

**Grain Inspection Advisory Committee  
Meeting Summary  
December 6-7, 2011  
Portland, OR**

**Background Information**

The Grain Inspection Advisory Committee (Advisory Committee) is comprised of fifteen members appointed by the Secretary of Agriculture. Membership represents diverse perspectives from across the grain industry including grain producers, processors, merchandisers, handlers, exporters, consumers, inspection agencies, and scientists. The Advisory Committee meets twice annually to advise the Grain Inspection, Packers and Stockyards Administration (GIPSA) on the programs and services it delivers under the U.S. Grain Standards Act and the Agricultural Marketing Act of 1946, as amended. The Advisory Committee recommendations help GIPSA better meet the needs of its customers who operate in a dynamic and changing marketplace.

**Welcome**

Jerry Cope, Chairperson, Advisory Committee, called the meeting to order. Mr. Cope welcomed everyone to the meeting and initiated introduction of members and visitors. The June 2011 meeting minutes were introduced for the record and approved by unanimous vote.

**Recap of June 2011 Resolutions**

Randall Jones, Deputy Administrator, Federal Grain Inspection Service (FGIS), GIPSA, welcomed everyone to the meeting and provided an update on the status of the Advisory Committee's Resolutions from the June 2011 meeting.

**FGIS Program Updates**

Mr. Jones briefed the Advisory Committee on the current status of programs and provided a market overview.

**Market Overview:** The 2011 crop year export inspections were historically strong and the second highest volume since 1983. Total export grain inspections, including FGIS delegated states and designated agencies, were 4 percent ahead of last year, and nearly 8 percent ahead of the 5-year average. China was the main destination accounting for more than 35 percent of the total inspection volume. Nearly two-thirds of China's imports were soybeans.

In 2011, FGIS export inspections increased approximately 4.5 percent from 2010. Wheat was the leading force as U.S. wheat enjoyed a prosperous year on the world market. For the same period, the total State and Official Agency export inspections were relatively flat as compared to last year.

Total 2011 export inspections for soybeans, corn, and wheat were as follows:

- Soybean inspections were 1.4 percent below last year's record pace (representing a decline of .6 million metric tons).
- Corn export inspections were down 7.2 percent (4.5 mmt).
- Wheat export inspections were up 34 percent (8.6 mmt).

Rice inspections were similar to 2010 at 14 percent above the 5-year average. According to USDA reports, rice production is expected to decline into 2012 due to an estimated 22 percent decrease in planted acreage. Pulse inspections were lower by 13 percent and expected to be dramatically lower for 2012 as production was substantially lower due to an excessively wet planting season, flooding in many of the primary growing areas and a late harvest. Containerized grain inspections were ahead by 42 percent (1.3 mmt) as compared to 2010 and 14 percent above the 5-year average.

## **Financial Status – User Fees**

**Export Inspections** - As of October 1, 2010, FGIS held retained earnings of \$6.6 million. For the fiscal year 2011 (October 1, 2010, through September 30, 2011), FGIS had operating expenses of \$36.6 million and revenue of \$38.0 million increasing retained earnings to \$8.0 million.

**Oversight of Official Agencies** - As of October 1, 2010, FGIS held retained earnings of \$3.4 million. For the fiscal year 2011, FGIS had operating expenses of \$1.9 million and revenue of \$2.5 million increasing retained earnings to \$4.1 million.

**Rice Inspections** - As of October 1, 2010, FGIS held retained earnings of \$2.7 million. For the fiscal year 2011, FGIS had operating expenses of \$4.4 million and revenue of \$5.4 million increasing retained earnings to \$3.6 million.

**Commodity Inspections** - As of October 1, 2010, FGIS held retained earnings of \$2.0 million. For the fiscal year 2011, FGIS had operating expenses of \$2.8 million and revenue of \$2.8 million with retained earnings remaining at \$2.0 million.

## **Financial Status – Appropriated Funding**

For the 2012 fiscal year, FGIS appropriated funding is \$16.5 million as compared to \$17.8 million for last year, \$18.3 million for FY 2010, \$17.9 million for FY 2009, \$17.6 million for FY 2008 and 2007.

## **International Programs**

GIPSA provided a briefing on international trade and outreach initiatives. In June the Advisory Committee recommended that GIPSA continue to support marketing to Asian markets through the Collateral Duty Officer (CDO) program. Subsequently an officer traveled to Asia for 2 weeks in September to give presentations to Chinese officials on the role of FGIS, U.S. corn and wheat standards, and inspection procedures. GIPSA is currently seeking input from USDA Cooperator organizations for fiscal year 2012 activities for the CDO program which is also likely to include China. At the Advisory Committee's recommendation, GIPSA looked into funding this activity from outside funding sources. USDA ethics rules provide that we can accept funding from the Foreign Agricultural Service (FAS), but not from industry or USDA Cooperators.

GIPSA's work internationally extends across the globe. FGIS is working with FAS to implement the soybean memorandum of understanding with China and participated in a recent industry conference in Mexico. An overview was also provided on the multitude of surveys GIPSA participates in, including sorghum and soybean farmgate; wheat, corn, and soybean export; and a pesticide survey for the government of Japan. The various surveys provide valuable marketing data. Also provided was a summary of data on foreign complaints received from importers in recent years.

## **Field Management Policies and Procedures Updates**

The Advisory Committee was briefed on a number of Field Management Division (FMD) issues.

**OSHA Citation:** A citation was issued to the FGIS Corpus Christi sub-office in October 2011 by the Occupational Safety and Health Administration (OSHA). The Advisory Committee was briefed on the chronology of events and the current FGIS policy on the use of fall protection. A memorandum issued in 1996 by John B. Miles, commonly referred to as the "Miles Memorandum" was discussed which delineates the OSHA policy on exposure to fall hazards from the tops of rolling stock. The next step for FGIS is an informal conference between OSHA and GIPSA senior staff in November 2011.

**CuSum:** GIPSA provided an update on three issues related to the CuSum loading plan:

- 1) Grain merchandisers in the Pacific Northwest region asked GIPSA to increase the size of sublots they can put together. After consulting with the GIPSA statistician, FMD decided to increase the size of sublots for lash barges and vessels, and leave subplot sizes unchanged for unit trains.
- 2) GIPSA clarified the policy on the “Cutoff” of the CuSum loading plan to end inspection.
- 3) A request from the industry was evaluated regarding the transfer of material portion (failed) sublots. Current policy is restrictive on transferring the failed sublots, and permitting the transfer provides additional options to grain handlers.

**Reconditioning Grain to Reduce Aflatoxin:** Grain merchandisers in the Central Gulf (New Orleans area) requested GIPSA revise the policy which permits one attempt at reconditioning a lot which exceeds 20 parts per billion (ppb) of aflatoxin, with one official analytical result after reconditioning to determine the final disposition of the actionable lot. GIPSA is evaluating a plan to allow multiple attempts at reconditioning while maintaining the single official analytical test, and will review the proposed policy with the U.S. Food and Drug Administration.

**Rulemaking:** An update on the progress and timeline for issuance of the following four rulemaking activities was provided to the committee: Advance Notice of Proposed Rulemaking: U.S. Standards for Barley; Notice of Proposed Rulemaking: U.S. Standards for Wheat; Notice of Proposed Rulemaking: Fees Assessed by the Service (fees under the United States Grain Standards Act); and Final Rule: Inspection and Weighing of Grain in Combined and Single Lots (container rule).

**Drop Sample Test Update:** GIPSA reported that personnel successfully tested a protocol for approving Diverter Type (D/T) samplers in domestic facilities using a Drop Sample test. This test has been approved for D/T samplers in export facilities. The Drop Sample test, in conjunction with a review of mechanical drawings and inspection of the installed sampler, provide an appropriate alternative to the pelican sampler for approving D/T samplers.

### **Quality Assurance/Management Program**

GIPSA briefed the Advisory Committee on the future direction of GIPSA’s quality control program which provided an historical perspective on how the program has evolved over the past 15 years and noted that agency management has begun a comprehensive analysis of the quality assurance program within the official system. An update was provided on the status of the Quality Management Program (QMP) implementation of the initiatives underway to enhance the efficiency of that program. It was noted that Official Agencies and FGIS offices are now in their second year of working under the QMP with marked improvements related to the implementation and review of the QMPs which ensures consistent delivery of high quality services.

### **FGIS Initiatives**

GIPSA briefed the Advisory Committee on the primary FGIS initiatives for fiscal year 2012. The initiatives support the implementation of the GIPSA strategic plan and the FGIS mission to facilitate the marketing of U.S. grain and related agricultural products. The GIPSA vision is to be an innovative and responsive organization that protects and fosters the economic growth of America’s farmers. The initiatives identified help to promulgate that vision through four objectives; improve customer experience; focus on quality; modernize service delivery; and to be the employer of choice.

### **National Grain Center Renovation Update**

GIPSA provided a status of construction of the National Grain Center (NGC) in Kansas City, MO. When completed, the new NGC will house all FGIS employees in the Kansas City area, and provide opportunities for expanded training and meeting services. GIPSA recently completed Phase 1 of a three phase construction and renovation plan. The completion of Phase I has increased available space from 35,000 square feet to 55,000 square feet. The NGC now houses employees from Technology and Science, Field Management, Information Technology and Quality Assurance and Compliance. Phase II, renovation of the top floor of the former building, is in process, and scheduled for completion in March 2012.

The final phase, renovation of the bottom floor of the former building, will begin at that time, and is scheduled for completion in August 2012.

### **Inspection Method Updates**

GIPSA provided an update on inspection methods. Beginning September 1, the Yamamoto Rice Sheller was put into use for California production of medium- and short- grain rice.

It was reported that the sorghum odor project is nearing completion. As requested at the June 2011 Advisory Committee Meeting, FGIS sought input from several end-users of sorghum on the acceptability of a reference for sorghum “storage musty” odor. After reviewing previously obtained survey and taskforce results along with sorghum end-users input, FGIS selected a chemical “recipe” that will be used as the reference for “storage musty” sorghum. The reference sample will be a mixture of the chemical compounds Geosmine and 1,2,4-Trimethoxybenzene added to a base sample of stored sorghum with an “okay” odor.

In the fall of 2011, with the assistance of Kansas State University (KSU), FGIS created the reference sample and the Board of Appeals and Review commenced training for all official inspection personnel. The training will ensure that all sorghum inspectors are calibrated to the reference sample when assessing whether stored sorghum has a musty odor. The new odor reference material will be distributed in March 2012 for routine use by inspectors who grade sorghum.

Information was provided about a current international proposal to create a globally acceptable grain moisture reference method, and GIPSA requested Advisory Committee input as to the desirability of such an effort.

GIPSA also reported on the Agency’s continuing efforts to prepare for implementing new official grain moisture measurement technology. In response to a November 2010 resolution by the Advisory Committee, the Agency conducted a study of moisture meter measurement accuracy in relation to “green” grain for rough rice and soybeans. The “green” grain research included studies of wide moisture variation between kernels in a sample and “rebound” effects due to rapid drying of outer kernel layers. Tests were done with Near-Infrared Transmission (NIRT); the current Official Moisture Meter (GAC 2100); and the United Grain Moisture Algorithm (149 MHz technology) to compare each technology’s performance with these anomalous grain conditions. The results showed that 149 MHz technology was consistently less affected than the GAC 2100. The NIRT was even less affected than both the GAC 2100 and 149 MHz technology for most, but not all, samples. These extreme tests demonstrated that the 149 MHz technology performs at a high level on “green” grain.

### **Density Correction Effects for Corn with Unified Grain Moisture Algorithm (UGMA) and GAC 2100**

GIPSA reported to the Advisory Committee that inconsistencies have been reported between the current Official Moisture Meter and the new instruments based on the UGMA (149 MHz technology) for corn with high test weight. The Advisory Committee was reminded of a presentation given at the June 2011 meeting regarding the performance of the Official Moisture Meter, the GAC 2100 that demonstrated that for all 2009 U.S. corn from all harvest locations that the GAC 2011 performed well with the exception of some samples with low test weight. Low test weight samples caused smaller errors for the 149 MHz technology as well, but it was augmented with a “secondary density correction” that improves accuracy for low test weight samples. To make the necessary corrections to the GAC 2100 would require each machine to be returned to the manufacturer for reprogramming which is not practical or feasible. The 149 MHz moisture meters provide lower moisture readings on high test weight corn when compared to readings from the GAC 2100. GIPSA’s tests show the results from the 149 MHz technology are more accurate when compared to the air oven reference method. During the discussion, it was suggested that the Agency should accelerate its planned implementation of the 149 MHz technology for use for fall-harvest crops and implement a change in August 2012 instead of August 2013 as previously proposed.

## **Next Meeting**

The Advisory Committee recommended that the next meeting be held June 2012 in Kansas City, Missouri.

## **Advisory Committee Resolutions**

The following resolutions were introduced and passed by the Advisory Committee:

1. The Advisory Committee recommends that GIPSA continues to hold these meetings twice a year to stay abreast of resolutions submitted by committee members.
2. The Advisory Committee recommends that GIPSA expedite the formation and release of reports from the Quality Assurance Control (QAC) program to the Official Agencies. The development of these QAC reports should incorporate feedback from the official agencies.
3. The Advisory Committee recommends that GIPSA consider the confusion and uncertainty for market participants if there was a change in the current market moisture reference. Potential changes in the moisture reference should be avoided. The only reference method the Advisory Committee would support for global harmonization would be the one currently utilized in the United States.
4. The Advisory Committee recommends the implementation of the 149 MHZ technology for moisture measurement in August 2012 for fall harvest grains.

GIPSA should also work with industry to transition from the GAC 2100 to the 149 MHZ technology to aid in stakeholder needs.

5. The Advisory Committee recommends that GIPSA perform a comprehensive review of all inspection fees associated with processed commodities and containers, including but not limited to users fees, oversight, and those collected to ensure the charges are equitable in comparison with these same fees on bulk grain.