

Grain Inspection Advisory Committee

November 28-29, 2000

SUMMARY OF MEETING Crystal City Marriott in Arlington, VA 22202

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INTRODUCTION

Mr. James Baker, Administrator of the Grain Inspection, Packers and Stockyards Administration (GIPSA), opened the meeting at 8:00 a.m. Mr. Baker provided a brief overview of highlights from the past 6 years. He also spoke about the future of GIPSA's Federal Grain Inspection Service.

Accomplishments

- Customer Outreach Initiative

Initiated in fiscal year 1997 to encourage and facilitate GIPSA field office/official agency outreach to the U.S. agricultural community.

One team of GIPSA and official agency employees won the Vice President's Hammer Award in fiscal year 2000 for their activities.

The end result of the team's efforts . . . the customer receives service results in 5-7 minutes instead of the previous 24 hours, and is saving more than \$250,000 per year.

- Dialog With Industry: "Visions for the Millennium Conference" held in May 2000 in Kansas City, MO

Attended by more than 450 people.

Included discussion of structural changes facing livestock and grain markets in the 21st century.

Many participants requested that the conference become an annual event for producers and growers to understand the dynamics of change affecting their livelihood.

- Foreign Complaints

The number of foreign complaints on the quality or quantity of U.S. grain exports decreased by 50 percent in the past 8 years. In fiscal year 2000 they dropped to 0.3 percent of export volume. This is an example of both a good performance measure and good performance. It is clear that international buyers value the credibility of official certificates.

- Enhanced Quality Assurance

GIPSA implemented an enhanced quality assurance program to ensure the quality and accuracy of inspection results nationwide. The new program includes a balance of national and localized monitoring with a greater emphasis placed on proactive actions to prevent problems once they have occurred.

- New Testing Technology

GIPSA has introduced new testing technology to measure grain protein, moisture, and mycotoxins to provide American agriculture with more efficient and accurate means to measure grain quality and assess value.

- Automation

Over the past several years, GIPSA has been pursuing initiatives to automate inspection and weighing operations and to enhance information management systems and capabilities. These initiatives are improving the quality and delivery of our service, enhancing exporters' efficiency, and lowering costs for the Agency and the Agency's customers.

GIPSA has implemented an automated inspection plan for export grain shipments at 25 export facilities in Louisiana, Texas, Oregon, and Washington.

GIPSA continues to work closely with export grain elevators that are automating their scales and material handling systems in accordance with official requirements.

GIPSA has established an electronic Official Agency telecommunications network that links all of the Federal, State, and private partners that comprise the official grain inspection and weighing system.

- Wheat Exports to China and India

GIPSA implemented TCK smut certification procedures to facilitate the marketing of U.S. wheat to China and India. Implementing these procedures facilitated the export of wheat to these countries.

- Buckwheat to Russia

GIPSA implemented inspection procedures for buckwheat and whole buckwheat groats to facilitate Farm Service Agency (FSA) purchases of buckwheat destined for Russia.

- FGIS Restructuring

In fiscal year 1995, the Agency undertook a major restructuring of its field operations to respond to changes in customer demands, the structure of the U.S. grain marketing system, and internal operational needs. GIPSA streamlined its grain operation from 31 to 23 field locations.

In fiscal year 1998 in light of dramatic workload decreases, GIPSA further streamlined operations in Baltimore, Portland, and Duluth. The Agency worked with other USDA agencies to mitigate the effects of these actions by securing details for affected employees.

- TSD Restructuring

The Technical Center underwent an innovative restructuring in fiscal years 1995-1996. The organizational restructuring included reorganization of all branch functions, the formation of new crossfunctional work groups, and the transfer of the Commodity Testing Laboratory from Beltsville, Maryland, to the Technical Center. The new structure has provided a flexible organizational structure to meet service opportunities and provides increased uniformity in reporting data and information.

- ISO Certification

GIPSA has successfully met ISO 9002 standards and received certification for its moisture and protein reference laboratories. Standards set by the International Standards Organization (ISO) have been endorsed by numerous organizations throughout the world.

Future

- Biotechnology

The grain program has been and will continue to be affected by and very active in this area. Other presenters will provide more of the details on

- End-Use Quality

GIPSA will continue to increase its ability to measure enhanced quality attributes so that producers can bring their grain to market and have confidence that the true value of grain will be identified, determined, and reflected in the price.

Digital imaging shows great potential for improving the accuracy, consistency, and objectivity of grain inspection and grading. In fiscal year 2001, GIPSA will continue to refine and test the method for measuring broken kernels in milled rice with the intent of approving it for general use in the official inspection and weighing system. Finally, GIPSA will explore opportunities for applying remote digital imaging to enhance visual grading services.

- Automated Grain Inspection at Export Elevators

GIPSA continues to work in partnership with the export industry to develop an automated grain inspection system for use at export elevators. When completed and approved, the system will provide export elevators with constantly updated grain inspection information five times faster than present manual methods. The automated system has the potential to reduce costs to the industry and enhance GIPSA's efficiency.

- International Activities

GIPSA will continue to work cooperatively with other Agencies to resolve critical issues that limit or restrict trade, assist individual governments and organizations in developing and enhancing their grain inspection and weighing capabilities, and to enhance the international market's understanding of the U.S. inspection and weighing system.

MEETING ATTENDEES

	<u>Name</u>	<u>Affiliation</u>
Committee Members	Gillan Alexander	Producer in Bogue, Kansas
	Mike Cassidy	Cassidy Grain Company
	Bonnie Fernandez	California Wheat Commission
	Robert Gore	WA State Department of Agriculture
	Diane Hanekamp	Agro Systems, Inc.
	Arvid Hawk	Cargill, Inc.
	Lowell Hill	University of Illinois
	Bennie Lackey, Jr.	Riceland Foods, Inc.
	Paul Lautenschlager	Hi-Line Grain Co. LLC
	Israel Lopez, Chairperson	ADM, Port of Corpus Christi
	Tom Miller	Farmers Cooperative Company
	Ronald Mitzel	Dakota Mill and Grain
	Gretchen Stewart (attending in place of Randy Cartmill)	C11 Laboratory Services
Robert Williams	Producer in Conway, Arkansas	
GIPSA	Jim Baker	Office of the Administrator
	Gerry Bromley	Office of the Administrator
	Tess Butler	Office of the Deputy Administrator
	Cleve Ellis	American Federation of Government Employees Local 3781
	Larry Freese	Technical Services Division
	Roger Friedrich	Technical Services Division
	David Funk	Technical Services Division
	John Giler	Field Management Division
	Jerry Grinnell	Economic/Statistical Support Staff
	Ray Hart	Field Management Division
	Dave Mundwiler	Toledo Field Office
	Dave Orr	Field Management Division
	John Pitchford	Office of International Affairs
	Neil Porter	Compliance Division
	Dave Shipman	Office of the Deputy Administrator
	Bob Soderstrom	Executive Resources Staff
	Steve Tanner	Technical Services Division
Walt Rust	Portland Field Office	
Other Attendees (represents those attendees who signed the sign-in sheet)	Tim Adams	Memphis Grain Inspection Service
	David Colby	Memphis Grain Inspection Service
	Jim Cramer	Oregon Department of Agriculture
	Andy Gell	FOSS North America
	Tom O'Connor	National Grain and Feed Association
	Joan Rothenberg	Institute of Food Technologists

ACCEPTANCE OF MEETING MINUTES FROM MAY 16-17, 2000

The Committee approved the meeting minutes from May 16-17, 2000, as written.

REVIEW AND ACCEPTANCE OF AGENDA

Committee member, Ms. Bonnie Fernandez of the California Wheat Commission, asked to add an agenda item comparing wheat test weight results between the U.S. and Canada. The Committee agreed. With this addition, the Committee approved the agenda (agenda attached).

GIPSA FINANCIAL, BUDGETARY, AND POLICY UPDATES

Mr. Dave Shipman, Deputy Administrator of GIPSA/FGIS, provided an overview of GIPSA/FGIS' fiscal year 2001 budget and current financial status (presentation slides attached).

GIPSA/FGIS' fiscal year 2001 budget includes a \$2,721,000 (23.7%) increase in appropriated funding over fiscal year 2000. This includes increases of \$126,000 for standardization activities, \$509,000 for compliance activities, and \$2,086,000 for methods development. Of the \$2,086,00 for methods development, \$106,000 is to cover increased pay costs; \$600,000 is for the completion and operation of the biotech reference lab at the Technical Center; \$350,000 is to implement an electronic rulemaking system to handle the biotech advance notice of proposed rulemaking and future rulemaking; and \$1,030,000 is slotted for end-use measurement.

GIPSA's challenge will be to provide the market with the tools to measure enhanced quality attributes.

As of September 30, 2000, GIPSA/FGIS' trust fund accounts, in total, show a profit of \$44,644 with an unobligated balance of \$6,099,478. However, the largest of the trust fund accounts, Inspection and Weighing, had a loss of \$996,240. This is the second year of losses in this program. While efforts for improving program efficiency will continue, it is evident that an increase and possible restructuring of the fee schedule is necessary.

We are working with representatives of the National Grain and Feed Association and the North American Export Grain Association concerning any structural changes to the fees are fair and equitable to all users of the inspection system. Our goal is to establish a fee schedule that will cover future operating costs and rebuild the operating reserve to a level of approximately \$6 million.

In the Rice Inspection account, GIPSA had a profit of \$802,152, thus bringing the account balance up to \$406,359. Six years ago, this account had a negative \$1 million balance. Due to increased program efficiencies, higher productivity, and several fee increases, GIPSA has been able to turn this account around. On November 3, GIPSA proposed to increase these fees by 3.7 percent to cover the expected pay raise to federal employees in January.

The Commodity program continues to have a sound financial performance, with a positive margin of \$2,062,849 in fiscal year 2000. However, the outlook for the commodity program is not good. Workload continues to decline as a result of changing USDA policy and industry practices, thus making it very difficult to predict future workload. We have already downsized certain aspects of this program in response to declining service requests. Further adjustments will be necessary throughout fiscal year 2001. GIPSA proposed a 3.7 percent fee increase to cover increased pay costs on November 3, 2000. GIPSA will continue to carefully monitor this program.

REAUTHORIZATION OVERVIEW

Mr. Neil Porter, Director of GIPSA's Compliance Division, provided an update on reauthorization. On November 9, 2000, President Clinton signed a bill extending GIPSA's authority to implement several provisions of the United States Grain Standards Act (USGSA) from September 30, 2000, to September 30, 2005. These provisions include the authority to collect the tonnage portion of the original inspection and weighing fees and the fee for supervising official agencies. Also, the bill reduces the ceiling on GIPSA's overhead costs from 40 percent to 30 percent and extends GIPSA's authority to receive appropriations and to maintain an Advisory Committee.

In addition to extending these authorities, the bill also revises the USGSA in other program areas. They are as follows:

- Provides more flexibility to obtain samples of export grain. The revised statute eliminates the requirement that samples be taken after final elevation.
- Provides more flexibility to test official equipment. The revised statute eliminates the requirement to test all official equipment at least annually.
- Expands the authority to prohibit disguising grain quality. This prohibition will now apply to all grain, not just the grain that is officially inspected.
- Expands contracting authority to include inspection and weighing functions.
- Incorporates the existing pilot programs for designated agencies as permanent exceptions, and provides for additional pilot programs.

Although the reauthorization process was lengthy, it was not due to lack of support from GIPSA's customers. From the opening testimony provided in February, GIPSA's customers have been supportive of the Agency's role in grain marketing, and complimentary of the job GIPSA's employees have been doing.

The entire text of this bill can be viewed on GIPSA's homepage at www.usda.gov/gipsa.

GIPSA'S WHEAT DOCKAGE PROPOSAL

Mr. John Giler, Chief of GIPSA's Standards and Procedures Branch, provided an update on the Agency's wheat dockage proposal (presentation slides attached). In January 2000 the USDA conducted a public hearing regarding U.S. wheat. In response to the discussion at that meeting and other available information, Secretary Glickman announced that the USDA will: (1) phase in lower maximum dockage levels for the Commodity Credit Corporation's (CCC) purchases of wheat for export; and (2) consider changes to the U.S. Standards for Wheat.

With regard to the second of these announcements, GIPSA has prepared a proposed rule to establish grade limits for dockage in wheat. As currently drafted, the grade limits for dockage would apply only to exports. Since this is a departure from past practice, Mr. Giler offered several reasons why the Agency is considering export dockage limits:

- Dockage standards not needed for domestic market
 - Sends signal to foreign markets that the U.S. wheat industry is taking initiative to meet export demands
 - Action comparable to U.S. competitors (i.e., Canada and Australia)
 - Creates incentive to adjust production and handling practices to deliver cleaner wheat to the export market.
- Similar to the PNW white wheat industry

Finally, Mr. Giler stated that GIPSA is considering proposing 0.3 percent and 0.5 percent limits for U.S. Nos. 1 and 2 wheat for export, respectively.

Mr. Giler's presentation generated considerable discussion. Several Committee members expressed concern that GIPSA's proposed dockage limits may be out of synch with the new maximum limits that the Department is phasing in for CCC purchases for export.

Mr. Giler explained that grade limits, if finalized, would be implemented one year after the publication of the final rule. This would allow the market time to adjust and would also be close to being in synch with the CCC implementation schedule. The Committee also questioned whether GIPSA should propose dockage limits for export and not for domestic wheat. Under such a scenario, it is possible that some elevators may purchase wheat under the domestic standard and sell under the export standard. The result could be that the market would then establish pricing schedules to reflect the level of dockage desired for export. In effect, the market would then be operating under one standard -- the export standard (see resolutions below). The Committee also questioned how an export wheat standard would impact the wheat loan program.

GIPSA BIOTECHNOLOGY UPDATE

Advance Notice of Proposed Rulemaking

Ms. Marianne Plaus, Assistant to the Deputy Administrator of GIPSA/FGIS, provided information about an advance notice of proposed rulemaking that was published on November 30, 2000, in the Federal Register under the title, "Request for Public Comments on How USDA Can Best Facilitate the Marketing of Grains, Oilseeds, Fruits, Vegetables, and Nuts in Today's Evolving Marketplace." GIPSA's website, www.usda.gov/gipsa/biotech/anpr/anpr.htm, includes the ANPR in its entirety, instructions for commentors, a web commenting form (comments may also be submitted via mail, fax, and e-mail), and all received comments, except for those containing profane or threatening language.

This document is a notice requesting public comment on current and anticipated market practices and what, if anything, USDA should do, that it is not already doing, to facilitate the marketing of grains, oilseeds, fruits, vegetables, and nuts in a market that includes both crops derived from biotechnology and other crops. The ANPR poses a number of specific questions, to stimulate commentors to provide responses. However, it is an "open-ended" notice that requests comments from the public at large on what else - if anything - USDA needs to be doing to facilitate marketing of these products.

GIPSA Biotechnology Program

Mr. Steven Tanner, Director of GIPSA's Technical Services Division, provided an update on GIPSA's biotechnology program. Mr. Tanner began his presentation by stating GIPSA's mission which is to facilitate the marketing of grain and oilseeds for the benefit of U.S. agriculture. The introduction of biotechnology-derived grains is affecting the movement of grains in both domestic and export markets. Some food manufacturers and retailers are requesting non-biotechnology ingredients and products, particularly corn and soybeans, in response to consumer demand. In addition, major markets, including the European Union and Japan, have imposed labeling requirements. The recent discovery of the presence of biotech corn, approved for feed only, in the U.S. food supply brought the situation to the forefront of United States' agricultural issues. These trends and findings have accelerated the need for reliable and accurate analytical techniques to detect the presence of biotechnology-derived grains.

In November 2000 the USDA established a biotechnology reference laboratory at GIPSA's Technical Center in Kansas City, MO. The laboratory is expected to help buyers and sellers manage risks and increase overall market efficiency. To ensure the reliability of detection methods for biotechnology-derived grains, and to facilitate information exchange, the laboratory will:

- Provide guidance on the proper sampling of grain consignments.
- Provide impartial verification of commercially available rapid test kits.
- Initiate an accreditation program for DNA-based commercial testing laboratories.
- Work with the life science companies and international testing organizations, including the National Institute of Standards and Technology (NIST), AOAC International, and American Association of Cereal Chemists (AACC).

The most promising analytical techniques currently available for identifying grains with biotechnology-derived traits are enzyme-linked immunosorbant assays (ELISA) and polymerase chain reaction (PCR). While these technologies show promise, limited technical information or performance verification by an unbiased third party has been conducted. The laboratory will meet the market's need for impartial, professional verification of these technologies. Grain markets rely on GIPSA as an unbiased entity to supply this important function in facilitating the marketing of grain.

Sampling Lots For Biotech Grain

Mr. Larry Freese, a Statistician with GIPSA's Technical Services Division, spoke about sampling lots for biotech grain (presentation slides attached). As presented by Mr. Freese, inspecting a sample from a lot is a cost-effective way of measuring a characteristic of interest on the lot. Unfortunately, a sample from a lot will usually deviate from the true value in the lot. Probability theory can describe the variability of the estimates about the true value. The variability in samples can be controlled to some degree. Choosing appropriate sample plan can provide both buyers and sellers some protection against market risks.

Sample plans include single and multiple sample plans with qualitative testing. Sample plans with quantitative testing will be an option when quantitative analytical methods become available. Until quantitative methods become available, multiple sample plans with qualitative testing can be used to provide some quantitative information.

STANDARDIZATION AND TRAINING SERVICES FOR THE GRAIN INDUSTRY

Mr. Roger Friedrich, a Marketing Specialist with GIPSA's Technical Services Division, spoke about standardization and training services for the grain industry (presentation slides attached). As presented by Mr. Friedrich, GIPSA's mission is to facilitate the marketing of grain and oilseeds for the benefit of U.S. agriculture. This is accomplished by developing and maintaining grain standards, developing and maintaining grain testing methods, and providing a third party official testing service.

The United States Grain Standards and official test methods are available for public use. Most grain marketed domestically in the United States is tested by industry inspectors to determine the U.S. grade. Grain shippers and/or receivers may also utilize 3rd party unofficial inspectors to provide this necessary service. The official inspection system provides some limited training to "house" inspectors but generally has not extended these services to unofficial 3rd party inspectors. Some training is provided on a fee basis by GIPSA employees and licensed inspectors. Training is also provided as an outreach (non fee-based) service.

GIPSA provides very little service to the grain trade related to standardization of testing equipment and unofficial inspectors. Calibrations and reference images are available to the industry, but actual standardization and alignment of non-official equipment or inspectors with the official system is contrary to current policy.

There is interest from the industry for expanded training and standardization services from GIPSA and/or official agencies; however, there is also concern that doing so may not be in the best interest of our partners in the official inspection system. GIPSA seeks guidance and advice on this issue. The efficiency and effectiveness of both official and unofficial inspection systems could be impacted by future GIPSA's policies on these services.

UPDATE ON QA/QC AND OVERSIGHT STUDY

Mr. David Orr, Director of GIPSA's Field Management Division, provided a brief update on the QA/QC and oversight study (formerly known as the central laboratory study). To date, the Committee has passed the following resolutions on this topic:

May 11-12, 1999: In order to enhance the accuracy, consistency, and repeatability of official inspection results, the Grain Inspection Advisory Committee recommends that GIPSA undertake a study to explore the feasibility of monitoring quality determinations from a centralized location.

May 16-17, 2000: The Grain Inspection Advisory Committee wants to express the desire that the outcome of the study on the central laboratory concept results in a more efficient and less costly inspection system.

As indicated by Mr. Orr, GIPSA has shared a statement of work and background information with Dr. John Surak, Clemson University. Negotiations regarding cost are well underway, and GIPSA is pushing for a study completion date of August 2001.

UPDATE ON INSPECTION AUTOMATION

As presented by Mr. Orr, GIPSA, working with the North American Export Grain Association, has charged a team of automation and grain inspection experts with developing an automated grain inspection system for use at export elevators (presentation slides attached). When completed and approved, the system will provide export elevators with constantly updated grain inspection information five times faster than present manual methods. The automated system has the potential to reduce costs to the industry and enhance GIPSA's efficiency. A prototype system has been installed at an export elevator in Destrehan, Louisiana.

The prototype system is assembled, functional, and has been programmed. In mid- to late- January, GIPSA anticipates running the system in test mode in conjunction with the manual system.

ISO CERTIFICATION OF PRODUCERS AND GRAIN ELEVATORS

Mr. John Giler, Chief of GIPSA's Standards and Procedures Branch, provided an overview of the International Organization for Standardization (ISO)'s certification program, and why GIPSA is considering whether the Agency has a role to play in the ISO certification of grain producers and elevators (presentation slides attached).

As presented by Mr. Giler, ISO 9000 certification may have a role in grain marketing. Identity preservation and other marketing processes could potentially benefit from ISO certification, as well as sampling, grading, and testing programs, and GIPSA's delegation/designation program. Knowing that the grain market and the official inspection system could potentially benefit from ISO certification, what role could GIPSA play? Should GIPSA become an ISO 9000 certifier? Should GIPSA use ISO 9000 concepts in preparing and implementing official procedures? Should the Agency develop its own ISO-like approach? In closing, Mr. Giler indicated that the Agency is at the beginning stages of its deliberations on this topic and is seeking feedback and advice from the Committee (see resolutions below).

GIPSA RESEARCH INITIATIVES

Mr. David Funk, Chief of GIPSA's Inspection Systems Engineering Branch, provided an update on GIPSA's research initiatives (presentation slides attached). As presented by Mr. Funk, GIPSA's Research Coordination Team has been meeting at least twice a year since 1997 to do strategic planning for the Agency's research, recommend priorities for research, and review progress on high-priority projects. Mr. Funk also presented an overview of GIPSA's priorities for the USDA's Agricultural Research Service (ARS) research and Agency research and highlights of research progress. Finally, Mr. Funk reviewed the status of collaborations with Iowa State University and the University of Illinois.

ARTIFICIAL NEURAL NETWORK WHEAT PROTEIN CALIBRATIONS

Mr. David Funk also provided an update on artificial neural network (ANN) wheat protein calibrations (presentation slides attached). ANN wheat protein calibrations for the official near infrared transmittance (NIRT) instrument have demonstrated potential for improved performance (relative to existing calibrations) and "global" applicability. GIPSA is considering official implementation of this new type of calibration in May 2002 and is currently conducting a field study of the technology. Mr. Funk explained the costs, benefits, and implications of adopting "global" ANN-based NIRT calibrations for official wheat protein tests. Mr. Funk also indicated that an opportunity for unofficial NIRT users to get field-testing experience with an ANN calibration will be announced. Mr. Andy Gell, FOSS North American, provided a few brief remarks about his company's role in this arena (handout attached).

TEST WEIGHT CONVERSIONS TO kg/hL: U.S. COMPARED TO CANADA

Mr. John Giler, Chief of GIPSA's Standards and Procedures Branch, provided a comparison of how the U.S. and Canada convert test weight results to kilograms per hectoliter (kg/hL) (presentation slides attached). The issue raised by Bonnie Fernandez, Committee member and Executive Director of the California Wheat Commission, is Canada's conversion formulas result in a heavier kg/hL weight than the U.S. (i.e., GIPSA) conversion formulas. In calculating the kg/hL test weight, GIPSA converts g/quart to lbs/bu to kg/hL. The official Canadian method converts g/0.5 L to lbs/bu to kg/hL.

According to Mr. Giler, the real difference/issue may actually be how the calculations are actually made. The Canadians use the same mathematical formula for Durum and all other wheats to calculate lbs/bu. Their calculation uses a simple conversion formula for volume and weight and it does not factor in a "pack" of the sample. However, they use two different formulas, one for Durum wheat and one for all other wheats, to convert to kg/hL from g/0.5L. In other words, the Canadians do not distinguish between Durum and other wheats when converting to lbs/bu, but they do distinguish when converting to kg/hL.

The end result is that the U.S. and Canada calculate kg/hL differently, and, according to Ms. Fernandez this could be affecting the marketing U.S. exports. Major importers of U.S. and Canadian wheat often point out that U.S. wheat on average runs lower in test weight. According to Ms. Fernandez, the lower U.S. test weights may be due solely to differing calculations and not the actual quality of the wheat (see resolutions below).

INTERNATIONAL UPDATE

Mr. John Pitchford, Director of GIPSA's Office of International Affairs (OIA), provided an overview of the OIA's functions and activities (presentation slides attached). OIA's functions include: (1) facilitating the resolution of trade barriers; (2) investigating discrepancies in quality and weight reported by importing countries and end users; (3) monitoring grain shipments at destination ports to compare origin and destination quality; (4) assisting USDA cooperator organizations with international market development projects, such as installing diverter-type samplers, establishing grain inspection laboratories, testing and evaluating grain inspection accuracy, and providing grain inspection training to local inspectors; and (5) visiting with representatives of other countries at home and abroad to explain GIPSA's inspection and weighing procedures.

OIA's recent activities included: (1) working with USDA's Foreign Agricultural Service (FAS) and Animal and Plant Health Inspection Service and the Office of the US Trade Representative to formulate plans for implementing the wheat section of the U.S.-China agricultural agreement signed in April 1999. The agreement provided for a joint collaborative study to discuss tolerances, testing and sampling procedures for TCK smut in wheat shipments from the U.S. to China; (2) initiating additional activities to establish and strengthen relationships with Chinese inspection personnel to facilitate grain trade.

In December 1999 two GIPSA reps traveled to China to exchange information on grain standards and inspection procedures. In June 2000 Chinese officials visited U.S. to further discuss grain inspection issues and the U.S. national inspection system; (3) on two separate trips, accompanying FAS reps to Korea, the Philippines, Taiwan, Hong Kong, Japan, Thailand, Malaysia, Indonesia, Singapore, and Australia to clarify general policy and trade issues associated with biotechnology. Topics included the establishment of a biotech reference lab at TSD, accreditation of independent labs and the verification of test kits for differentiating non-biotech commodities (4) working with other Agencies to develop a protocol addressing Japan's concerns with food corn imports that may contain low levels of StarLink corn, which has not been approved for food use in the United States or for food or feed use in Japan. USDA delivered

a proposed protocol to Japanese officials on Friday, November 3, 2000, which they immediately accepted. The protocol provides for testing barges and railcars at interior points using lateral flow methodology, then shipping the corn identity preserved to and through the export elevator. It also provides for GIPSA to test half of five U.S. corn market samples for StarLink corn and send half of the samples to Japan for monitoring. On November 7, 2000, FAS reported that Japan had purchased 127,000 metric tons of U.S. corn. This sales report is good news, indicating trade is continuing. Also on November 7, Japan's Ministry of Health issued a press release announcing they have accepted the U.S. testing and identity preservation (IP) protocol for food corn;

- (5) resolving quality and quantity complaints. In fiscal year 2000, GIPSA received 13 quality and 0 quantity complaints from importers on grains inspected under the U.S. Grain Standards Act, as amended. These complaints involved 355,853 metric tons, or about 0.3 percent by weight, of the total amount of grain exported during the year. This compares to 20 quality and 2 quantity complaints received in fiscal year 1999, representing about 1.4 percent of grain exports by weight;
- (6) responding to requests for technical assistance. This year, GIPSA received 19 requests for technical assistance overseas. 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; and
- (7) briefing international trade teams. In fiscal year 2000, GIPSA briefed 48 trade teams from 28 different countries.

Mr. Pitchford also discussed the Asian tour of duty (TDY) and the Agency's projects in Mexico in more detail. Most GIPSA international travel assignments involve participating in educational seminars, investigating quality or weight discrepancies or participating in discussions and/or negotiations concerning conditions that restrict U.S. trade. One step toward developing a more proactive approach in working with overseas customers is to establish a long TDY position overseas. At the suggestion of one of GIPSA's Cooperators, U.S. Wheat Associates, the Agency will conduct the planning necessary to establish such a position in Asia. Contingent upon funding, the individual selected would represent FGIS in the region to strengthen current relationships and increase communications regarding areas of mutual concern.

GIPSA is also working with the Mexican grain industry and government to restore the importers' confidence in the official U.S. grain inspection certificate. To this end:

- (1) GIPSA conducted two 3-day seminars in Mexico City and Guadalajara in August of this year. Over 120 Mexican traders, importers, technical people attended the seminars;
- (2) GIPSA will develop a protocol to monitor the quality of one ocean-going shipment and one railcar grain shipment from the loading point in the United States to the end user in Mexico;
- (3) GIPSA will assist Mexican authorities in the new administration to develop grain standards that are more in line with U.S. and international standards; and
- (4) GIPSA will also work with Mexican public and private sector officials to develop a national inspection system, hopefully mirrored after the U.S. national inspection system, with a central reference laboratory.

STANDARDS AND PROCEDURES UPDATE: HARD WHITE WHEAT STANDARDS

Mr. John Giler, Chief of GIPSA's Standards and Procedures Branch, provided an update on the Hard White Wheat (HDWH) standards (presentation slides attached). Although the HDWH class was is relatively new, it has the potential to become one of the largest classes of wheat in the U.S. Depending on growing area and weather conditions, HDWH kernels take on different colors. As a result, the official grain inspection system has developed procedures to address color while ensuring proper classification and market facilitation. In May 1999 GIPSA, in partnership with the trade, developed a new color line and classification policy for HDWH. Samples as white or whiter than the color line qualify ad HDWH. Samples darker than the color line classed as HRW or HRS, based on morphological traits of kernels.

GIPSA continues to monitor the HDWH market and anticipates that HDWH will be grown to a greater extent. Recently, several companies have offered contract bonuses to farmers who plant HDWH with premiums of up \$0.25/bu for good quality. GIPSA has also observed that two end-use markets are evolving. Whereas domestic millers focus primarily on intrinsic quality rather than kernel color, international millers place greater emphasis on kernel color in response to consumer preference.

In response to market trends, GIPSA is considering two possible actions: (1) establishing a "special grade" based on color for dark HDWH. This would be similar to what is done in the oat standards for bright oats. This would make it easier for buyers, especially international buyers, to specify what color of HDWH they want; and (2) redefining Wheat of Other Classes (WOCL) and Contrasting Classes (CCL) for HDWH. To date, GIPSA has defined a CCL based only on the color of the sample. In mixtures of HDWH and Hard Red wheat (HRW), the mixture functions and performs like HRW. Under the current standards, however, HDWH in HRW is considered a CCL. GIPSA is considering a new definition of CCL under which HDWH in HRW would not be considered as a CCL.

In closing, the wheat standards must facilitate production and use of HDWH as well as all other classes. To this end, GIPSA is contemplating changes to the wheat standards.

**RESOLUTIONS OF THE GRAIN INSPECTION ADVISORY COMMITTEE
NOVEMBER 28-29, 2000**

1. **Test Weight:** The Grain Inspection Advisory Committee recommends that GIPSA compare the test weight calculations of the U.S. and competitor countries. Upon completing this analysis, GIPSA should consider publishing a conversion chart reflecting the different methodologies.

Note: One Committee member suggested that the resolution should be lengthened by adding the following to the above: “and the factors that might explain differences in readings among countries and samples, such as moisture content.” Although the Committee seemed to agree with the add-on, they approved the shorter version of the resolution as stated above.

2. **Dockage in Wheat:** Whereas USDA is interested in promoting cleaner wheat and GIPSA is proposing to establish grade limits for dockage, the Grain Inspection Advisory Committee recommends that if dockage becomes a grade factor that it apply to all uses and markets, both export and domestic. Furthermore, the Committee recommends that the proposed comment period be extended to 90 days.
3. **ASIST:** The Grain Inspection Advisory Committee commends GIPSA on its efforts to automate the official export inspection process. The Committee recommends that GIPSA allocate the necessary funds to complete the current pilot program and, if successful, proceed with facilitating the commercialization of the system to make it available to both the export and domestic inspection system. Furthermore, the Committee recommends that GIPSA consider patenting the system or at a minimum take actions to prevent an outside commercial vendor from patenting the accomplishments of GIPSA’s ASIST team.
4. **Training/Education:** The Grain Inspection Advisory Committee recommends that GIPSA continue to focus on the standardization of the official system and provide educational programs to the general public for a fee. In depth training programs should be restricted to those providing official inspections.
5. **ANN Calibrations:** The Grain Inspection Advisory Committee recommends that GIPSA continue its work on ANN calibrations for NIRT instrumentation. This includes soybeans and corn, as well as wheat. However, because of the cost involved, it is further recommended that the implementation date be extended one year.
6. **ISO Certification:** The Grain Inspection Advisory Committee believes that future marketing of value-enhanced crops will promote greater reliance on identity preservation or crop segregation programs. While the Committee believes there may be a need for GIPSA to provide ISO or similar certification processes to producers and grain facilities, the Committee recommends that GIPSA review the public comments received from the pending ANPR prior to proceeding with further work on developing an ISO certification program.

7. Financial Management: The Grain Inspection Advisory Committee recommends GIPSA provide further information to the Committee on how GIPSA distributes overhead charges to individual program accounts. Furthermore, the Committee requests that GIPSA provide additional information to the Committee on budgetary and actual financial records by program account.
8. Fees: The Grain Inspection Advisory Committee recommends that GIPSA consider setting fees based on full cost recovery based on differences across the country. This includes overhead as well as hourly fees.
9. Extractable Starch: The Grain Inspection Advisory Committee recommends that GIPSA allocate additional funding to support the further development of a quick and reliable method to measure the amount of extractable starch contained in corn.
10. Biotechnology: The Grain Inspection Advisory Committee commends GIPSA for its efforts to promote accurate and reliable biotech testing. Furthermore, the Committee recommends that GIPSA: (1) evaluate the performance of quick tests according to manufacturer's specifications; (2) promote international standardization of biotech testing; and (3) initiate the evaluation and potential accreditation of laboratories for the detection of biotech events.

RECOGNITION OF DEPARTING MEMBERS

Mr. James Baker, GIPSA Administrator, recognized those advisory committee members whose term expires in March 2001. The departing members are as follows:

- Mr. William "Mike" Cassidy (Cassidy Grain Company)
- Mr. Robert Gore (Washington State Department of Agriculture)
- Mr. Israel Lopez (ADM, Corpus Christi)
- Mr. Ronald Mitzel (Dakota Mill and Grain)
- Mr. Robert Williams (Farm Owner/Operator in Conway, Arkansas)

Although not present at this meeting, the term of service of five alternate committee members will also terminate. The alternate members are as follows:

- Ms. Patricia Jensen (North Dakota State University)
- Mr. Randy Marten (Food Ingredient Advisors)
- Mr. Thomas Meyer (Kansas Grain Inspection Service, Inc.)
- Ms. Jacalyn Oncken (Arrow Industries, Inc.)
- Ms. Elizabeth "Kay" Taylor (Busch Agricultural Resources)

NEXT MEETING

The Administrator proposed and the Committee agreed that the next meeting will be in April-May 2001 in Kansas City, Missouri.

CONTACTS

If you have any questions regarding the Committee and/or if you would like a hard copy of the minutes with attachments, please contact:

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