

Grain Inspection Advisory Committee

November 17-18, 2009

Summary of Meeting Embassy Suites Kansas City Plaza

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WELCOME

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

ACCEPTANCE OF JUNE 24-25, 2009, MEETING MINUTES

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

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

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

MEETING ATTENDEES

Committee Members

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

Alternate Members

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

GIPSA

Mike Eustrom, Leader, BAR, Technical Services Division (TSD), GIPSA
Terri Henry, Management and Budget Services, GIPSA
Eric Jobs, Policies, Procedures and Market Analysis Branch GIPSA
Randall Jones, Deputy Administrator, GIPSA
Donald Kendall, Deputy Director, TSD, GIPSA
Bob Krouse, Compliance Officer, Compliance Division, GIPSA
Bob Lijewski, Acting Director, Field Management Division, GIPSA
Pat McCluskey, Agricultural Marketing Specialist, PPMAB, FMD, GIPSA
Tom O'Connor, Director, Compliance Division, GIPSA

Jennifer Porter, Assistant to the Deputy Administrator, GIPSA
Byron Reilly, Departmental Initiatives and International Affairs, GIPSA
John Sharpe, Director, TSD, GIPSA
Vincent Volpe, Union Representative
Mark Wooden, Compliance Officer, Compliance Division, GIPSA

Other Attendees

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

JUNE 2009 RESOLUTIONS RECAP

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

1. The Advisory Committee recommends to GIPSA, to ensure a smooth transition when replacing FGIS personnel, that GIPSA look within current staffing with the experience to continue the facilitation of new programs being implemented. FGIS understands and appreciates the Advisory Committee feedback. FGIS has a number of initiatives to train staff to take on more responsibility and to make opportunities available to staff.
2. The Advisory Committee applauds GIPSA on being a leader of governmental agencies by developing a Quality Management Program, conducting strategic planning, and developing FGISonline. Furthermore, we encourage GIPSA to continue setting positive examples and continue to be a leader of governmental agencies and recommends continuing work to develop an updated strategic plan, which focuses on current and future needs of the Agency, industry, and producers.

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

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

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

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

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

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

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

CROP PRODUCTION & MARKETING OUTLOOK

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

SORGHUM ODOR

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

GIPSA has been reviewing the official storage musty odor line and its consistent application in sorghum. GIPSA entered into an agreement with the Agricultural Research Service to enlist the expertise of Dr. Edger Chambers, a noted sensory expert at Kansas State University, to develop a reference standard that could be easily replicated to reflect the official sorghum storage musty odor line. The reference would be used to ensure the line was maintained over time, train inspectors, and to provide an aid to inspectors and the industry when machining odor determinations. Dr. Chambers will also provide GIPSA with training on how to use the standard, methods to prevent inspector desensitization when making multiple determinations in a short time period, and recommendations for environmental considerations for areas where odor determinations are made. This effort is designed to address the reported inconsistency of odor determination between inspection points.

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

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

CONTAINER REGULATIONS

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

Containerized Shipments

Grain exported in containers has grown exponentially in the past 5 years to levels that far exceeded grain industry forecasts. This has prompted GISPA to review current policies and procedures pertaining to containerized cargoes, and also the regulations for the inspection and weighing of grain in single lots and combined lots. GISPA also reviewed regulations that are specific to the CuSum loading plan and is proposing that regulations applicable to inspections of shiplots, unit trains, and lash barges be amended to address situations where load orders specify "Average Grade" or "No subplot to exceed" analysis. The goal of the review and any subsequent changes is to ensure inspection and weighing procedures are fair and do not create advantages or disadvantages with regard to the shipping container or method.

Video Railcar Stowage Exams

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

Fumigation Handbook

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

Track Scale Program

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

WHEAT STANDARDS REVIEW

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

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

QUALITY MANAGEMENT PROGRAM FOR THE OFFICIAL SYSTEM

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

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

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

BIOTECHNOLOGY PROFICIENCY PROGRAMS

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

INTERNATIONAL TRADE AND OUTREACH ISSUES

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

China Soybean Project

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

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

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

In the new soybean study proposal, AQSIQ wants to study the quality of six shipments (three from the Gulf and three from the PNW). GIPSA and FAS are re-drafting the proposal to study one shipment from the Gulf and one from the PNW.

Long-Term Assignments to Asia

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

Indonesia Food Safety Regs

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

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

Soybean Train Monitoring to Mexico

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

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

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

Importer Complaints

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

FY 2009 Complaints

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

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

RICE EQUIPMENT APPROVAL ISSUES

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

There are two basic categories of official inspection equipment approvals. In the first case are those measurements that are based on an accepted reference method and the second basic category of equipment approvals include those where the approval is based on equivalency to an existing officially approved type. The criteria involved in equipment approval decisions are determined by the needs and expectations of the official inspection system and grain marketing system that it serves. GIPSA makes approval decisions very carefully and deliberately because of the responsibility the

Agency assumes for the quality of results resulting from officially approved equipment and the official procedures and calibrations (if applicable) that GIPSA specifies for official use of officially-approved equipment. The manufacturer, for its part, must commit to maintain the model design and fabrication identical to the model that was submitted for evaluation.

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

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

2009 PROGRAM UPDATE

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

Succession Planning

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

FGISonline

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

Quality Roundtable

A mix of senior management will meet November 19-20, 2009, to identify ways to ensure continued quality of GISPA service throughout the entire inspection system. Inspection and Weighing Last year was historically low which caused shortcomings in revenue with the general trend downward but we are projecting a slight increase this coming year.

Financial Status and Projection

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

RESOLUTIONS

1. The Advisory Committee recommends that GIPSA put together a multi-regional work group to explore market-driven standardization requirements for the rice industry.
2. The Advisory Committee recommends to GIPSA that in order to protect the integrity of U.S. grains and related markets, GIPSA should continue to provide world-wide leadership through financial and institutional support to its Laboratory Biotechnology Proficiency Program with the on-going objective to improve the consistency and reliability of testing for the presence of genetically engineered traits. In addition, GIPSA should investigate the means of implementing a fee structure related to participation in its Laboratory Biotechnology Proficiency Program.
3. The Advisory Committee recommends that GIPSA evaluate the current moisture calibration for high moisture rough rice for accuracy when compared to the air oven reference.
4. The Advisory Committee commends GIPSA for their work with rail scale testing; and recommends that GIPSA work with the Association of American Railroads (AAR) and their member companies to obtain financial assistance with rail scale test car replacement costs; and to provide a summary document describing the work that GIPSA does as the only governmental agency providing rail scale weighing traceable to National Institute of Standards and Technology (NIST) standards.
5. The Advisory Committee recognizes that market dynamics are affecting GIPSA's ability to fairly and equitably allocate costs. Therefore, the Advisory Committee recommends that GIPSA provide a more complete explanation of how overhead costs (e.g., Washington, DC costs) are allocated to the 520 Program vs. the 530 Program across all field offices.

CERTIFICATES TO OUTGOING MEMBERS

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

NEXT MEETING

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