United States Department of Agriculture

2013 Annual Report
Grain Inspection, Packers & Stockyards Administration
Federal Grain Inspection Service

www.gipsa.usda.gov

December 2013

Federal Grain Inspection Service: 2013 Annual Report

Table of Contents

The Federal Grain Inspection Service

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

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

Agency Mission

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

Key Activities

In administering and enforcing the Act, FGIS:

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

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

Services provided under USGSA and AMA

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

Mandatory inspection and weighing services are provided by FGIS on a fee basis at 45 export elevators (including 4 floating rigs). Five delegated States provide official services at an additional 13 export elevators under FGIS oversight.

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

About This Report

Pursuant to section 87(f-2) of the Act, FGIS respectfully submits this report each year to the United States Congress. Activities described in this report cover fiscal year 2013 (October 1, 2012, to September 30, 2013).

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

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

Employees & Locations

As of September 30, 2013, FGIS was comprised of 399 full-time permanent employees and 123 temporary employees located at headquarters unit in Washington, DC; the National Grain Center in Kansas City, Missouri; 7 field offices; 1 Federal/State office; and 3 sub-offices. Field offices are located in Stuttgart, Arkansas; Kansas City, Missouri; Grand Forks, North Dakota; League City, Texas; New Orleans, Louisiana; Portland, Oregon; and Toledo, Ohio. FGIS also has a Federal/State office in Olympia, Washington. FGIS offers official inspection and weighing services in all areas of the U.S. and services for U.S. grain exported through Canadian ports.


OFFICIAL AGENCY GEOGRAPHIC AREAS AND FGIS FIELD OFFICES
OLYMPIA
Moscow
PORTLAND
GRAND FORKS
Duluth/Superior
West Sacramento
Chicago
TOLEDO
DIOO
Jonesboro
STUTTGART
Greenville
Brunswick
Beaumont
Port Allen
NEW ORLEANS
LEAGUE CITY
Lake Charles
Crowley
Corpus Christi
Harlingen
Designated Private Agencies
01 - Aberdeen¹
02 - Amarillo¹
03 - Barton
04 - Cairo
05 - California Agri¹
06 - Central Illinois¹
07 - Central Iowa¹
08 - Champaign¹
09 - Columbus
11 - Detroit
12 - East Indiana
13 - Eastern Iowa¹
14 - Enid¹
15 - Farwell Southwest¹
16 - Frankfort
17 - Fremont¹
18 - Gulf Country¹
19 - Hastings¹
20 - Idaho
22 - Jamestown¹
23 - Kankakee¹
24 - Kansas¹
25 - Keokuk¹
26 - Lincoln¹
27 - McCrea¹
28 - Michigan
29 - Mid-Iowa¹
30 - Midsouth
31 - Minot¹
32 - North Dakota¹
33 - Northeast Indiana
34 - Northern Plains¹
35 - Ohio Valley
36 - Omaha¹
37 - Plainview¹
38 - Schaal¹
39 - Sioux City¹
41 - State Grain¹
42 - Titus
43 - Tri-State
Designated States
44 - Georgia
45 - Louisiana
46 - Maryland
47 - Missouri¹
48 - Montana
49 - North Carolina
50 - Utah
Designated and Delegated States
51 - Alabama
52 - South Carolina
53 - Virginia
54 - Washington
Delegated States
55 - Wisconsin
Field Office Circuits
Domestic Inspection Operations Office (DIOO)¹ (Kansas City)
Grand Forks
New Orleans
Portland
Stuttgart
Toledo
FGIS Field Offices
Federal/State Office
FGIS Sub-Offices
FGIS Duty Points
Official Agency Boundaries
Unassigned Areas
State Boundaries
¹Oversight is divided between DIOO (Grain/Processed Commodities), Grand Forks (Pulses), and Stuttgart (Rice)

Section I: Outlook 2014

U.S. Standards for Grain

FGIS regularly reviews the official standards for grain to ensure that the standards remain relevant to the marketplace. In 2013, FGIS completed its review of the U.S. Standards for Wheat. FGIS published a Final Rule in the *Federal Register* amending the wheat standards. The revision will be effective May 1, 2014.

In 2014, FGIS will continue with a review of the barley standards, which were originally promulgated in 1926. The last revision of the barley standards occurred in 1997. In 2011 FGIS sought comments from barley stakeholders which will be used as the basis for a proposed rule in 2014.

Pesticide Testing and Method Development

FGIS provides pesticide residue testing services for applicants and for domestic and export surveys. In addition, FGIS develops analytical methods to support these activities, which play a critical role in demonstrating the quality of U.S. grain as it relates to health, safety, and adherence to U.S. and international regulatory limits. In FY 2013, FGIS participated in the Pesticide Data Program (PDP), a cooperative effort of the USDA, U.S. Environmental Protection Agency, and participating States to monitor pesticide residue levels in fruits, vegetables, grain, dairy products, and other foods. FGIS developed two analytical methods for measuring pesticide residues and analyzed 300 randomly selected samples that represented the 2012 U.S. wheat crop.

Service Delivery Modernization

FGIS continues to improve its inspection and weighing program with enhancements to FGIS*online*. In 2014 the FGIS*online* team will focus their efforts on improving the efficiency and effectiveness of service delivery by streamlining business practices through technology. The team is also focusing on identifying how FGIS*online* can support the objectives of the quality program and meet the needs of the future in light of opportunities with new technologies.

As part of this modernization work, in 2014 FGIS will introduce three new modules. These modules will allow the customers to request services online, track the services as they are performed, and provide information back to a customer portal on status and results.

Section II: Providing the Market With Terms and Methods for Quality Assessment

Release of Cutting Edge Moisture Measurement Technology

Moisture measurement remains one of the most important official and commercial grain inspection activities because of moisture content's impact on end-use value (dry matter content) and storability. FGIS research has resulted in the Unified Grain Moisture Algorithm (UGMA)—an approach to grain moisture measurement that has shown its potential to improve grain moisture measurement by: 1) yielding improved accuracy, 2) permitting multiple manufacturers to design moisture meters that can use common calibrations and give equivalent results, and 3) reducing the cost of on-going calibration maintenance. The FGIS Grain Inspection Advisory Committee (GIAC) consistently encouraged FGIS to proceed with implementation of the new UGMA moisture measurement technology to better serve the Agency's stakeholders. The new technology was implemented for official determination of moisture for corn, soybeans, sorghum, and sunflower seed on September 10, 2012. In 2013, FGIS finalized the calibrations for all sixty-four grains and commodities under its jurisdiction. As of May 1, 2013, all official moisture inspections are performed with UGMA technology.

Wheat

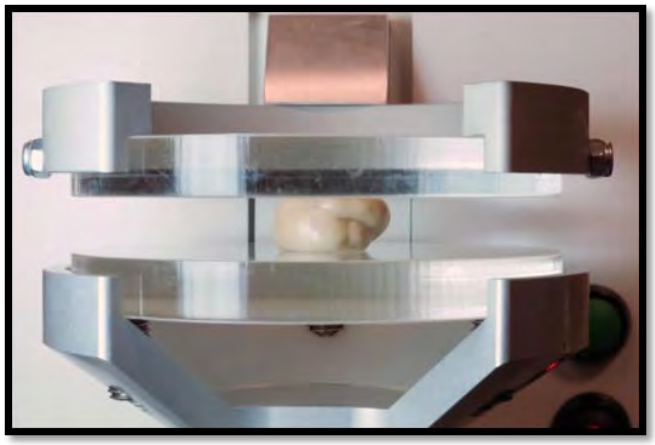
Wheat Functionality: The intrinsic qualities of wheat affect the quality of end products. To best determine the ability of wheat to meet specific end-use needs, accurate test methods are needed to differentiate functional qualities. These methods should also be practical, rapid, and reproducible among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

Farinograph tests: These test are widely used to determine certain quality factors. FGIS studies have shown significant differences in Farinograph test results among commercial laboratories, which can lead to confusion in wheat markets. In 2008, FGIS initiated a multiple laboratory collaboration that included the instrument manufacturer to identify ways to improve standardization of the Farinograph method among commercial laboratories. In 2009, collaborative studies identified the addition of water and data processing algorithms as additional sources of significant Farinograph method variation. Since 2010, FGIS has continued collaborative studies of the Farinograph method with the manufacturer, who introduced a new Farinograph model in 2012 that incorporated automated water addition and a more flexible software platform. In 2012, FGIS evaluated the new automated model, developed FGIS procedures for using the instrument, and successfully installed those procedures on another automated model instrument.

Wheat (continued)

In 2013, FGIS evaluated the reproducibility of the new automated instrument by conducting a collaborative study among key commercial wheat testing labs in the U.S. In FY 2014, FGIS will analyze this data and report on the degree of improvement realized with the new model Farinograph instrument.

Gluten strength: One of the most important aspects of wheat functionality is gluten strength because it affects bread dough's ability to rise; however, the market lacks a consistent definition of this characteristic. Since 2008, FGIS has worked with USDA's Agricultural Research Service, academia, and industry to develop new standardized methods for precisely and reproducibly describing the viscous and elastic properties of gluten. In FY 2009, the collaborative work led to private industry's development of a prototype. This gluten test successfully differentiated gluten strength among and within wheat classes. In FY 2010, FGIS evaluated the relationships between popular empirical dough rheological tests and the new prototype instrument. Clear relationships were identified that may pave the way for a single international test for wheat functionality based on gluten strength. In FY 2011, FGIS continued its collaboration to refine gluten strength tests and assess their suitability, relevance, and value for use in the wheat marketing system with various commercial and academic entities. The private industry collaborator in the project developed new near-commercial visco-elastic test prototypes with advanced technologies and delivered them to the FGIS laboratory for further evaluation. In FY 2012, FGIS began evaluating the near-commercial prototypes and developing FGIS test procedures to assess gluten strength. In FY 2013, FGIS evaluated 48 key hard wheat cultivars using the new prototype instrument. In FY 2014, FGIS will conduct a collaborative study with key wheat quality testing labs in order to introduce the method to industry and to study the reproducibility of the method.



Gluten Compression Recovery Testing

Falling Number: This is an important measure of the effect of sprout damage on wheat and an indicator of performance of wheat during the processing of wheat flour for making various wheat products. In FY 2013, FGIS initiated a pilot monitoring program with several laboratories as a precursor to a new quality assurance program to assess and improve the consistency of results among official inspection and testing labs. In FY 2014, FGIS will begin both the monitoring and check sample components of this new quality assurance program with all official Falling Number testing labs.

Mycotoxin and Biotechnology Rapid Test Evaluations

The grain industry needs fast, reliable tests to detect and quantify the incidence of fungal-produced mycotoxins in grain and to detect the presence of genetically-engineered (GE) traits in grains. To ensure that commercially available tests provide reliable results, FGIS offers a performance evaluation and certification program.

In FY 2013, a total of 22 rapid test kits were evaluated for the analysis of mycotoxins (aflatoxins, deoxynivalenol, fumonisins, ochratoxin A, and zearalenone). Of the 22 test kits, 17 met the FGIS performance criteria and were certified. Three test kits were evaluated and certified for detection of GE events (Alpha amylase, Vip3a, and Cry 34Ab1 proteins).

FGIS employee performing a mycotoxin test

Water-Based Test Kits*:* A new technology has been developed that allows for the use of water for the extraction of aflatoxins and fumonisins instead of more hazardous organic solvents. The use of water instead of organic solvents would eliminate the need for special handling of this waste, thereby reducing overall costs. It also reduces possible exposure of operators to hazardous chemicals when performing these tests. This technology has the potential of eventually extending to all mycotoxin testing services provided by FGIS. As of FY 2013, 3 water-based test kits have been approved for aflatoxins and one water-based test kit has been approved for fumonisins. FGIS intends to pursue the use of this new technology as soon as possible with input from industry stakeholders on the timeline for implementation.

Reference Method Analyses

FGIS establishes and performs reference methods for protein, moisture, oil, fatty acid composition, and mycotoxins. These methods are used to maintain the accuracy of current testing in the official inspection system and to support development of new rapid field tests. The protein, moisture, oil, and fatty acid reference analyses support the near-infrared spectroscopic, dielectric, and nuclear magnetic resonance instruments used for rapid inspection at field locations that perform official testing. The mycotoxin reference analyses support the evaluation and standardization of rapid tests for official and commercial grain inspection, support quality assurance programs to ensure consistent and reliable testing results. Analysis by the reference method is available upon applicant request for Board Appeals of mycotoxins – aflatoxins, deoxynivalenol, fumonisins, ochratoxin A, and zearalenone.

Biotechnology

Biotechnology Proficiency Program: The FGIS Biotechnology Proficiency Program now involves 160 organizations on five continents (Africa, Asia, Europe, and North and South America), with more than 80 percent of the participants from organizations outside the U.S. FGIS disseminates blind test samples to participants bi-annually and compiles and disseminates the results of tests. This program, which FGIS initiated in 2002, enables organizations to assess and improve their accuracy and precision in identifying GE events in grains and oilseeds, and it gives grain buyers and sellers confidence in the results produced by GE testing laboratories.

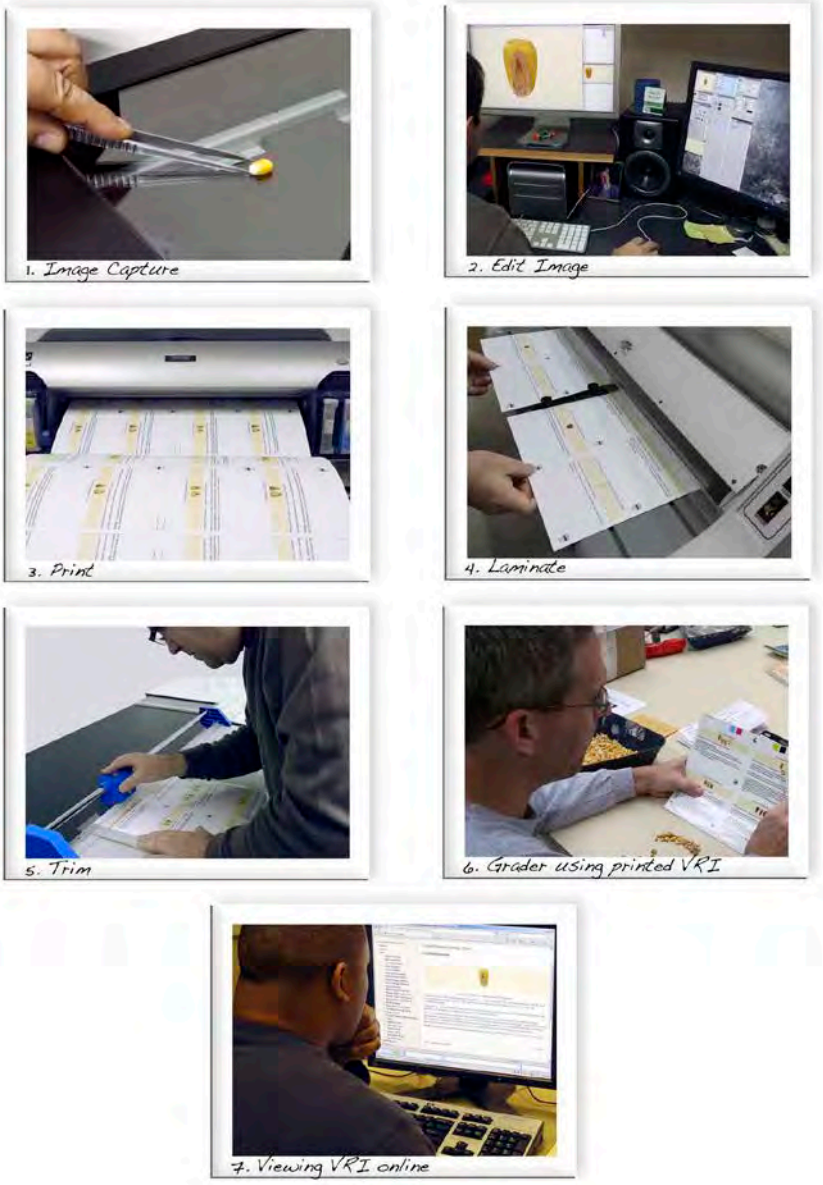
Respond to Inadvertent Release of Unapproved Traits into the Marketplace: In recent years, a few instances of inadvertent releases of unapproved GE events into the U.S. grain handling system have occurred. When such an inadvertent release occurs, a rapid response is necessary to identify and validate methods to detect the trait and thereby protect the integrity of U.S. grain markets. The testing methods must be highly specific and sensitive to effectively maintain confidence in U.S. grain marketing systems. Current detection methods within FGIS' Biotechnology Laboratory focus on high-throughput DNA extraction methodologies which will enable FGIS to more effectively respond to inadvertently released products. FGIS is in the initial stages of development of high throughput DNA extraction methods for corn, soybeans, and rice. FGIS assists government and private laboratories that use protein and DNA-based technologies by performing impartial third-party verification of their methods for both qualitative and quantitative detection of transgenic events in GE crops. FGIS involvement in responding to such incidents facilitates harmonization of sampling plans and of international testing for GE grains and oilseeds. FGIS provides expertise to USDA's Animal and Plant Health Inspection Service (APHIS) when responding to inadvertent releases of unapproved GE events.

In May of 2013, APHIS announced that testing of volunteer wheat plants from an unidentified in Oregon farm indicated the presence of genetically engineered (GE) glyphosate-resistant wheat. Further testing by GIPSA and Agricultural Marketing Service laboratories confirmed that these plants contained the glyphosate-resistant (i.e. Roundup Ready™) trait 71800 developed by Monsanto. The APHIS announcement was of substantial interest to U.S. wheat producers, handlers and exporters, as well as wheat buyers around the world. APHIS launched a formal investigation into this matter and the GIPSA Biotechnology Laboratory provided extensive technical support throughout the investigation and conducted method validation to successfully restore U.S. trading partners' confidence in the integrity of U.S. wheat.

Harmonizing Biotech Reference Methods: There is a need for highly specific and accurate tests for the various GE crops grown in the U.S. FGIS has developed intra-laboratory-validated real-time polymerase chain reaction methods and has evaluated the accuracy, reliability, and proficiency of publicly available methods used to detect and identify GE grains and oilseeds. FGIS participated on a scientific panel of experts engaging U.S. stakeholders and influencing outcomes on issues related to testing of GE traits in grains with the goal of developing global scientific consensus regarding the analysis of transgenic events. FGIS continues to collaborate with international organizations such as Codex Alimentarius, International Organization for Standardization, American Association of Cereal Chemists, American Oil Chemists' Society, Institute for Reference Materials and Measurements, and the Canadian Grain Commission to harmonize testing technologies for GE grains and oilseeds.

Sensory Reference Materials

FGIS' Visual Reference Image (VRI): This system serves as the primary tool to ensure standardization of FGIS' sensory (visual) grain inspection services. In 2012, FGIS completed a multi-year project of image upgrades, edits, and replacement of the entire current official VRI library, and in 2013, FGIS created and produced a new VRI for *Bean Surface Mold/Mildew (Garbanzo)* and for *Rice Chalky Kernels.*



Standardizing Commercial Grain Inspection Equipment

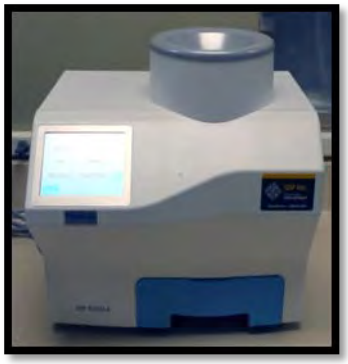
In 2013, FGIS continued the cooperative effort among FGIS, the National Conference on Weights and Measures (NCWM) and the National Institute for Standards and Technology to standardize commercial inspection equipment including moisture meters, near-infrared analyzers (for protein, oil, and starch), and test weight modules contained within moisture meters and near-infrared analyzers. FGIS served as the sole evaluation laboratory for grain inspection equipment under the NCWM's National Type Evaluation Program (NTEP). FGIS collected grain moisture meter calibration data for six instrument models as part of the NTEP on-going calibration program. Calibrations developed in this program provide traceability back to the official FGIS moisture program and air oven reference method and are used in the majority of moisture meters used in commercial grain transactions throughout the U.S.

FGIS' NTEP laboratory coordinated issuance of Certificates of Conformance and effective dates for moisture calibrations with the FGIS implementation of two new official moisture meter models for use with the major grains. This close coordination ensured that state-regulated commercial moisture meter users could use the same meters and calibrations as those used in official inspection.

In 2013, the NTEP laboratory evaluated a near-infrared grain analyzer for moisture, protein, and oil and test weight per bushel. A Certificate of Conformance was issued by the NCWM for this device.

In 2014, FGIS will collect grain moisture meter calibration data for six NTEP models and will conduct NTEP testing for new grain inspection equipment models upon request.

Approved Moisture Meters



Perten Instruments' AM-5200-A

Dickey-john Corporation's GAC 2500UGMA

Rice Inspection Methods

Rice Surface Lipids: Some segments of the rice industry believe that surface lipid (oil) measurements of milled rice have the potential to supplement or replace official degree of milling determinations. In 2012, FGIS developed a preliminary near-infrared (NIR) calibration to rapidly predict rice surface lipid content. FGIS acquired new laboratory equipment and refined its test procedures to provide the reference values needed for calibration development.

In 2013, FGIS conducted a pilot test of the preliminary near-infrared (NIR) rice surface lipid content (SLC) calibration to validate the calibration and assess its usefulness in describing the extent of bran removal for commercially milled rice. The pilot test included the FGIS Field Office in Stuttgart, Arkansas and four industry stakeholders. Participants collected samples and data to evaluate the performance of the calibration and the relationship between the NIR SLC, reference SLC, and degree of milling determinations.

Computer Imaging of Broken Rice:

In 2013, FGIS began the development of a flatbed scanner system to determine the percent broken kernels in rice samples. The imaging instrument currently used to officially determine rice broken kernels in California is no longer manufactured or supported. The goals of this project are to create freely distributable software that is compatible with a wide range of inexpensive commercially available scanners and to develop mathematical algorithms that are specifically applicable to all U.S. rice types and varieties for assessing the percentage of broken rice kernels. FGIS plans to assess the rice industry's interest in establishing a pilot program for an NIRT based rice surface lipids calibration, and if sufficient interest exists, begin the pilot in FY 2014.

Sunflower Oil by NMR

In 2012, over 22,000 sunflower oil determinations were conducted by State or private official agencies using Nuclear Magnetic Resonance (NMR) instruments. At the beginning of FY 2013, there were four FGIS approved NMR models for sunflower oil determination, but most of these models were no longer manufactured or supported. FGIS conducted equivalency testing of two newer models in FY 2013 to provide viable instrumentation options for continuing official sunflower oil determinations. Both of the tested models met the equivalency testing requirements and were approved for official use.

Test Weight per Bushel

Test weight measurement is a critical component for the marketing of grains and commodities in the U.S. In 2013, FGIS worked on two projects designed to improve the test weight per bushel, determinations provided to users of the official inspection system.

Test Weight Trainer: It is essential that proper technique be utilized for determining test weight measurements. Previous research has indicated that differences in final test weight values can be caused by certain variations in the measurement procedure. The goal of the Test Weight Trainer project is a system that effectively measures a test weight operator's strike-off technique and then provides the operator instantaneous visual feedback and specific guidance on how to improve his/her technique. In FY 2013, a final motion sensing prototype and supporting software was created and deployed to two FGIS Field offices for usability testing. In FY 2014, FGIS will evaluate the initial test results, incorporate any modifications needed, and, if proven to be useful, deploy additional systems to multiple official inspection sites for routine operator training.

Assess Feasibility of Using Official Moisture Meters for Test Weight Determinations: In FY 2012 and 2013, FGIS implemented new moisture meter technology for use in the official inspection system. These instruments have the capability to also determine test weight per bushel; the simultaneous measurement of official moisture and test weight would provide considerable operational efficiencies. Both of the FGIS-approved models have received Certificates of Conformance issued by the National Conference on Weights and Measures as legal for trade for test weight (as well as moisture). In FY 2013, FGIS conducted tests to assess the feasibility of allowing the use of these instruments for official test weight determinations. In FY 2014, FGIS will conduct additional tests and gather stakeholder input to decide whether to approve the instruments.

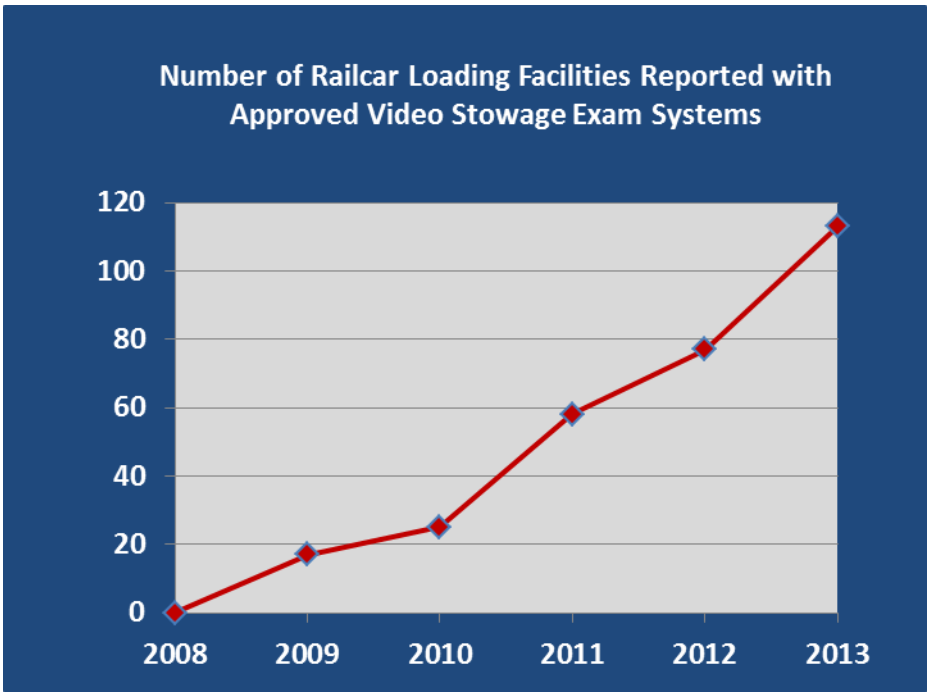
Improving Employee Safety for Railcar Stowage Exams

Managing and reducing the hazard of falling from railcars is a priority of both FGIS and loading facilities. In FY 2013, FGIS provided fall hazard training to all field employees who perform work on rail cars. In addition, FGIS, in conjunction with coopeing loading facilities, determined that in many locations it is feasible for an inspector to perform stowage examinations from inside the inspection lab using video cameras mounted above the cars. This arrangement allows the rail cars to be examined a few minutes before they are loaded, and the need to climb on top of railcars is eliminated.

Utilizing Video Technology

As of September 2013, 113 facilities have approved video stowage exam systems. Since the 2012 report, new video systems have been approved at 38 facilities.

The following chart shows the increase in rail car stowage exam systems since the start of the program in 2008:



Promoting U.S. Grain to International Customers

FGIS personnel frequently meet with delegations visiting from other countries to brief them on the U.S. grain marketing system, our national inspection and weighing system, U.S. grain standards, and FGIS' mission. Many of these delegations are sponsored by USDA Cooperator organizations like U.S. Wheat Associates and U.S. Grains Council, which arrange visits to grain production areas, FGIS field offices, onsite laboratories at export grain elevators, and the FGIS National Grain Center (NGC) in Kansas City, Missouri. At the NGC, delegations often receive technical training on analytical testing procedures and grain inspection methods and procedures.

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

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

GIPSA employee participating in the soybean vessel comparison study with China

Visiting Trade and Governmental Teams

During 2013, FGIS personnel met with 47 teams from 24 countries.

Brazil
Canada
China
Colombia
Costa Rica
Ecuador
Egypt
El Salvador
Guatemala
Honduras
Indonesia
Ireland
Israel
Japan
Korea
Malaysia
Mexico
Nicaragua
Pakistan
Philippines
Turkey
Terkmenistan
Venezuela
Vietnam

International Activities

Technical Assistance: In FY 2013, FGIS responded to customers' needs for technical assistance in foreign markets. Exporters, importers, and end-users of U.S. grains and oilseeds, as well as other USDA agencies, USDA cooperator organizations, and other governments, occasionally ask for FGIS personnel to provide expertise. These activities include representing the Agency at grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, assisting importers with quality specifications, and training local inspectors in U.S. inspection methods and procedures. Such activities typically have been funded through various programs administered by USDA's Foreign Agricultural Service (FAS), USDA's Farm Service Agency, or directly by FGIS.

Corn and Wheat Quality Surveys: FGIS coordinated with U.S. Grains Council and U.S. Wheat Associates to conduct export corn and wheat quality surveys. FGIS assisted with the surveys by collecting, grading, and testing samples, and providing export inspection data. The surveys are conducted annually.

Soybeans to China

China Soybean Vessel Surveying Project: The U.S./China Memorandum of Understanding (MOU), which addressed China's concerns over soybean quality, plant health, and food safety of soybeans was signed in December 2010. Stemming from the MOU, officials from China's Administration of Quality Supervision, Inspection and Quarantine requested that the U.S. and China conduct a joint survey of U.S. soybean vessels to address their concerns regarding treated soybean seeds and other quality factors. Representatives from FGIS, the Animal and Plant Health Inspection Service, Foreign Agricultural Service, North American Export Grain Association and U.S. Soybean Export Council participated. The study began in February 2013 at TEMCO Elevator in Tacoma, Washington. The participants joined representatives from the Chinese Government to witness the sampling of a soybean vessel as it loaded, then reconvened in China during the discharge. For several years, China has reported finding treated soybeans in their commodity shipments; this year, they reported no such complaints.

Examining soybeans for foreign material and damage

FGIS employee participating in the soybean vessel comparison study with China

Taiwan and Rice: In May 2013, FGIS conducted rice grading seminars in Taiwan and discussed quality inspection results of U.S. rice at destination in Taiwan, at the request of USA Rice Federation.

FGIS participated in USDA's response to address the discovery of glyphosate-resistant wheat plants on a farm in Oregon. The FGIS biotechnology laboratory assisted with the USDA investigation by validating an analytical method then testing hundreds of samples, and FGIS assisted USDA in addressing the market response by validating the analytical method for regulators in other countries to be able to test accurately to meet their regulatory obligations. FGIS also worked with trading partners to address their concerns; for example, FGIS met with Japan's regulators and developed a mechanism to provide a sample from future wheat exports to facilitate testing before shipments arrive. In addition, the FGIS sub office in Moscow, Idaho, sampled newly harvested wheat to assist with the APHIS investigation.

International Travel for 2013

Summary of International Travel for 2013			
Country Visited	**Purpose**	**No. of Travelers**	**Dates / Visits**
Canada	Stowage and Grain Inspections	1-4 per trip	15 trips; various dates
Kenya	Kenya aflatoxin conference cosponsored by USAID and FAS	1	1/25 - 2/5/2013
Hungary	Codex Committee on Methods of Analysis and Sampling meeting	1	3/2-3/9/2013
China	China/U.S.soybean vessel comparison	1	3/17-3/29/2013
Taiwan	Rice grading seminar sponsored by USA Rice Federation	1	5/13-5/18/2013
Germany	International Society for Electromagnetic Aquametry Conference	1	9/23-9/28/2013

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

Alleged Violations

At the beginning of fiscal year 2013, eleven cases involving alleged violations of the USGSA and the AMA were pending. During the year, FGIS opened five new cases stemming from allegations of bribery, falsifying licensing records, altering official certificates, engaging in prohibited or deceptive grain handling practices, and exporting grain without official personnel onsite to witness the loading. FGIS referred one case to the Office of Inspector General for criminal investigation; referred one case to the Office of the General Counsel for civil penalty assessment; suspended the license of Official Agency personnel on two cases where violations occurred; and on two cases the investigation is ongoing. In all, FGIS closed nine cases from prior years during 2013.

Registrants to Export Grain

The USGSA requires that all persons who buy, handle, weigh, or transport 15,000 metric tons or more of U.S. grain for sale in foreign commerce during the current or previous calendar year must register with FGIS. During 2013, FGIS issued 128 Certificates of Registration to individuals and firms to export grain.

Domestic Grain Inspection

FGIS oversees 53 official State and private agencies that provide official services under the USGSA. FGIS supervises 31 official private agencies and seven official State agencies that are designated to provide official inspection and/or weighing services in domestic markets; four official State agencies that are delegated to provide mandatory official export inspection and weighing services and designated to provide official domestic inspection and weighing services within the State; and one official State agency that is delegated to provide mandatory official export inspection and weighing services within the State.

The USGSA requires that designations be renewed every three years. In fiscal year 2013, FGIS renewed 19 official agencies for full three-year designations including 15 private and 4 State agencies. In addition, FGIS designated two private official agencies for weighing; approved an official private agency sale; cancelled one official private agency's designation; and partially cancelled one private agency's designation.

Contract Review Program

In 2009, FGIS initiated a program to assess export shippers' compliance with contractual sales terms. The goal of the program is to ensure integrity and transparency throughout the official inspection system by making certain that shippers do not present false or misleading application for official inspection services. FGIS compares randomly sampled load order instructions (provided by export shippers to official personnel) to the quality specifications in the commercial sales contract. FGIS requests load order instructions from official agencies and FGIS field offices that provide official inspection services on selected export grain shipments, and contacts the appropriate exporter for copies of the sales contract associated with the selected shipments. These associated documents are compared to determine whether the load order instructions match contract specifications. In the event discrepancies are found, FGIS takes appropriate action to correct the situation, including sending official correspondence to the company officials notifying them of the review findings.

In 2011, FGIS concluded the first phase of the program and found a high level of compliance within the export community with contractual sales terms and official export requirements. Nonetheless, a few problem areas were detected, primarily stemming from some exporters' misunderstanding of official inspection and weighing requirements when shipping grain in containers. Therefore, FGIS continued the program by targeting shippers of container shipments, which were previously identified as having the most non-compliance items. Shippers were informed of the review findings and of their legal and regulatory requirements if discrepancies were found.

Exporting Grain in Containers

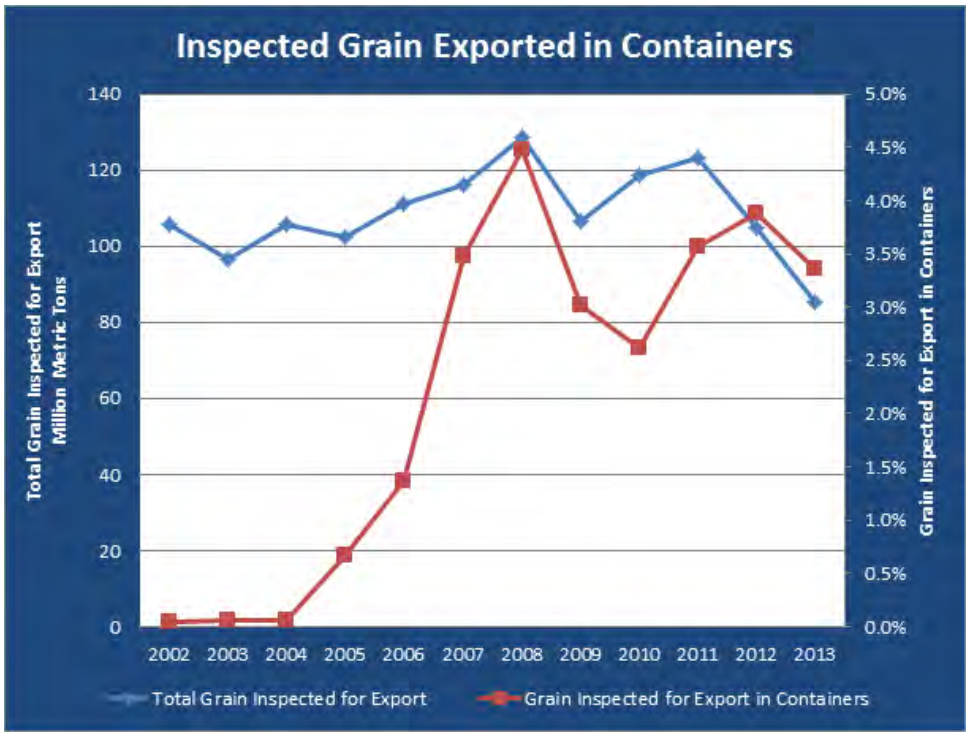
The U.S. grain industry has experienced a significant increase in the demand for grain exported in containers. A surplus of empty containers allows grain exporters to capitalize on opportunities to ship grain at a lower freight rate and deliver grain to small business entities.

FGIS Export Program for containerized shipments

Expansion of the containerized grain export market has exceeded most forecasts. Inspection of containerized cargo has increased from 0.1 percent of total grain exported (metric tons) in 2002 to 3.4 percent of total grain exported (metric tons) in 2013 and represented 1.2 percent of total domestic and export grain officially inspected (metric tons) by FGIS and official service providers in 2013.

Exporting Grain in Containers (continued)

FGIS is challenged to keep up with a growing number of container loading facilities. In 2002, six standardized grain inspection/weighing service points exported grain by container. Currently, there are 138 standardized grain inspections/weighing service points, with the majority in proximity to the railroad hub in Chicago. Initially, most of the container loading operations were based in the Pacific Northwest where empty containers were abundant at export container terminals. However in the past 8 years, much of the activity shifted to the Midwest, due to the close proximity to the grain supply and the rail yards that handle containerized cargo.



Resolution of Issues Raised by International Customers

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

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

In FY 2013, FGIS received one quality complaint and no weight complaints from importers on grains inspected under the U.S. Grain Standards Act, as amended. The complaint involved 58,770 metric tons, or less than 0.1 percent by weight, of the total amount of grain exported during the year. The complainant, China, reported that a shipment contained excessive off-color soybeans. This is the fewest number of complaints FGIS has received in its history.

Complaints Reported by Importers on Inspection and Weighing Fiscal Year 2013

Complainant	Country	Grain/ Commodity	Number of Complaints	Nature of Complaint
Asia	China	Soybeans	1	Damaged kernels

Section IV: Providing Official Grain Inspection and Weighing Services

Partnerships with States and Private Entities

FGIS manages the national inspection and weighing system through a unique network of approximately 2,000 staff members at Federal, State, and private laboratories that serve grain producers, handlers, processors, and exporters across the country. FGIS' State and private partners are authorized to provide official services on FGIS' behalf under the authority of the USGSA and the AMA. FGIS delegates States to provide official inspection and weighing of U.S. grain at export port locations and designates States and private agencies to provide official inspection and weighing services in the domestic market. FGIS has 41 agreements with States and private agencies to provide sampling or inspection services for miscellaneous processed commodities, graded commodities, or rice under the AMA.

Modernization of Service Delivery

FGISonline is a portfolio of online business applications that modernizes the delivery of FGIS official inspection and weighing services. The online applications provide customers with fast, accurate services and access to a wealth of official inspection and weighing data. More information about the FGISonline applications can be found on the FGIS website at www.gipsa.usda.gov.

Some accomplishments for 2013 were:

- Moved the FGISonline suite of applications from our offices in DC to the National Information Technology Center (NITC) in Kansas City.
- The HP3000 computer system that housed the Export Grain Information System and the Grain Inspection and Weighing Information System databases was retired and the data was moved to FGISonline. The HP3000 retirement resulted in an annual cost savings of $200K to GIPSA.
- As a part of the HP3000 retirement and the data move to FGISonline, GIPSA released the Domestic and Export Counts application. It allows the users to directly enter volume information and interfaces with the GIPSA Billing application. This interface allows for more cost savings by automating the billing for tonnage.

- Completed GIPSA Billing Application reports phase. This allows the billing application to generate valuable reports for tracking and analyzing billing activities to ensure FGIS charges properly for all inspection and weighing activities.
- Completed the Process Mapping and Design project. This gives us a road map to move forward with changes to improve the FGISonline applications and align the business processes with the technology.

Educating Stakeholders

FGIS provides educational materials and grading aids to its customers through various outlets, at industry meetings and trade shows, and to the public through the FGIS website. In 2013, FGIS updated the corn, soybean, sorghum, and wheat study questions and damage trainers. FGIS also updated The Grain Inspection Orientation course developed jointly with the GEAPS/Kansas State Distance Education Program. All FGIS educational materials can be accessed from the GIPSA website at www.gipsa.usda.gov.

Distillers Dried Grains

Distillers dried grains (DDGs), is a co-product of ethanol production and the remaining fraction (protein, fat, and fiber) of grain (corn, sorghum, wheat, etc.) after the starch is converted to sugar and then ethanol during the fermentation process. Roughly 17 pounds of DDGs can be produced from one bushel of corn (1 bu corn = 56 lbs), since corn is approximately two-thirds starch. Because of the composition of DDGs (30 percent protein, 11 percent fat, and 7-9 percent fiber), it is a very nutritious source of energy for livestock and is used to replace traditional feed grains and meals in limited quantities.

Distillers Dried Grain

The production of DDGs has soared in recent years as ethanol production has grown. The U.S. produced an estimated 39.27 million tons of DDGs in the 2012/13 crop year, nearly seven and a half times the level in of 2003/04, according to Iowa State University biofuels economist Dr. Robert Wisner. Increasing supply, coupled with high prices for competing feeds (soybean meal and corn) and foreign market development efforts by USDA Cooperators, led to a surge in U.S. DDG exports beginning in 2008. Exports now constitute about 24 percent of domestic DDG production and reached a record $2.1 billion in calendar year 2012, more than $200 million above the previous record set in 2011.

FGIS facilitates the marketing of DDGs by providing phytosanitary inspections on behalf of APHIS. During FY 2013, FGIS sampled nearly 66 percent of all exported DDGs. Given the expected continued growth in foreign demand, FGIS expects to sample a larger percentage of DDGs exports in FY 2013.

Providing Scale Testing for the Railroad Industry

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

The Master Scale Depot in Chicago is a National Institute of Standards and

FGIS Test Car used for Railroad Track Scale Testing

Technology (NIST)-certified Echelon III Metrology Laboratory where FGIS annually calibrates three 100,000-pound test car units that are used to calibrate the FGIS Master Scale and 10 railroad and state owned master scales. In turn, the master scale is used to calibrate railroad test weight cars which are used to calibrate railroad track scales throughout the country. FGIS also has two other specialized test weight cars that are used primarily to test and calibrate commercial railroad track scales. The Master Scale Depot performs weight calibrations on test weights and test weight cars ranging from 25 to 112,000 pounds. Commercial test weights ranging from 25 to 1,000 pounds are calibrated on a cost recovery basis. Test weight cars are calibrated at the Master Scale Depot and costs are recovered through a funding arrangement with the Association of American Railroads (AAR).

Providing Scale Testing for the Railroad Industry (continued)

Under an agreement with the AAR, FGIS annually tests all master scales and performs a number of field calibrations associated with the program. In accordance with AAR interchange rules, FGIS must replace rail cars before they reach 50 years of age. Two of the test cars operated by FGIS reached the 50-year mark and were replaced in June 2010 and March 2012, respectively. FGIS purchased both test cars, and the AAR donated one used box car. The AAR also increased FGIS annual funding in a 10-year agreement to continue the Master Scale Calibration Program.

FGIS Employee Calibrating 10,000 lb Weights at The Master Scale Depot

FGIS Employee Unloading 10,000 lb Weights from the FGIS Test Car

Inspection Program Data
Fiscal Years 2011-2013

Item	Fiscal Years		
	2011	2012	2013
Quantity of Grain Produced[1] (Mmt)[2]	464.1	462.1	540.0
Quantity of Standardized Grain Officially Inspected (Mmt)[3]			
Domestic	187.3	175.1	144.4
Export by FGIS	81.2	63.9	57.8
by Delegated States	29.5	27.6	19.4
by Designated Agencies	12.3	13.4	8.7
Total	310.3	280.0	230.3
Quantity of Non-Standardized Grain Officially Inspected (metric tons)[4]			
Domestic	0	0	3,933
Export by FGIS	62,932	20,248	46,619
by Delegated States	253	0	0
by Designated Agencies	0	0	0
Total	63,185	20,248	50,552
Delegated States/Official Agencies			
Delegated and Designated States	4	4	4
Delegated States	1	1	1
Designated States	7	7	7
Designated Private Agencies	43	43	41
Total	55	55	53

(continued next page)

[1]Source: USDA-National Agricultural Statistics Service, Quick Stats. This figure includes production of wheat, corn, sorghum, barley, oats, and soybeans.
[2] Million metric tons.
[3] Includes grains for which FGIS maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.
[4] Includes items inspected under the authority of the U.S. Grain Standards Act that do not meet the requirements for grain as set forth in the official U.S. standards for grain, including cracked corn.

	Fiscal Years		
	2011	2012	2013
Number of Official Original Inspections[5]			
FGIS	134,393	104,758	105,994
Delegated States/Official Agencies	3,248,868	3,114,680	2,864,939
Total	3,383,261	3,219,438	2,970,933
Number of Grain Reinspections			
FGIS	457	411	453
Delegated States/Official Agencies	23,985	25,305	21,623
Total	24,442	25,716	22,076
Number of Grain Inspection Appeals			
Field Offices	3,395	1,855	2,845
Board of Appeals and Review	288	182	242
Total	3,707	2,037	3,087
Number of Official Commercial			
FGIS	12,286	10,953	9,276
Delegated States/Official Agencies	1,231,825	1,248,800	1,066,520
Total	1,244,111	1,259,753	1,075,796
Number of Barley Protein Inspections			
FGIS	0	3	5
Delegated States/Official Agencies	6,590	4,756	6,452
	6,590	4,759	6,457
Number of Corn Protein, Oil and Starch Inspections			
FGIS	4	0	175
Delegated States/Official Agencies	899	6,675	15,276
Total	903	6,675	15,451

(continued next page)

[5] Includes original inspections for grade, factor-only inspections, official criteria, and official commercial inspections.

Item	Fiscal Years		
	2011	2012	2013
Number of Wheat Protein Inspections			
FGIS	41,433	25,005	13,160
Delegated States/Official Agencies	547,300	414,104	392,458
Total	588,733	439,109	405,618
Number of Soybean Protein and Oil Inspections			
FGIS	18,765	15,767	13,256
Delegated States/Official Agencies	15,269	12,973	23,734
Total	34,034	28,740	36,990
Number of Sunflower Seed Oil Inspections			
FGIS	0	0	0
Delegated States/Official Agencies	30,675	22,608	26,431
Total	30,675	22,608	26,431
Number of Aflatoxin Inspections			
FGIS	23,819	19,850	7,282
Delegated States/Official Agencies	127,576	180,909	280,424
Total	151,395	200,759	287,706
Number of Deoxynivalenol Inspections			
FGIS	11,690	10,913	6,541
Delegated States/Official Agencies	99,927	94,271	67,272
Total	111,617	105,184	73,813
Number of Fumonisin Tests			
FGIS	23	59	51
Delegated States/Official Agencies	6,101	7,033	4,478
Total	6,124	7,092	4,529

(continued next page)

Item	Fiscal Years		
	2011	2012	2013
Qty. of Rice Produced (Mmt) (rough basis)[6]	8.5	8.4	8.4
Qty. of Rice Inspected (Mmt) (rough basis)			
FGIS	3.5	3.0	3.1
Cooperators	0.4	0.6	0.4
Total	3.9	3.6	3.5
Number of Rice Inspections			
FGIS	13,162	12,525	11,905
Cooperators	20,855	29,048	22,200
Total	34,017	41,573	34,105
Number of Rice Appeals	333	273	183
Number of Rice Board of Review Appeals	21	3	3
Quantity of Pulses Produced (Mmt)[6] (beans, peas, lentils)	1.4	2.0	2.0
Quantity of Pulses Inspected (Mmt)			
FGIS	0.6	0.5	0.5
Cooperators	0.2	0.2	0.3
Total	0.8	0.7	0.8
Number of Pulse Inspections			
FGIS	10,936	9,744	9,682
Cooperators	9,905	10,306	14,744
Total	20,841	20,050	24,426
Number of Pulse Appeals	294	343	318
Number of Pulse Board of Review Appeals	26	25	35

[6]Source: USDA-National Agricultural Statistics Service, Quick Stats

Weighing Program Data
Fiscal Years 2010-2012

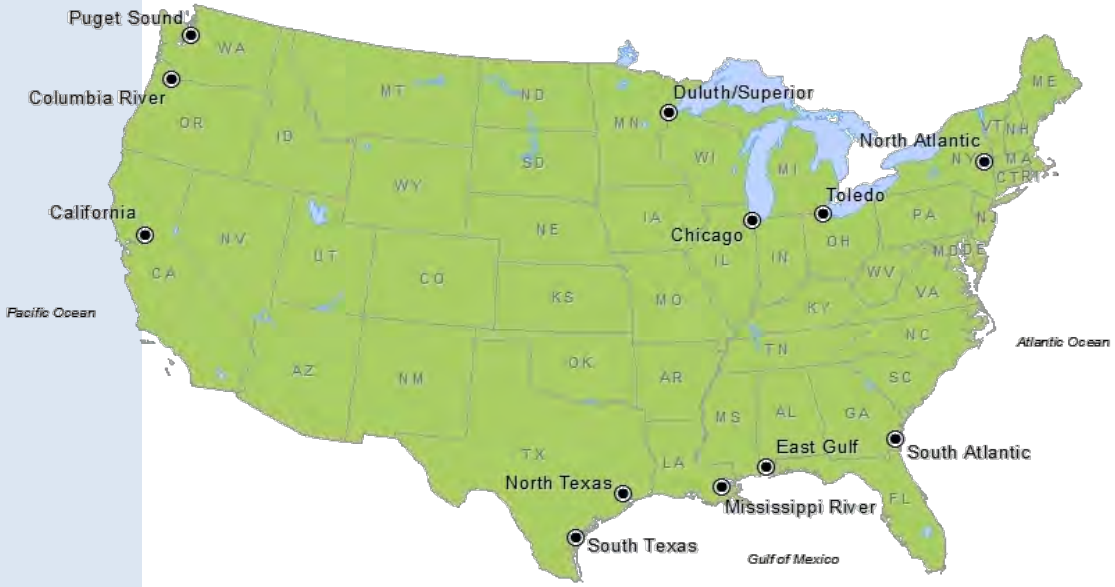
Item	Fiscal Years		
	2011	2012	2013
Official Weight Certificates Issued			
FGIS			
Class X[1]	67,954	38,602	39,055
Class Y[2]	7,519	21,298	21,875
Total	75,473	59,900	60,930
Delegated States/Official Agencies			
Class X[1]	184,581	194,192	180,252
Class Y[2]	81,105	59,768	56,831
Total	265,686	253,960	237,083
Exported Grain Weighed (Mmt)			
FGIS	80.3	63.2	57.4
Delegated States	29.1	27.4	19.4
Total	109.4	90.6	76.8
Number of Certified Scales in Service			
Export Elevators	214	212	217
Number of Scales Tested			
Railroad Track Scales	149	140	150
Hopper Scales	505	718	475
Vehicle Scales	387	415	380

[1] Class X weighing involves 100 percent supervision of weighing.

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

Volume of Export Grain Inspections by Port Areas October 2012-September 2013

Port Area	Million Metric Tons (MMT)	Percent of Total U.S. Exports
California	0.1	0.1%
Chicago	0.1	0.1%
Columbia River	18.5	21.7%
Duluth-Superior	0.6	0.8%
East Gulf	0.4	0.5%
Interior[1]	8.3	9.7%
Mississippi River	42.1	49.5%
North Atlantic	0.1	0.1%
North Texas	7.7	9.1%
Puget Sound	2.5	2.9%
South Atlantic	1.4	1.7%
South Texas	2.6	3.1%
Toledo	0.7	0.9%
Total	85.2	100.0%



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

Section V: Management Initiatives

Mentoring Program

FY 2013 was the first year for an FGIS wide mentoring program. The FGIS Mentoring Program paired 25 employees with more experienced employees for the purpose of sharing knowledge of practices, policies and organizational culture with the next generation of employees. The year long program mirrored the components of the Departmental mentoring initiative, which focuses on transferring institutional knowledge and enhancing employees skills. Mentors help their mentees identify methods and tools for focusing their skill development. For example, the mentor may suggest specific training or on-the-job tasks and assignments that could help the mentee to develop his or her skills. Through the mentoring relationship, mentors develop their leadership, feedback, and coaching skills. Mentoring also helps both mentors and mentees to enhance their communication and conflict resolution skills and develop an appreciation for different work styles.

For FY 2014, the FGIS Mentoring Program was expanded to a GIPSA-wide program with 40 mentor-mentee pairings, 32 of which were from FGIS staff. This 28 percent increase in FGIS participation is the result of strong program area support which recognizes that up to 80 percent of FGIS' supervisors and managers are retirement eligible. FGIS is keenly aware of the need to prepare less experienced staff for new potential responsibilities as more senior staff retire.

GIPSA plans to integrate its program next year into the Departmental mentoring portal through the USDA's Virtual University.

Quality Management Program

FGIS's quality assurance and control program was revised in 1996 to further enhance the quality of official grain, rice, and pulse inspection and grading activities and to proactively address any intermarket grading and inspection problems. Consistent with FGIS's ongoing efforts to ensure that the official system continues to provide high quality inspection results, the agency initiated a comprehensive review of the quality assurance program in 2012 through meetings with quality experts within the official system, consultation with private sector organizations, and identification of strategic quality initiatives.

Quality Management Program (continued)

As a result of the review, FGIS initiated a quality pilot at its New Orleans, Louisiana, Field Office in May 2013, to assess factor and certificate accuracy at the inspector level. FGIS collected quality data on critical factors for each inspector on a weekly basis to assess inspector performance and dynamically identify and correct any quality deviations. FGIS concluded the pilot at the end of fiscal year 2013 and is in the process of expanding the program to encompass all FGIS field offices.

A key component of FGIS's quality program is the Quality Management Program (QMP). The QMP is part of GIPSA's Strategic Plan to enhance program delivery, utilization of agency resources, and customer satisfaction. The QMP is an audit-based system that uses modern quality management principles to evaluate Federal, State, and private agencies. The QMP requires all official Federal, State, and private agencies to establish a program for providing official services based on the principles of quality control, quality assurance, and quality improvement. The QMP further enhances delivery of official services to the grain, feed, and processing industries while supporting FGIS efforts to manage costs and staff resources.

FGIS conducts QMP onsite reviews every three years. In fiscal year 2013, FGIS conducted onsite QMP reviews of 3 designated States, 2 designated and delegated Sates, and 11 private agencies. The QMP review evaluates legal and management responsibilities, document control, record control and accuracy, communication programs, training, licensing, and supervision programs, equipment, facility reviews, local quality plan, internal audits, customer focus, and continual improvement.

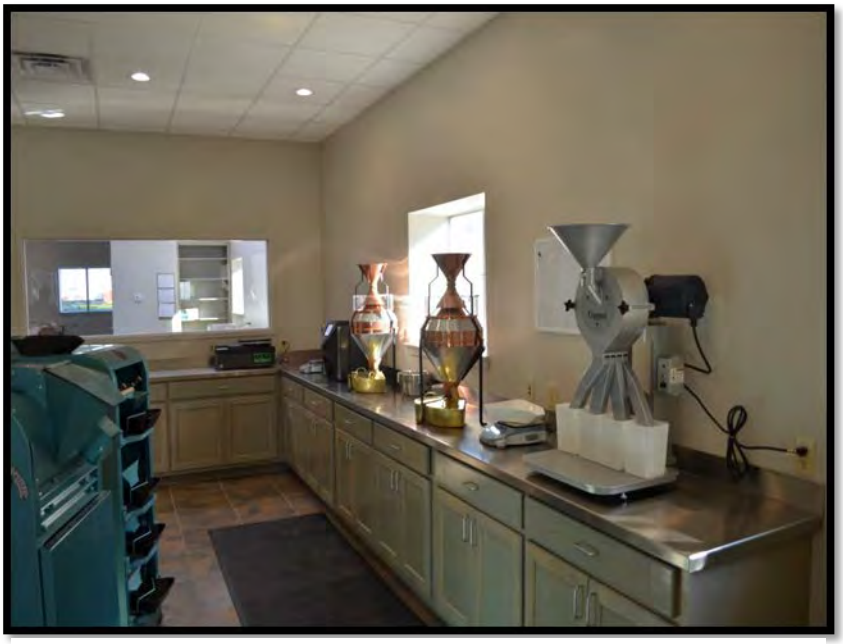
As part of the QMP, FGIS requires each official agency and field office to complete a yearly internal audit. In fiscal year 2013, FGIS received internal audits from 52 official agencies and 7 FGIS field offices. Internal audits are a comprehensive review of all QMP quality elements and address any problem areas.

Improving Work Environment

FGIS has taken a proactive approach to maximize FGIS employee satisfaction which includes maintaining safety, improving operational efficiency and effectiveness of work processes, and fostering an environmentally friendly workplace. FGIS is working with grain industry customers to ensure the location and condition of the grain weighing, inspection, laboratory, and office spaces foster employee safety.

On occasion, a new official inspection lab must be built or relocated. This may occur due to noncompliance with an FGIS safety directive, or when a new export elevator is constructed. Recently, an aging export grain elevator in the Louisiana Gulf was purchased by another company. As a part of the renovations, the grain elevator management was committed to building a showpiece lab that could be presented to trade groups and foreign buyers of U.S. grain. This created a unique situation, for the first time in decades, to design a new lab with full support from the industry.

To make the most of this opportunity, FGIS created a lab design team to look at how to improve service delivery and make our laboratories more efficient and ergonomic. Some of the biggest challenges in designing a grain inspection lab include dust collection, rodent control, temperature sensitivity, and efficiency. On October 1, 2013, FGIS introduced the new inspection lab at Louis-Dreyfus Commodities in Port Allen, Louisiana. The lab design team helped design this model lab which implements ideas of spatial requirements, environmental controls, and ergonomics, which will be used as a basis for official inspection labs in the future.



FGIS Lab at Louis-Dreyfus in Port Allen

Improving Work Environment (continued)

In FY 2014, the group will continue to explore the potential use of barcode technology and networked official inspection equipment to streamline service delivery, and improve quality.

In March 2010, FGIS developed a policy that strives to eliminate employee exposure to existing and potentially hazardous working conditions and/or situations that are causing or likely to cause death or serious physical harm. A grain elevator or grain mill explosion is a serious concern for FGIS and its employees who are performing official duties within the head house, at the base of a head house, in or near any tall structures of these facilities. This concern also extends to areas in or near railcar dump pits, truck dump pits, and tunnels. The policy requires facility owners to relocate or improve existing equipment or handling equipment to an FGIS laboratory or other FGIS acceptable location that is a minimum of 100 feet from these areas of concern. This action will enable FGIS personnel to perform their official duty away from these areas of concern thereby eliminating their exposure to potentially hazardous working conditions and/or situations that could cause death or serious physical harm.

FGIS Lab at Louis-Dreyfus in Port Allen, Louisiana

Focus on Safety

GIPSA is revising all Emergency Evacuation and Emergency Action Plans for field office locations to ensure all employees are educated and trained to properly react to the rapidly increasing safety incidents. Such as, workplace safety hazards, workplace violence, sexual harassment, active shooter, shelter in place procedures, and other natural disasters. It's not enough for employees to be toured around the worksite and required to read handouts on safety tips on performing their job. All employees must be educated to explain WHY safe procedures and practices are important in the workplace.

Employees Safety Training provides employees with the what, why, where, when—all the W's you need to know so you can maintain and improve your own safety. Most importantly, training must teach you a lot of HOWs—how to recognize hazards, how to control any exposure (to these hazards) that may be present in the work area and how to perform your job safely.

FGIS Employee Displaying Fall Protection

GIPSA also is required by Federal regulations to develop and implement a Waste Minimization Strategy. Ways to help achieve this goal of reducing the volume of chemical waste generated at official locations includes, but is not limited to:

- Practice the concept of Source Reduction by simply ordering the smallest quantity of chemical material required for testing.
- Keep an inventory of chemicals on hand. Do not over stock chemicals.
- Substitute hazardous chemicals with non-hazardous chemicals whenever possible.

Section VI: Financial Information

FGIS User Fee Accounts[1]	Revenue	Obligations	Profit/Loss	Retained Earnings
U.S. Grain Standards Act				
Inspection & Weighing	$29,841,211	$33,265,438	$(3,424,227)	$(1,191,390)
Official Agencies	$1,981,272	$1,125,409	$855,863	$6,236,178
Agricultural Marketing Act				
Rice	$6,101,929	$4,709,291	$1,392,638	$5,887,968
Processed Commodities	$2,468,450	$2,938,789	$(470,339)	$1,551,486
Total FY 2013	**$40,392,863**	**$42,038,927**	**$(1,646,064)**	**$12,484,242**

[1] Figures are based on the Agency's Period 13 Status of Funds Report and are subject to revisions.

Appropriations *Dollars in millions*	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY2013
Appropriated Funds	$17.61	$17.61	$17.93	$18.27	$17.79	$16.48	$16.47

United States Department of Agriculture