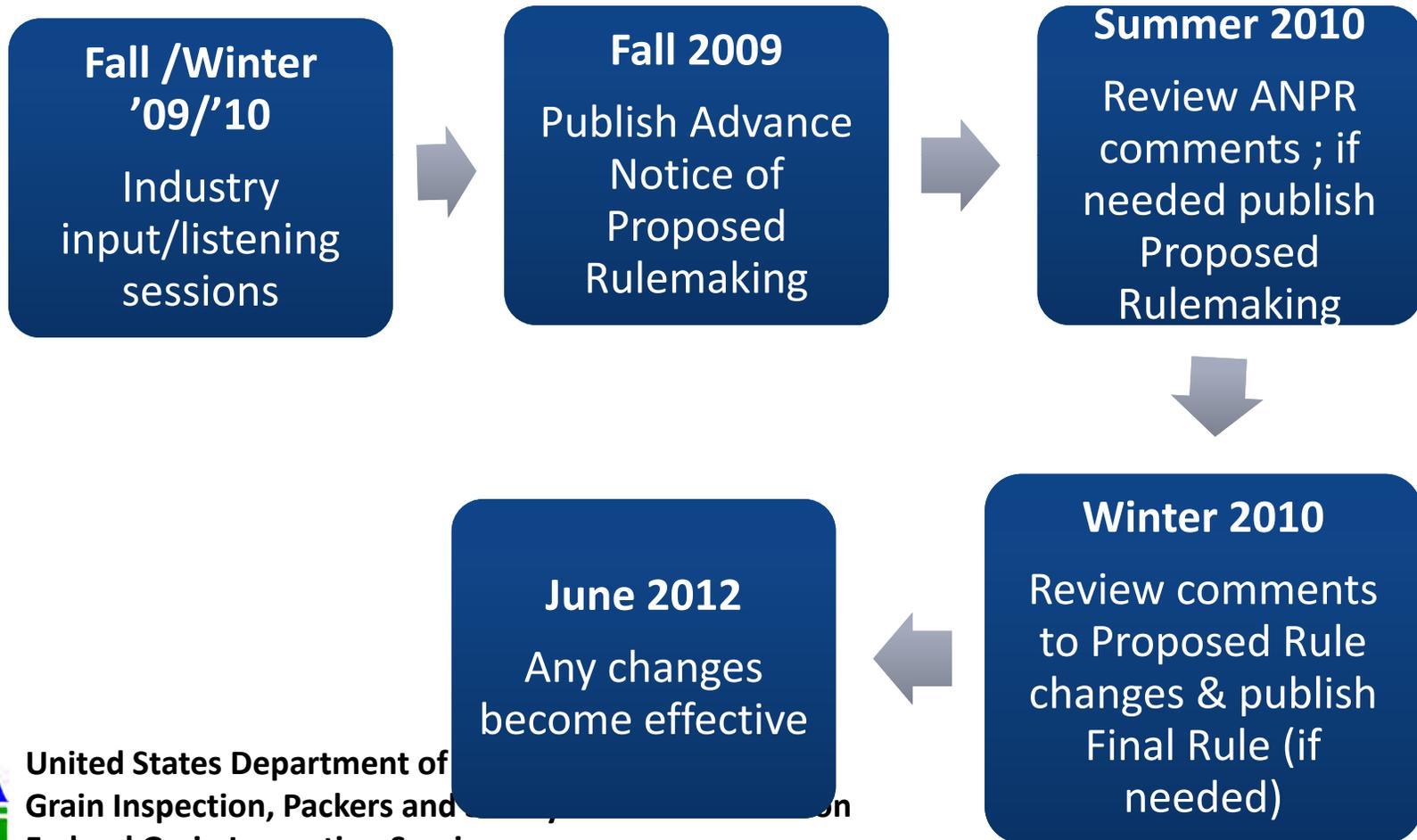
Current Status of Review

- Draft ANPR has cleared USDA-Office of General Counsel for legal sufficiency;
- Regulatory Work Plan has cleared U.S. Office of Management and Budget;
- Draft ANPR currently pending Departmental clearance;
- Assuming Department clears, should appear in *Federal Register* by the end of this month.



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Review Timeline



Thank you!



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Quality Management Program for the Official System

Status

November 17/18, 2009

FGIS Advisory Committee

Thomas C. O'Connor

Director, Compliance Division



United States Department of Agriculture
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Overview

- ❖ FGIS integrating modern quality management principles into the official system
- ❖ Component of FGIS strategic direction

Official Inspection System

- ❖ Overview of the official inspection system
 - ✓ Designated agency
 - ✓ Designated agency/delegated state
 - ✓ Delegated state
 - ✓ Field Offices
- ❖ Permanent versus triennial expiration
- ❖ Designation criteria
- ❖ Compliance review program



Quality Management Program

- ❖ Directive issued on March 25, 2009
 - ✓ OSP develops quality manual
 - ✓ FGIS approves manual (OA criteria)
 - ✓ OSP conducts initial audit within three months of approval – CP reviews
 - ✓ OSP conducts annual audits thereafter – CP reviews
- ❖ CP conducts on-site audits (Review)
 - ✓ Meet designation criteria
 - ✓ Demonstrate conformance
 - ✓ Continued improvement
 - ✓ Customer satisfaction



Status

OSP	Total	Approved*		Under Review		Not Received	
		LT	Now	LT	Now	LT	Now
Private OA	44	21	38	18	5	5	1
Designated States	7	1	3	5	4	1	
Designated/ Delegated States	4	2	3	1		1	1
Delegated	1				1	1	
Field Office	6			6	6		
Total	62	24	44	30	16	8	2

* CP confirms approval in writing and date when three month audit is due.
Planned full approval by the end of 2009. Transition to audit-based review in 2010

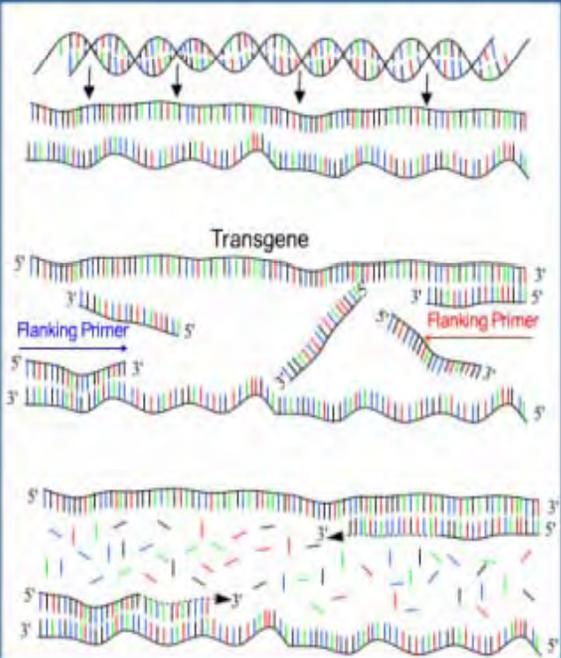


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Grain Advisory Committee Meeting
November 19, 2009

GIPSA's Biotechnology Proficiency Programs

Polymerase Chain Reaction (PCR)



The diagram illustrates the three steps of PCR. In the first step, a double-stranded DNA molecule is heated to separate into two single strands. In the second step, two short DNA primers (one blue, one red) bind to the single strands. In the third step, Taq polymerase (represented by black arrows) extends the primers to create two new double-stranded DNA molecules, doubling the target DNA.

- **Denaturation Step**
DNA denatures at high temperature (94C)
- **Anneal Step**
Temperature lowered (50-65C)
Primers anneal to target
- **Amplification Step**
Temperature raised (72C)
Taq polymerase extends annealed primers
Target DNA is amplified



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First Genetically Engineered Food Commercialized: The Flavr Savr Tomato

Approved by FDA in 1992 and commercialized in 1994

Allowed the tomato to ripen on the vine for better flavor

Remained firm longer extending the shelf life

Introduced in both the US and Europe

No labeling required because it had the essential characteristics of a non-modified tomato (FDA)

First time “Frankenfood” is used to label GE product

Off the market by 1997



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Introduction of Genetically Engineered Crops

Event	Year Approved
T25 (LibertyLink tolerance)	1995
Bt176 (Insect resistance)	1995
GA21 (glyphosate tolerance)	1996
Bt11 (Insect resistance)	1996
MON810 (Insect resistance)	1996
CBH351 (Insect resistance)	1998
NK603 (glyphosate tolerance)	2000
TC1507 (Insect resistance)	2001
MON863 (Insect resistance)	2001
DAS-59122-7 (Insect resistance)	2004
MON88017 (Insect resist. and glyphosate tol.)	2005
MON89034 (Insect resistance)	2007
MIR604 (Insect resistance)	2007
E3272 (ethanol production)	2007
MIR162 (Insect resistance)	2008
Roundup Ready Soybeans (glyphosate tol.)	1994
A2704-12 (LibertyLink tolerance)	1998
Roundup Ready 2 Soybeans (glyphosate tol.)	2007



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What was GIPSA Doing?

GIPSA Mission

Facilitate the marketing of U.S. grain and assist in resolving disputes between buyers and sellers

GIPSA Actions

Develop expertise with DNA-based testing (PCR): 1998

Acquire equipment to conduct DNA-based testing: 1999-2000

Build a DNA testing laboratory: 1998 - 2001

Build staff: 2000 - 2002

What Happened

StarLink: August 2000

GIPSA Response

Immediately implemented a rapid test evaluation program

First rapid test for StarLink available in September 2000

Other rapid tests for StarLink quickly followed

Biotech Proficiency Program implemented in February 2002



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GIPSA Biotech Proficiency Program

Improve the consistency and reliability of testing for the presence of genetically engineered grains.

No methods specified or provided

No reference materials specified or provided

First round: February 2002

Results posted on GIPSA Website

Participants could be identified or remain anonymous

Evolved from qualitative DNA-based testing to include qualitative and quantitative DNA-based testing and Protein-based testing

Modified to include new commercialized events



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GIPSA Proficiency Program Report

February 2002

GIPSA Proficiency Program: Testing for the Presence of Biotechnology Events in Corn and Soybeans February 2002 Sample Distribution

Participant Identification*	Percentage Correct for Each Biotech Event									Soybean Event CP4 EPSPS
	Corn Events									
	35S	NOS	T25	CBH351	MON810	GA21	E176	Bt11	NK603	
200202-1	NR**	NR	NR	NR	67%	NR	NR	100%	NR	NR
200202-2	100%	92%	83%	NR	83%	92%	100%	75%	NR	100%
200202-3	100%	100%	100%	100%	NR	100%	100%	100%	100%	100%
200202-4	83%	83%	83%	100%	92%	NR	92%	83%	92%	100%
GeneScan USA, Inc.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Genetic ID NA, Inc.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
200202-7	83%	83%	NR	NR	NR	NR	NR	NR	NR	67%
200202-9	ND	NR	NR	NR	67%	NR	NR	NR	NR	67%
Midwest Research Institute	100%	NR	NR	NR	NR	NR	NR	NR	NR	100%
200202-11	83%	83%	75%	45%	64%	17%	75%	83%	91%	100%
200202-13	58%	NR	NR	NR	NR	NR	NR	NR	NR	67%
200202-14	100%	100%	NR	NR	NR	NR	100%	100%	NR	100%
Eurofins Scientific	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
200202-16	100%	92%	100%	NR	100%	NR	100%	100%	NR	100%
200202-17	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
GeneScan Analytics GmbH, Bremen	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
200202-20	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sistemas Genomicos S.L.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

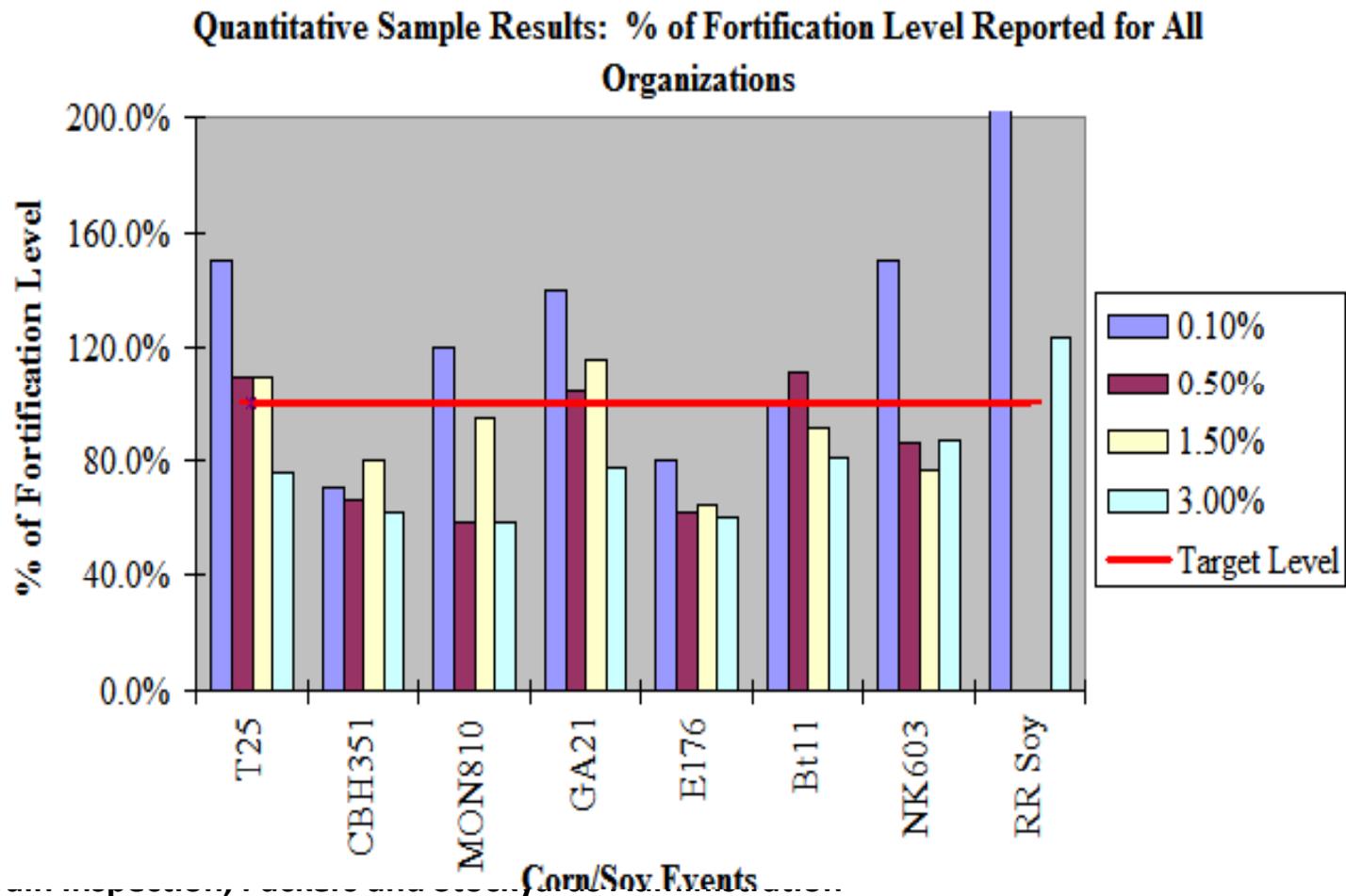
*Organizations that gave GIPSA permission to include their name as participants; codes are used to identify those organizations that desired to remain anonymous

**NR indicates No Result was reported by the participant.



GIPSA Proficiency Program February 2003

Graph 3. Quantitative Samples Results: Percentage of Fortification Level



GIPSA Biotech Proficiency Program: 2002

Round	Part.	DNA	Protein	Samples	Events
Feb. 2002	21	21	0	12 corn/3 soy	7/1
May 2002	27	23	7	Same	Same
Aug. 2002	31	29	9	Same	Same
Nov. 2002	33	33	9	Same	Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, and NK603 Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

All test results were reported as positive or negative for each event

No quantitative results

Protein-based testing added in May 2002

Report grows from 5 pages to over 20 pages

Participants: Primarily the U.S. with some from outside the U.S.



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GIPSA Biotech Proficiency Program: 2003

Round	Part.	DNA	Protein	Samples	Events
Feb. 2003	54	50	9	12 corn/3 soy	7/1
May 2003	49	45	5	6 corn/3 soy	Same
Sep. 2003	52	46	9	6 corn/3 soy	Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, and NK603 Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

Changes from 2002

Reduced frequency from 4/year to 3/year

Added quantitative DNA testing:

0.1% to 5.0% for corn; 0.1% to 3.0% for soybeans

Significant increase in number and geographical location of participants

Changed number of corn samples from 12 to 6.

Report is expanded to provide more analysis of the data submitted



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GIPSA Biotech Proficiency Program: 2004

Round	Part.	DNA	Protein	Samples	Events
Jan. 2004	69	68	9	6 corn/3 soy	9/1
April 2004	50	47	6	Same	Same
October 2004	60	59	7	Same	Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, NK603, TC1507 and MON863

Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

Changes from 2003

Added events TC1507 and MON863

Significant increase in number and geographical location of participants

The report is further refined to include additional statistical analyses



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GIPSA Biotech Proficiency Program: 2005

Round	Part.	DNA	Protein	Samples	Events	
April 2005	60	60	6		6 corn/3 soy	9/1
October 2005	60	59	7		Same	Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, NK603, TC1507 and MON863

Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

Changes from 2004

Reduced frequency from 3/year to 2/year

Added Z-Scores for DNA-based quantitative testing assessment

Significantly altered the report



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GIPSA Biotech Proficiency Program: 2006

Round	Part.	DNA	Protein	Samples	Events
April 2006	56	56	2	6 corn/3 soy	9/1
October 2006	57	57	3	Same	Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, NK603, TC1507 and MON863

Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

Changes from 2005

No changes



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GIPSA Biotech Proficiency Program: 2007

Round	Part.	DNA	Protein	Samples	Events
April 2007	49	49	4	6 corn/3 soy	11/1
October 2007	52	52	4	Same	Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, NK603, TC1507, MON863, Herculex RW, and MIR604

Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

Changes from 2006

Added events Herculex RW and MIR604



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GIPSA Biotech Proficiency Program: 2008

Round	Part.	DNA	Protein	Samples	Events	
May 2008	48	48	4	6 corn/3 soy		11/1
Nov. 2008	53	53	4	Same		Same

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, NK603, TC1507, MON863, Herculex RW, and MIR604

Soybean event: RR Soy

Qualitative tests only: 35S and T-NOS

Changes from 2007

No changes



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GIPSA Biotech Proficiency Program: 2009

Round	Part.	DNA	Protein	Samples	Events
May 2009	48	48	5	6 corn/4 soy	12/2
Nov. 2009	In preparation for distribution				

Corn events: T25, CBH351, MON810, GA21, E176, Bt11, NK603, TC1507, MON863, Herculex RW, MIR604, and E3272

Soybean event: RR Soy and LL Soy

Qualitative tests only: 35S and T-NOS

Changes from 2008

Added event 3272 (higher amylase for ethanol production)

Added event LL Soy



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GIPSA Proficiency Program General Observations

Program Organizations

22 organizations in February 2002

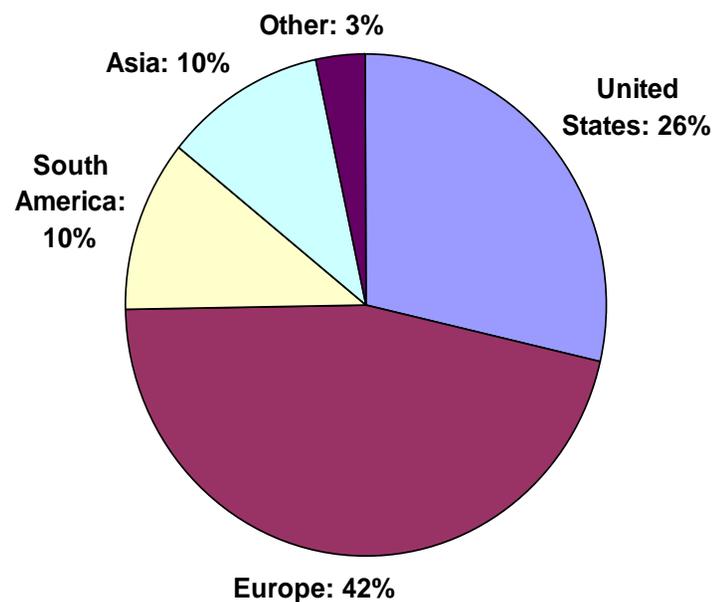
154 organizations as of April 2009

32 US organizations

123 International organizations

Continent

Africa-	1
Asia-	16
Australia-	2
Europe-	80
North America-	38
South America-	17



GIPSA Proficiency Program General Observations

Vast majority of participants use DNA-based tests

Approximately half of participants can test for all events

4 participants used lateral flow/ELISA testing technologies

Competencies vary significantly (# of events)

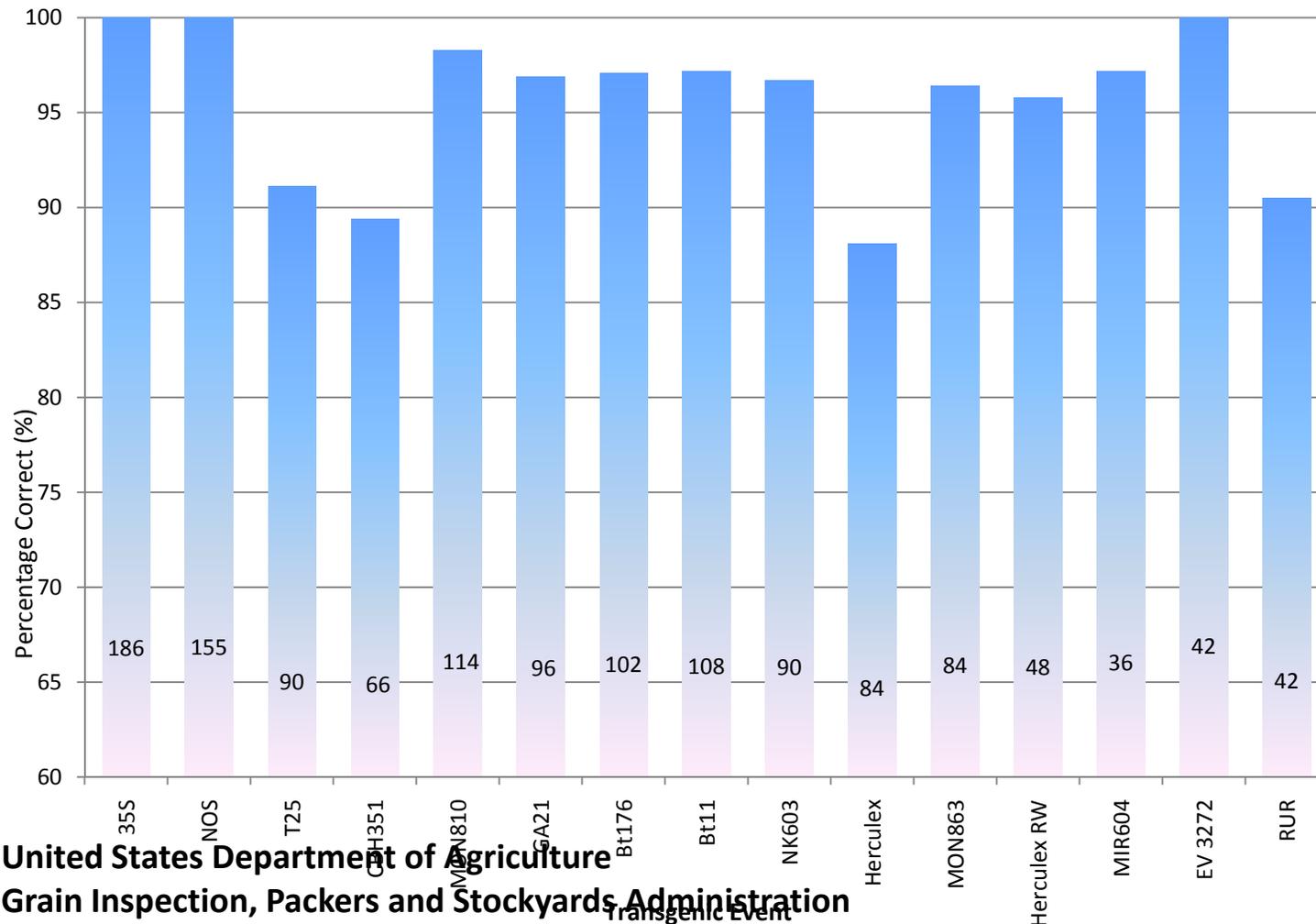
Performance is generally good

Significant adoption of quantitative PCR technologies

Number enrolled in program continues to grow, but number of actual participants has leveled off at around 50 for each round



GIPSA Proficiency Program General Observations: Qualitative Results (May 2009)



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GIPSA Proficiency Program

General Observations from April 2009 Report: Quantitative Results for MON810 (an example)

Event: MON810												
%w/w Fortification Level	0.0%		2.0%		0.8%		0.0%		0.1%		1.0%	
Participant Number	Result	z-score										
1754	0.0		1.10	-1.37	0.40	-1.80	0.0		0.10	0.00	0.60	-1.65
1764	0.0		1.60	-0.61	0.50	-1.35	0.0		0.10	0.00	0.70	-1.24
1769	0.0		1.16	-1.28	0.45	-1.57	0.0		0.07	-1.02	0.54	-1.90
1770	0.0		1.40	-0.91	0.60	-0.90	0.0		0.10	0.00	0.80	-0.83
1780	0.0		1.41	-0.90	0.70	-0.45	0.0		0.09	-0.29	0.75	-1.03
1783	0.0		1.46	-0.82	0.58	-0.99	0.0		0.10	0.00	0.65	-1.44
1788	0.0		0.48	-2.31	0.19	-2.74	0.0		P	N/A	0.29	-2.93
1847	0.0		0.83	-1.78	0.23	-2.56	0.0		0.02	-2.33	0.37	-2.60
1870	0.0		1.70	-0.46	0.80	0.00	0.0		0.10	0.00	0.80	-0.83
1891	0.0		0.80	-1.82	0.40	-1.80	0.0		0.10	0.00	0.60	-1.65
2057	0.0		2.00	0.00	0.80	0.00	0.0		0.10	0.00	0.90	-0.41
2128	0.0		1.42	-0.88	0.36	-1.97	0.0		0.10	0.00	0.60	-1.65
2675	0.0		2.38	0.58	0.30	-2.24	0.2		0.03	-2.04	*2.34	5.53
2692	0.0		1.01	-1.50	0.37	-1.93	0.0		0.10	0.00	0.45	-2.27
2694	0.0		0.92	-1.64	0.35	-2.02	0.0		0.04	-1.75	0.43	-2.35
2716	0.0		2.98	1.49	0.80	0.00	0.0		0.10	0.00	1.00	0.00
2720	0.0		0.26	-2.64	0.00	-3.59	0.0		0.00	-2.92	0.00	-4.13
2822	0.0		1.00	-1.52	0.40	-1.80	0.0		0.10	0.00	0.70	-1.24



GIPSA RICE Proficiency Program: LL601 and LL62

USDA notified by Bayer CropScience (BCS) of the low level presence of GE rice in US exports

GIPSA Biotech Workgroup verifies 35S BAR method developed by BCS to detect both LL601 and LL62

Rice industry requests GIPSA implement a rice proficiency testing program to verify capabilities of testing laboratories

GIPSA prepares the LL601 and LL62 samples and verified levels

Fortification levels: 0.03% for both LL601 and LL62

Participating laboratories selected by BCS

Initially samples were distributed once a month; now twice a year

Six samples are provided to participating laboratories: Two non-GE samples, two 0.03% LL601 samples and two 0.03% LL62 samples



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Inadvertently Released Biotech Grains

<u>Trait</u>	<u>Affiliation</u>	<u>Year</u>
Bt10 Corn	Syngenta (USA)	2003
LL Rice	BayerCrop Science (USA)	2006
TT51-1 Rice	Ministry of Agriculture (China)	2006
Event 32 Corn	Syngenta (USA)	2008
FP967 Flaxseed	University of Saskatchewan (Canada)	2009



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Inadvertent Release Activities

Bt-10 Corn Inadvertent Release: 2003 (Syngenta)

Collaborative effort among Syngenta, Eurofins GeneScan, and USDA to develop a method

USDA verified the method reliably detected the event

USDA published a report on the method

LLRice 601 and 62 Inadvertent Release: 2006 (Bayer CropScience)

Collaborative effort among BCS, Eurofins GeneScan, and USDA to develop a method

USDA verified the method reliably detected the event

USDA published a report on the method



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Inadvertent Release Activities

Event 32 Corn Inadvertent Release: 2008 (Syngenta)

Collaborative effort among Syngenta, Eurofins GeneScan, and USDA to develop a method

USDA verified the method reliably detected the event

USDA published a report on the method

FP967 Flaxseed Inadvertent Release: 2009 (University of Saskatchewan, Canada)

USDA working with CFIA and CGC to verify method

USDA will verify the method reliably detects the event

USDA has agreed to develop samples for a proficiency program to be managed by the CFIA/CGC



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Biotechnology Proficiency Program: Current and Future Challenges

Establish criteria for retiring events, e.g. Bt176 and CBH351

Obtaining Reference Materials

Confidentiality and Material Transfer Agreement difficulties

Extremely difficult to obtain event material from other countries

Role of stacked events in the Program

Resources to support Program versus benefits of Program

Requires approximately one PY to support the program

Competing demands: Harmonization, inadvertent releases, etc.

Alternative Proficiency Programs: AOCS, ISTA, FAPAS

Proficiency Program

Pursue ISO Proficiency Program Accreditation (A2LA)?

Establish a fee for participation in the Program?

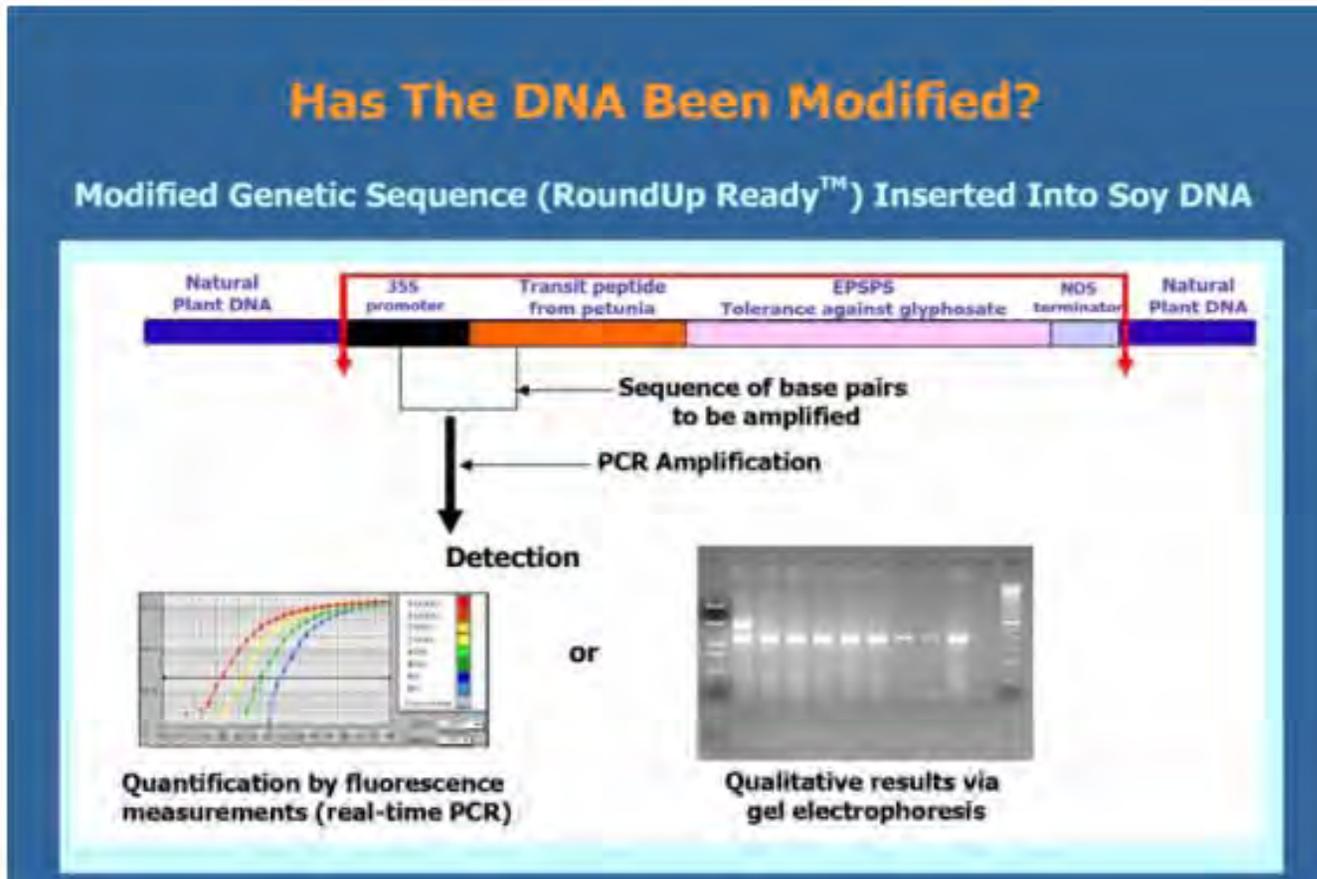
Include events released in other countries



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All reports on the Biotechnology Proficiency Program from February 2002 through May 2009 are posted on GIPSA's webpage:

www.gipsa.usda.gov/GIPSA/webapp?area=home&subject=grpi&topic=iws-prof-rep



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Thank you!

Grain Inspection, Packers & Stockyards Administration

International Trade and Outreach Issues

***Grain Inspection Advisory Committee
Kansas City, Missouri***

November 17, 2009

Byron Reilly



United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Office of International Affairs
Federal Grain Inspection Service

Current International Trade and Outreach Issues

- China Soybean Project
- Long-term Assignments to Asia
- Indonesia Food & Feed Safety
- Mexico Soybean Train Monitoring
- Discrepancies



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U.S. – China Soybean Study

- Outgrowth of “treated” soybean issues
- AQSIQ and NAEGA, ASAIM, FAS, GIPSA as cooperators
- AQSIQ wants to include phytosanitary, plant health and food safety issues in study
- July 2009 - FGIS representative traveled to China for discussions with AQSIQ and APHIS



U.S.-China Soybean Agreement

- AQSIQ insists on a MOU to ensure quality, quarantine, plant health, and safety of U.S. soybeans
- Soybean study linked to MOU
 - ✓ AQSIQ wants to study six shipments
 - ✓ (Three from Gulf and three from PNW)
- USDA re-drafted MOU



Long-term Assignments to Asia

- Last assignment – Sep-Oct '09
 - ✓ 5-Week assignment
 - ✓ 5 Countries visited
 - Wheat grading seminars

- Next assignment – Spring 2010 (?)



Long-term Assignments to Asia

- Issues raised
 - ✓ Pesticide residues
 - ✓ Heavy metals
 - ✓ Radiation statements requested
 - ✓ Soybeans in wheat
 - ✓ Container quality-not uniform
 - ✓ Cu-Sum seminars



Indonesia Food Safety Regs

- Indonesia imposed new food and feed safety import regulations
 - U.S. requested implementation delay
- U.S. filed application for recognition that our systems approach meets their requirements
- October team visit to U.S.
 - Interested in FGIS pesticide residue testing and mycotoxin survey on wheat exports
 - Visited Portland F.O. and local elevator



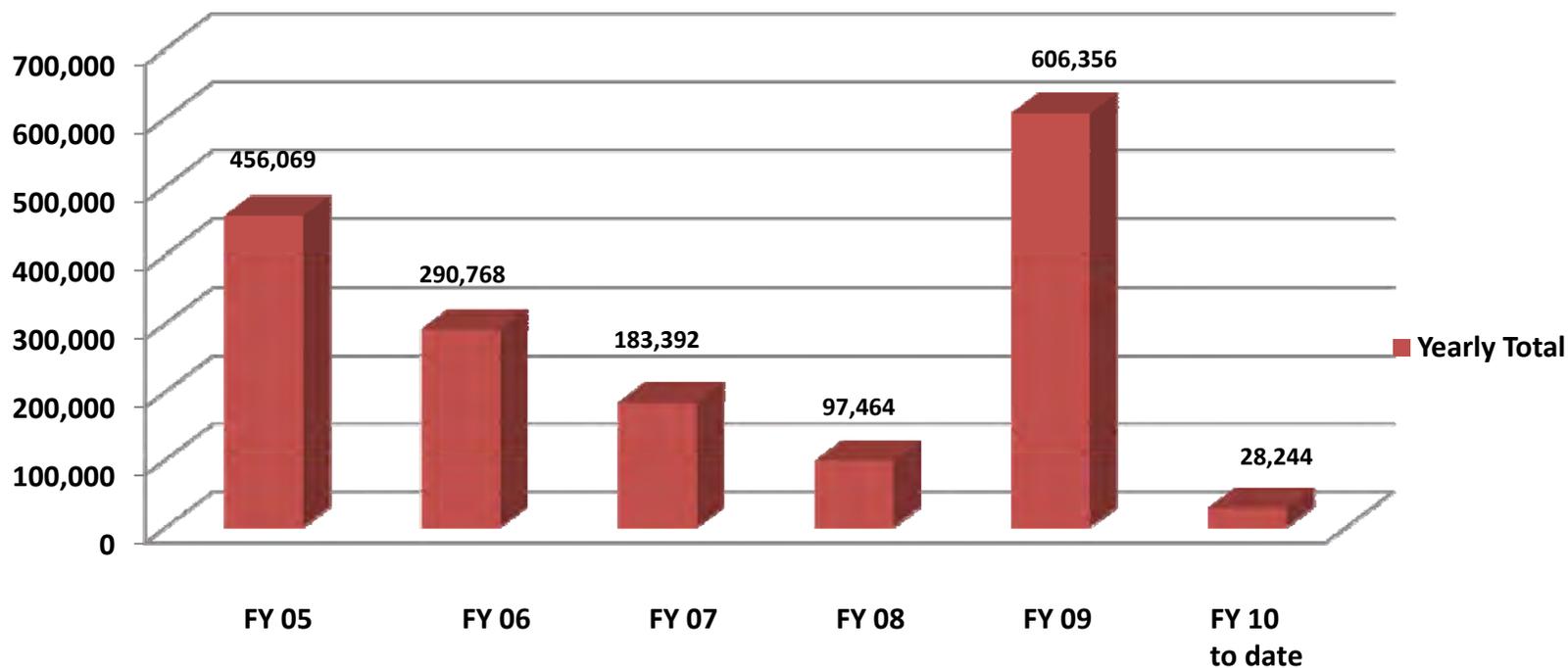
Soybean Train Monitoring to Mexico

- Mexico's largest oilseed crusher requested FGIS technical assistance
 - ✓ Large difference in FM and splits
 - ✓ Improve destination sampling techniques
- Monitor one unit train of soybeans
 - ✓ FGIS, AAGIWA, AMS Transportation and Marketing Programs, FAS/Mexico, NAEGA



Importer Complaints Metric Tons

Yearly Total



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FY 2009 Complaints

- 15 Complaints from 9 countries
 - ✓ Korea – Corn BCFM 62%
 - ✓ China – Treated soybeans 19%
 - ✓ Japan – wheat metal/stones 7%



Thank you!



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Federal Grain Inspection Service**

Rice Equipment Approval Issues

John R. Sharpe
Director, Technical Services
Division

November 17, 2009
GIPSA Advisory Committee
Kansas City, Missouri



Rice Inspection Equipment Issues

- Issues
- Background
- Head Rice Yield assessment
- Options for discussion



Issues

- GIPSA has received a request from Industry to approve the Yamamoto rice sheller for official certification of Medium and Short Grain Rice in California (only).
- GIPSA has currently certified the GrainMan sheller for all types of rice in all areas.
- GIPSA's prior evaluation of the Yamamoto sheller did not demonstrate performance equivalent to that of the GrainMan sheller.



History

- 2001—Concern expressed over McGill reliability and availability
- 2002—GIPSA contacted alternate supplier
- 2003—GIPSA evaluated GrainMan miller/sheller and approved (1/7/04)
- 2003—CWA requested updated rice equipment
- 2003—GIPSA initiated UAR research to evaluate new equipment
- 2004—GIPSA performed additional evaluation of Yamamoto sheller
- 2004—GIPSA investigated combined rice shelling-milling equipment
- 2005—GIPSA held rough rice appraisal workshop to improve quality control
- 2005—Rice industry urged GIPSA to avoid changing milling yield methods
- 2008/2009—GIPSA purchased GrainMan millers to replace McGill millers
- 2009—GIPSA transitioned to all GrainMan millers in official inspection system



Types of Official Approval (USGSA)

- Approval based on accuracy with respect to accepted reference method
 - Multiple approved types
 - Single approved type
- Approval based on equivalence to existing officially approved method



Approval Criteria

- Based on needs of official inspection system and the grain marketing system
- FGIS determines on a case-by-case basis:
 - What category of approval is appropriate
 - Whether to evaluate
 - How to evaluate
 - What factors to weight most heavily
 - What level of performance is acceptable



Post-approval Responsibilities

- FGIS responsibilities
- Manufacturer responsibilities



Options for Equipment Approval

- Official (FGIS) approval
- National Type Evaluation Program certification
- Official Commercial Inspection Service (OCIS)



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Head Rice Yield Assessment

- Attempts to mimic whole kernel yield from commercial milling processes.
- Shelling removes rice hull from rough rice.
- Milling polishes rice to specified “degree of milling.”
- Visual inspection (or digital imaging) determines “whole kernel*” yield as percentage of initial weight of rough rice.



Current Approved Rice Equipment

- Sheller
 - GrainMan (or McGill)
- Miller
 - GrainMan
- Whole kernels
 - Visual inspection (Southern production)
 - GrainCheck 312 (California) (digital imaging)



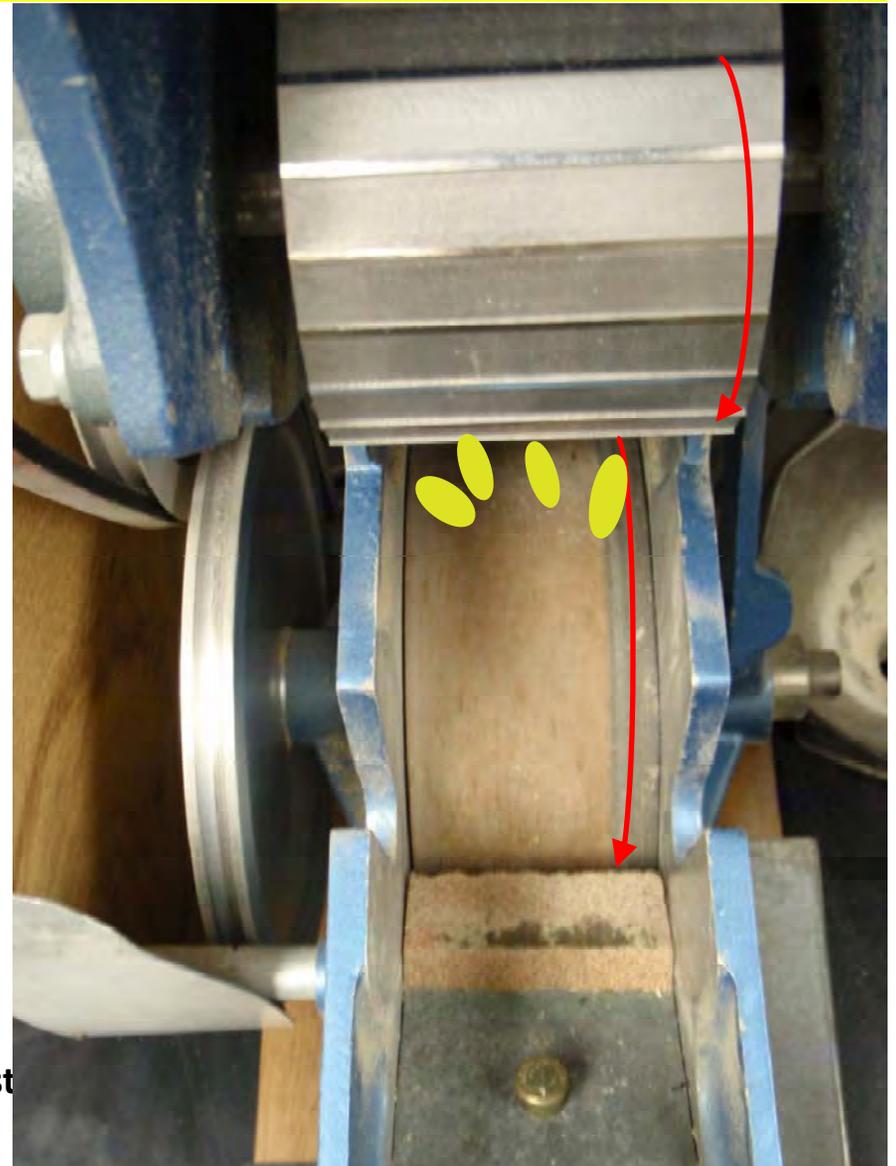
California Rice Commission Proposal

- **Sheller**
 - Yamamoto (for California Medium Grain and Short Grain rice only)
 - GrainMan (or McGill) (for all Long Grain rice and Southern production Medium and Short Grain rice)
- **Miller**
 - GrainMan
- **Whole kernels**
 - GrainCheck 312 (digital imaging) (California only)
 - Visual inspection (Southern production)



GrainMan/McGill Rice Sheller

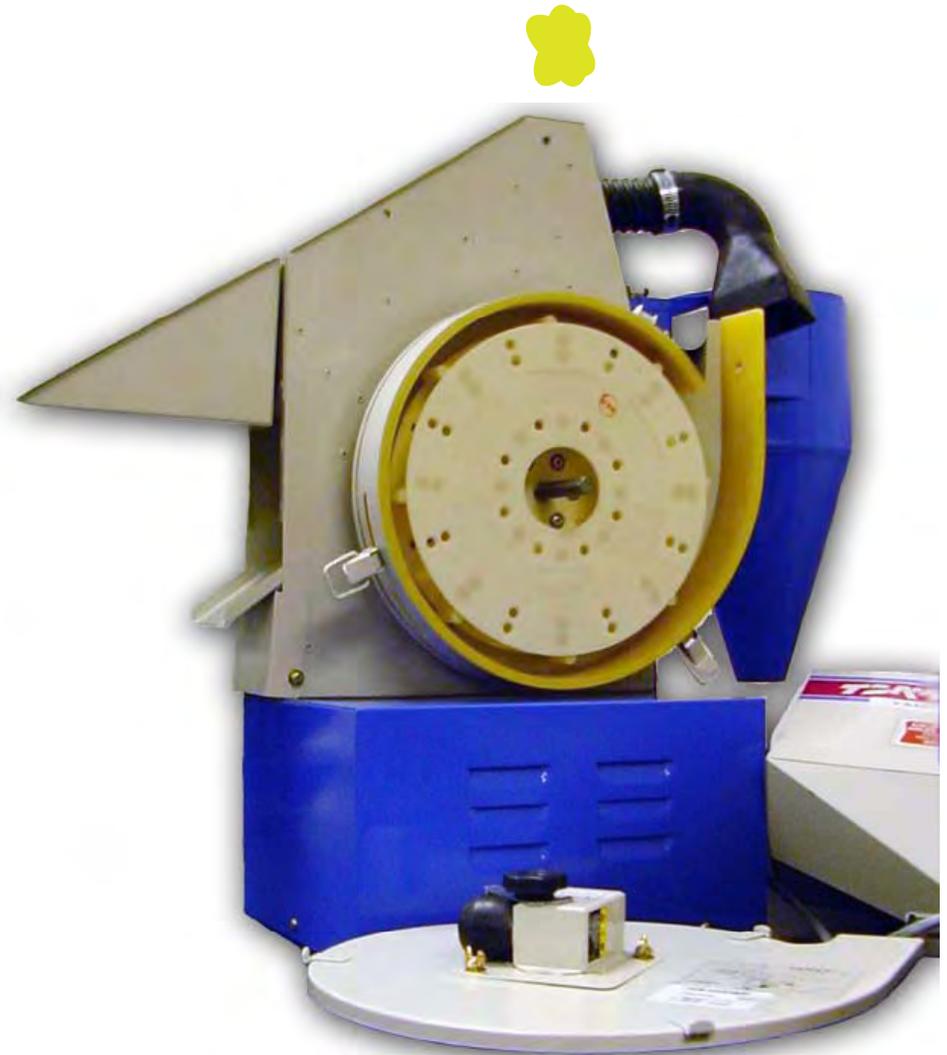
Counter-rotating rollers mimic US commercial shellers



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ards Administ

Yamamoto Sheller

Centrifugal impact sheller mimics shellers used in Asia



A.....

Options

- ~~Maintain a single nationwide Official rice inspection system~~
 - Evaluate sheller based on equivalency
 - Evaluate accuracy with respect to reference method (commercial milling HRV)
 - Allow deviations under Official Commercial Inspection
 - Solicit further industry direction regarding other new-technology options
- Establish separate regional Official rice inspection systems



Questions?

Guidance?



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WHAT'S ON THE HORIZON FOR FGIS?

Randall Jones
FGIS Deputy Administrator
Advisory Committee Meeting
November 17-18, 2009



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FGIS Core Business Practices

Provide the
Market
with Terms,
Standards
& Methods

Protect the
Integrity of
the U.S.
Grain &
Related
Markets

Provide
Official
Grain
Inspection
& Weighing
Services

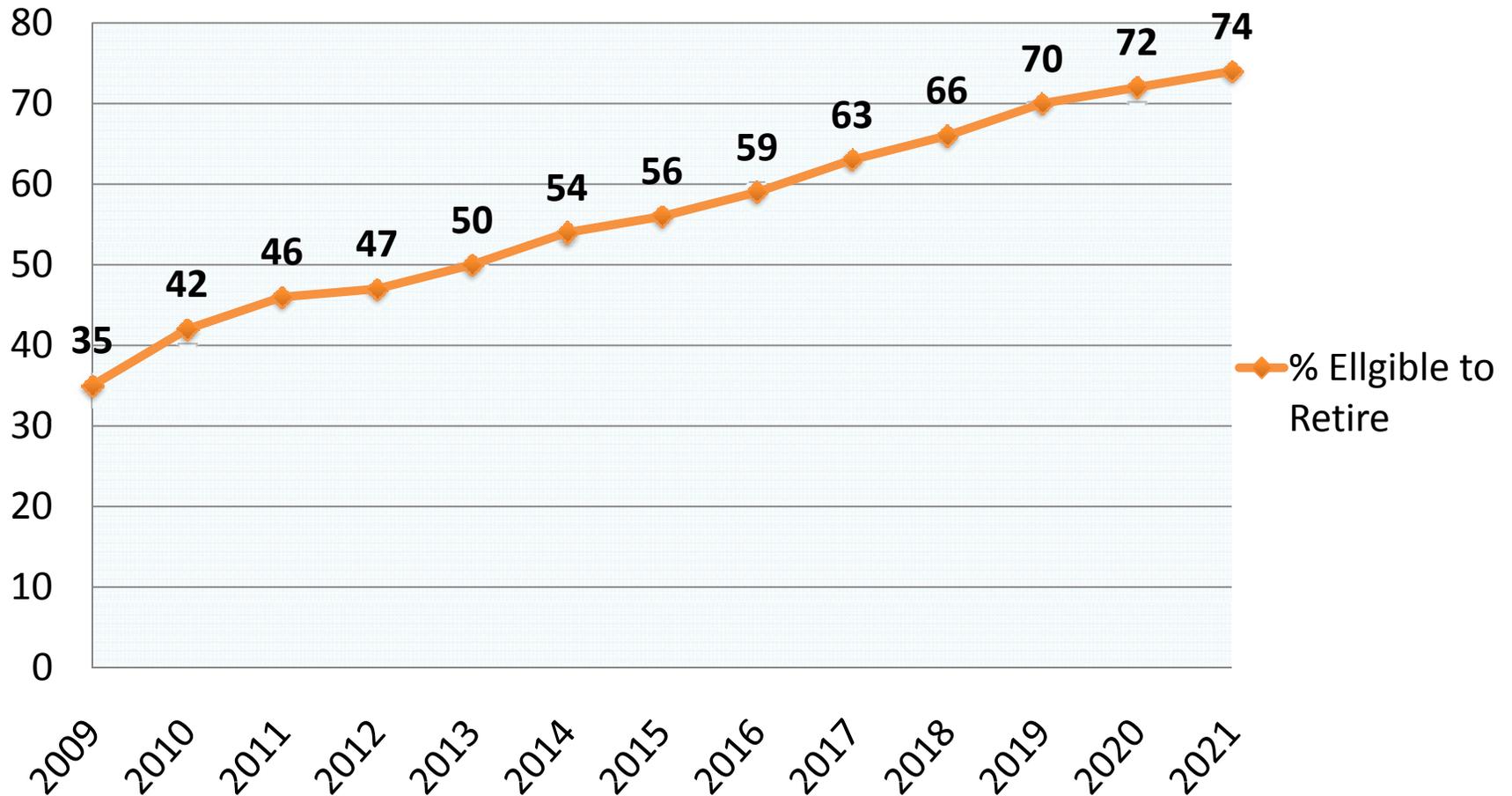
Optimize
Operational
Efficiency



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Succession Planning

Percentage of FGIS Staff Eligible to Retire 2009-2021



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Big Ticket Items

- Sorghum Odor Line Evaluation
- Wheat Functionality
- Quality Management Program
- Official Agency Training
- National Grain Center
- *FGISonline*
- Quality Roundtable



FGISonline

FGISonline

- FGIS Official Licensing (FOL) – Jan 10
- Quality Assurance & Control (QAC) – Jan 10
- Inspection Testing & Weighing (ITW) – Feb 10

Benefits

- Improved information sharing
- Better interaction of programs within official system
- Improved oversight efficiency



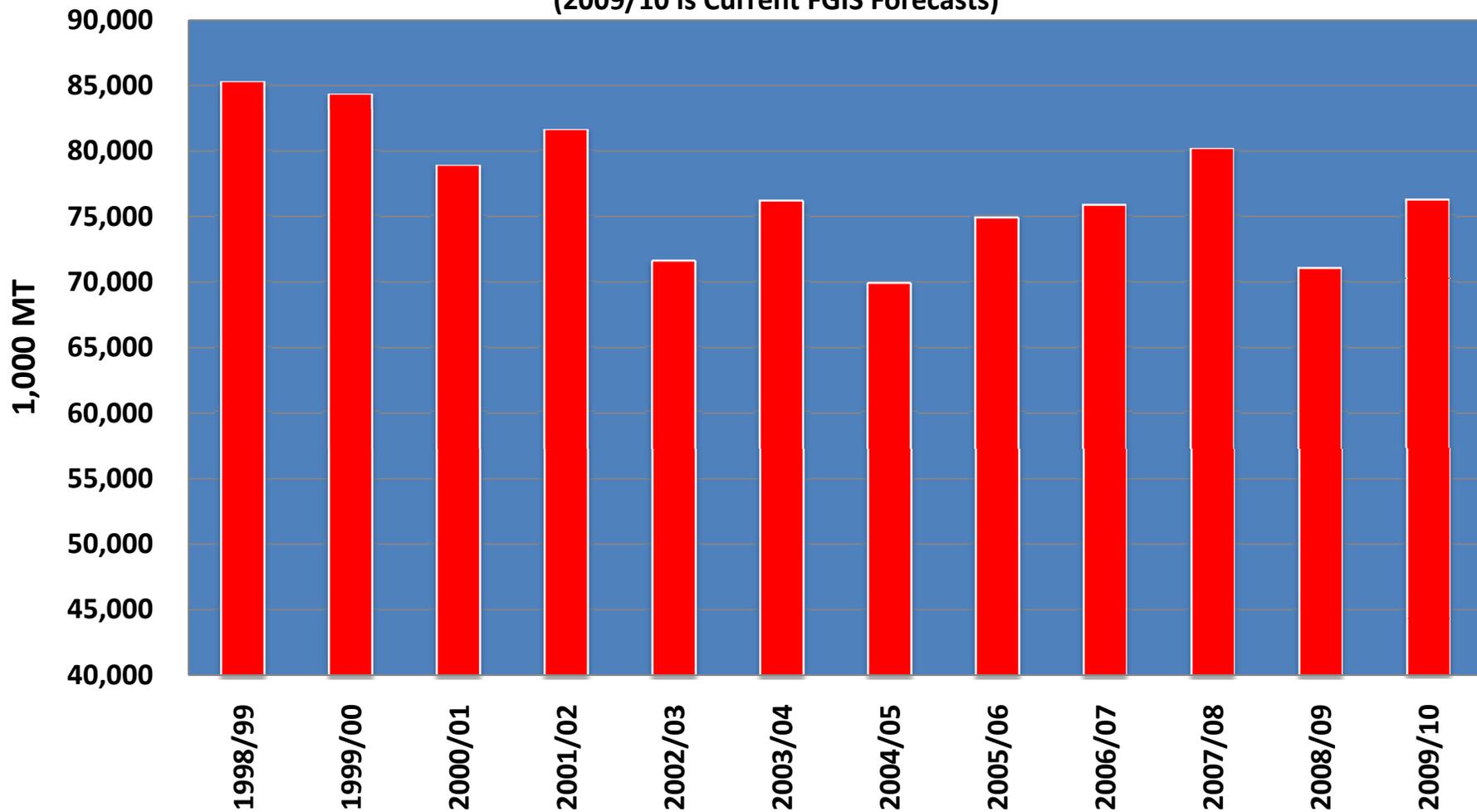
Quality Roundtable

- **Goal:** Ensure GIPSA remains global leader in grain inspection and weighing.
- **Team Charge:** identify areas of concern and make recommendations to improve noted shortcomings in current practices, organizational structure, and technology.
- **When:** November 19 -20, 2009, in Kansas City, MO.
- **Who:** mix of senior management staff, F/O Managers, and other leaders.



Inspection and Weighing

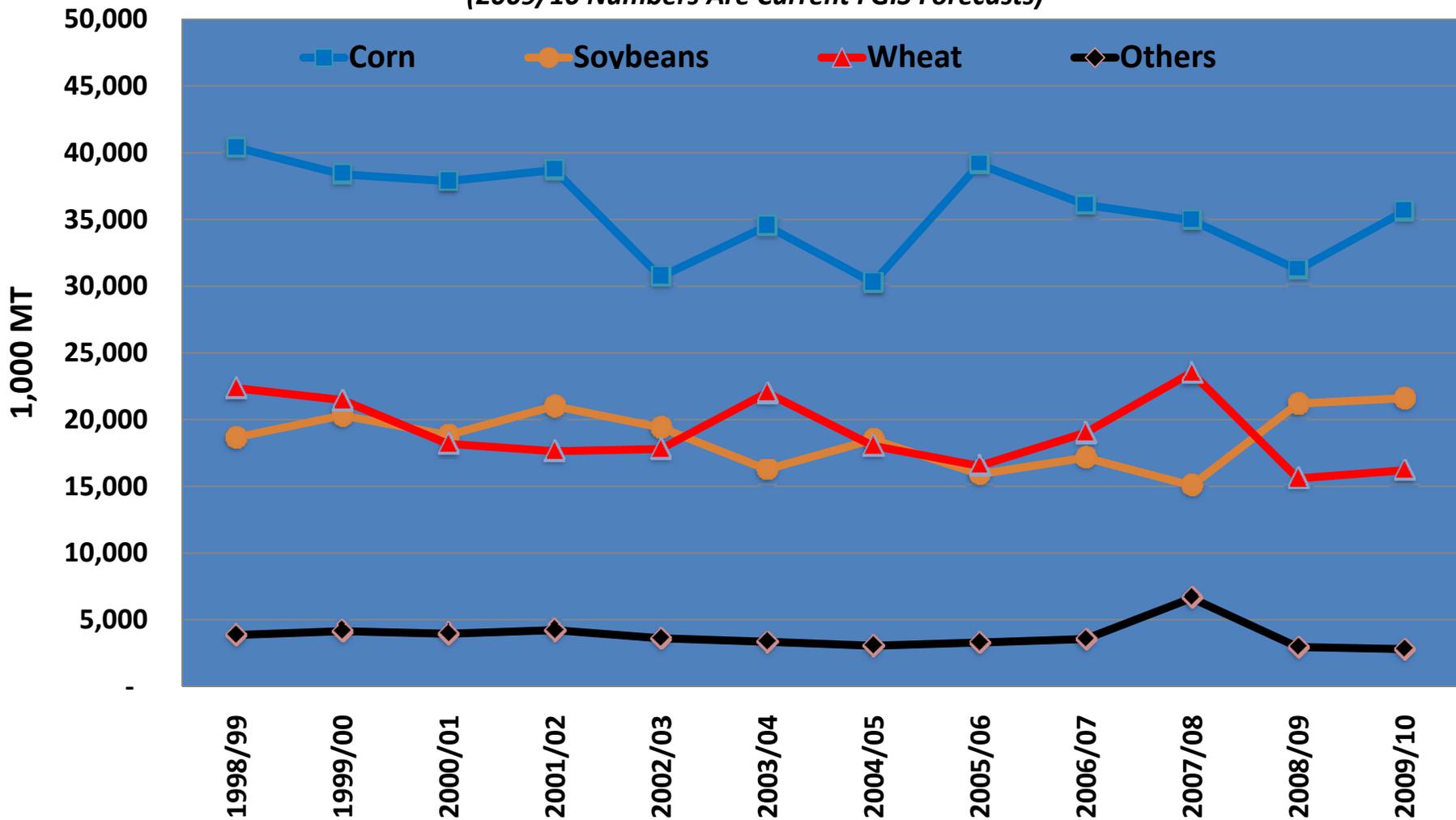
Total Fiscal Year Inspections, FGIS Only
(2009/10 is Current FGIS Forecasts)



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Inspection and Weighing

Fiscal Year Inspections by Commodity, FGIS Only
(2009/10 Numbers Are Current FGIS Forecasts)



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Financial Status and Projection

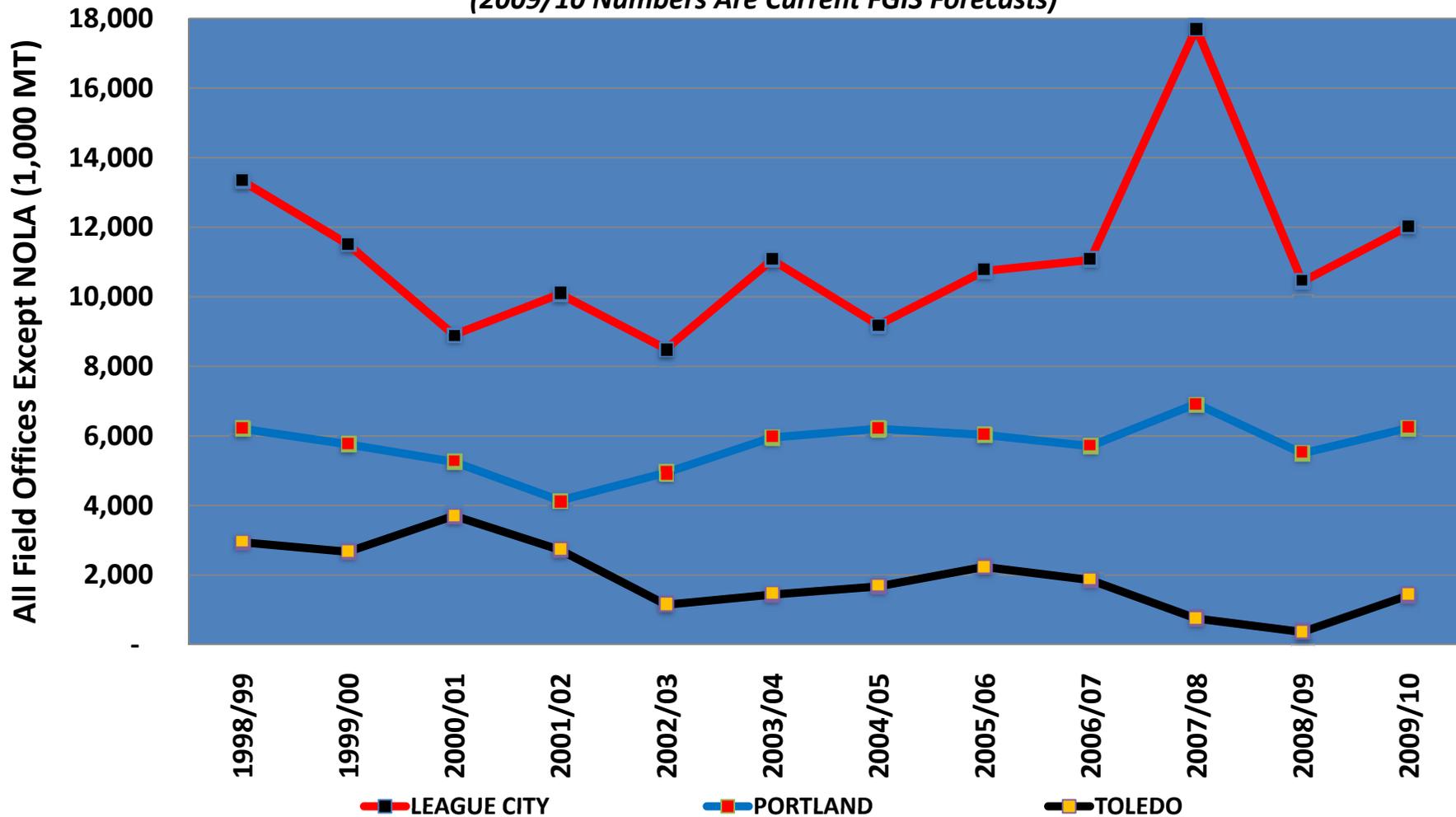
- FY 2009 FGIS export tonnage, 71.3 MMT
- Inspection & Weighing Fee Review

520 Program	FY 2009
REVENUE	\$31,192,780
OBLIGATIONS	\$33,114,160
MARGIN	(\$1,921,380)



Inspection and Weighing

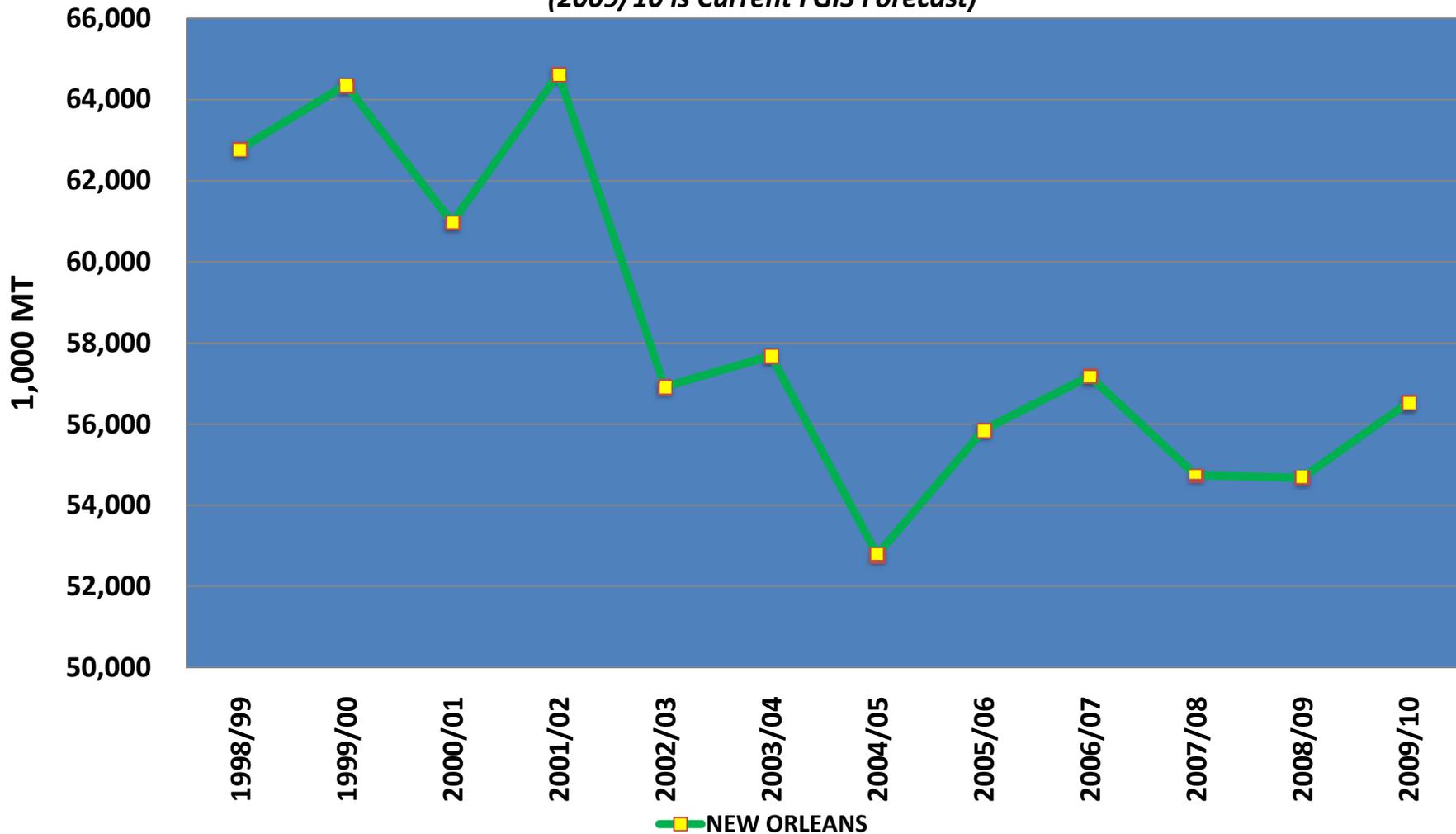
Fiscal Year Inspections by Field Office, FGIS Only
(2009/10 Numbers Are Current FGIS Forecasts)



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Inspection and Weighing

New Orleans Fiscal Year Inspections, FGIS Only
(2009/10 is Current FGIS Forecast)



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Inspection and Weighing

FY 2009	New Orleans	Portland	League City	Toledo
Revenue generated by "direct costs"	\$15,235,722	\$3,329,069	\$4,607,796	\$654,174
"Direct costs"	\$13,154,377	\$3,130,692	\$4,391,459	\$548,944
"Indirect costs" FO only	\$1,669,396	\$707,153	\$1,284,705	\$513,023
Revenue generated by tonnage fees	\$3,682,725	\$748,255	\$1,651,914	\$180,632
Million metric tons exported (MMT)	55,027,671	5,501,873	9,842,215	945,635



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Inspection and Weighing

	FY 08	FY 09 (est)
“Direct Costs”	\$20,163,000	\$20,532,000
“Indirect Costs” FO Only	\$ 4,095,000	\$ 3,875,000
Total	\$24,258,000	\$24,407,000



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Financial Status and Projection

- FY 2009 supervised tonnage, 204.0 MMT

530 Program	FY 2009
REVENUE	\$2,154,751
OBLIGATIONS	\$1,920,761
MARGIN	\$233,990



Financial Status and Projection

- FY 2009 FGIS rice tonnage, 2.6 MMT

570 Program	FY 2009
REVENUE	\$4,176,635
OBLIGATIONS	\$3,738,127
MARGIN	\$438,508



Commodity Inspection

- Permissive official sampling, inspection, weighing, testing and certification of processed and graded commodities
- Peas, beans, lentils, hops, pulses, flour, oil, syrup, etc.
- Standards
- Original services provided by :
 - FGIS field offices
 - Cooperative Agreements



Financial Status and Projection

- Commodity Fee Review

580 Program	FY 2009
REVENUE	\$2,409,025
OBLIGATIONS	\$2,740,859
MARGIN	(\$331,834)



Financial Status and Projection

Reserve		
Program	FY 08	FY 09 (based P11)
520	\$6,286,000	\$4,184,000
530	\$2,560,000	\$2,587,000
570	\$505,000	\$747,000
580	\$1,698,000	\$1,408,000



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User Fee Review

- 580 Commodity Fee Analysis
- 520 Official Inspection & Weighing Fees Review
 - Process
 - Timeline



Questions?



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