Summary of Meeting
National Grain Center--Kansas City, Missouri

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WELCOME

Larry Mitchell, Administrator, Grain Inspection, Packers and Stockyards Administration and Mary Coffey Alonzo, Director, Technology and Science Division, Federal Grain Inspection Service, GIPSA, welcomed everyone to the meeting and introductions were made. Paul Lautenschlager, Chairperson, Grain Inspection Advisory Committee (Advisory Committee) called the meeting to order.

ACCEPTANCE OF DECEMBER 6-7, 2011, MEETING MINUTES

The Advisory Committee approved the minutes of the December 6-7, 2011, meeting as presented.

REVIEW AND ACCEPTANCE OF JUNE 18-19, 2013, AGENDA

The Advisory Committee approved the agenda of the June 18-19, 2013, meeting as presented.

MEETING ATTENDEES

Advisory Committee Members

Tammy Basel, Past President, Women Involved in Farm Economics
Janice Cooper, Executive Director, California Wheat Commission
Rennie Davis, President/CEO, Davis Seed Farms, Inc.
Rigoberto Delgado, Senior Partner, Delgado Farms Lcc.
Warren Duffy, Vice-President/Export Operations, ADM Grain
Omar Garza, Special Project Coordinator, University of Texas, Pan American
Arvid Hawk, President, Global Agricultural Consulting, LCC
Edgar Hicks, Director, Nebraska State Grange
Jayce W. Hoyt, Managing Partner, Go Grain LLC
Paul Lautenschlager, Manager, Beach Coop Grain Co
Kent McAninch, Owner/Operator
Nannette Pfister, Operations Leader, Cargill/Farm Service Group
Sarah Ann Sexton-Bowser, Director of Membership Services, KGFA
Maria Reinitz, Manager, Gavilon, LLC

GIPSA

Mary Coffey Alonzo, Director, Technology and Science Division (TSD), GIPSA
Rob Dorman, Policies, Procedures and Market Analysis Branch (PPMAB), GIPSA
Dr. David Funk, Chief Scientist, TSD, FGIS, GIPSA
Joe Han, PPMAB, FMD, FGIS, GIPSA
Eric Jabs, Branch Chief, Quality Assurance and Designation Branch (QADB), GIPSA
Randall Jones, Deputy Administrator, GIPSA
Bob Lijewski, Director, FMD, GIPSA
Pat McCluskey, Branch Chief, PPMAB, FMD, GIPSA
Larry Mitchell, Administrator, GIPSA
MARKET UPDATE

Randall Jones, Deputy Administrator, FGIS, GIPSA, gave a general overview of FGIS operations.

The 2012 crop year export inspections are at the lowest levels since 1983 and 1986. Corn is down 54 percent below last year’s level. Compared to all grain, exports are down to 20 percent from last year’s very low level and are 35 percent below the 5-year average. The 4 FGIS field offices are running approximately 25 percent below the 5-year average and 12 to 13 percent below last year’s levels.

China’s purchases of soybeans are the primary driver of our grain exports. Soybean exports will exceed corn this year. Wheat export levels are similar to last year’s level and slightly below the 5-year average. Sorghum exports are better than last year but substantially below the 5-year average. Low crop production is attributable primarily to weather with drought during the production season and then torrential rains during harvest.

FGIS Individual Port Locations:

• New Orleans –
  o January experienced low Mississippi river levels that restricted barge traffic
  o April and May there were problems with flooding making it very challenging
  o 2012 was lowest dating back to 2003, 15 percent below last year and 25 percent below 5-year average
• League City –
  o Very slow last year compared to the 5-year average, slightly better this year but still
    30 percent below 5-year average

• Portland –
  o Past year very difficult
  o FGIS services three facilities
  o One shut down for improvements, one has limited service, and one operating 24/7
  o 35 percent below last year’s level and 40 percent below the 5-year average

• Toledo –
  o Slightly above 5-year average

• Olympia (State of Washington) -
  o Very tough year for Washington Department of Agriculture
  o Staff layoffs
  o Labor issues
  o 20 percent below 5-year average and 20 percent below last year

• Canada –
  o When requested send staff to Canada from Toledo for inspection and weighing
    service
  o Services performed on a cost recovery basis
  o 45 percent below 5-year average

Domestic inspections are voluntary and primarily performed by Official Agencies (OA). Inspections are stable. Pulse inspections are slightly better than last year. Exports are still driving the pea and lentil trade. Rice inspections are very consistent over the last few years. This year’s containerized grain inspections are slightly behind the 2011/12 average due to reduced exports. Out of 135 registered facilities, 90 are currently loading.
INTERNATIONAL PROGRAMS

John Pitchford, Director, DIIA, FGIS, GIPSA, provided a briefing on foreign complaints, international trade, and outreach initiatives.

**Importer Complaints**

In 2011, 15 Korean and Japan corn shipments received quality complaints; however the complaints have declined in the last few years. Last year, GIPSA received five quality complaints and one complaint from China this year on green soybeans. The decrease could be due to the decline in export inspections.

**U.S./China Soybean Vessel Comparison Study**

Last year, USDA and China’s General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) decided to conduct a joint vessel comparison study (VCS) of four shipments of U.S. soybeans between U.S. and Chinese ports to evaluate differences in sampling procedures and inspection results for treated soybean seeds and other quality factors.

GIPSA, in conjunction with the Foreign Agricultural Service (FAS), Animal and Plant Health Inspection Service (APHIS), Food and Drug Administration (FDA), American Seed Trade Association (ASTA), North American Export Grain Association (NAEGA), and U.S. Soybean Export Council (USSEC), drafted a protocol for the VCS and shared it with AQSIQ. During 2012, we negotiated and reached an agreement on the terms of reference for the study. The Chinese participants included the China Inspection and Quarantine Services (CIQ) and China’s General AQSIQ.

M/V LADY MARITE began loading in Seattle, Washington, on February 24, 2013. CIQ officials from different port offices traveled to the U.S. to observe the loading of the first study vessel. At the time of loading, GIPSA personnel obtained representative samples by officially sampling the entire cargo using a D/T mechanical sampler. In addition, GIPSA used a 6-foot compartmented probe to collect five samples from the study holds 2, 4, and 6 when the vessel was half full and again when full, using a predetermined probe pattern. CIQ officials were not interested in GIPSA probe samples stating it is not a normal sampling practice during loading. They requested sublot samples from the entire cargo.

Representatives from GIPSA, FAS, and NAEGA traveled to Zhejiang, China, to observe China’s sampling and inspection procedures during the discharge of the study holds and draw our own official probe samples. China used a small hand scoop to collect surface samples for phytosanitary inspection at three depths during discharge. For the quality inspection they used a probe to obtain samples at three depths.

GIPSA, FGIS Board of Appeals and Review are inspecting the samples officially collected by GIPSA at destination. GIPSA is waiting to receive China’s inspection results so an interim report can be drafted.
Working with Chinese officials to develop this vessel comparison study facilitated the development of a strong rapport between USDA and AQSIQ. This will be strengthened during execution of the study. The project has served as a remarkable example of cooperation among U.S. and Chinese government and industry officials, including the entire U.S. soybean value chain, from seed to spout. Vessels #2, 3 and 4 will be monitored next shipping season. The project has been successful with no recent complaints.

Detection of GE Wheat

In late April 2013, an Oregon winter wheat producer was preparing a 123-acre field for planting in the fall 2013. The field was last planted in the fall 2011 and harvested in July 2012. To prepare the field the producer sprayed the field with the herbicide glyphosate in the spring 2013. The producer noticed that volunteer wheat was not killed by the applied glyphosate and contacted the Oregon State University (OSU). OSU notified USDA that plant samples had tested positive for a protein that made them glyphosate-resistant.

APHIS enlisted the assistance of GIPSA’s biotech testing laboratory during the investigation. AMS and GIPSA confirmed OSU’s results and that the genetic material was part of a specific “event” developed by Monsanto known as MON71800. MON71800 was field tested with USDA approval under controlled conditions in 16 states from 1998 through 2005.

FDA consultation in 2004 confirmed that the GE wheat is as safe as non-GE wheat so there are no food/feed safety concerns. GIPSA is ready to work with the market responses and will issue a letterhead statement upon request that says there is “No GE varieties for sale or in commerce.” GIPSA has no plans to provide official testing at this time.

On June 13, 2013, USDA validated an event-specific PCR (DNA-based) method for detecting MON71800 (provided by Monsanto to USDA on May 23, 2013). The USDA validation process included a specificity study and a sensitivity study. USDA determined that the method can reliably detect MON71800 when it is present at a frequency of 1 in 200 kernels. Additionally, USDA has provided this validated DNA test method to detect this specific GE variety to our trading partners that have requested it.

Major markets, such as Japan, Korea, and Taiwan have postponed imports of U.S. white wheat as they continue to study information from U.S. officials to determine what, if any, future action may be required. USDA officials will continue to provide information as quickly as possible as the investigation continues – with a top priority on giving our trading partners the tools they need to ensure science-based trade decisions. We have no other reports of overseas markets closing to U.S. wheat, or requiring testing of wheat shipments from the United States.
FIELD MANAGEMENT DIVISION UPDATES AND INITIATIVES

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

Fall Protection and Safety

Bob Lijewski, Director, FMD, FGIS, GIPSA, discussed the background of the fall protection and safety issues. In October 2011, OSHA cited GIPSA for alleged violation of fall protection regulations. GIPSA appealed the citation and in December 2012, OSHA responded and dismissed the citation. OSHA requested that GIPSA ensure all persons working on the top of rail cars be trained in safety issues. Qualified GIPSA personnel will be sent to all rail sampling sites where GIPSA sampling is provided to determine the feasibility of constructing fall protection. A rolling stock fall protection assessment will be completed and after discussions with the field office managers there will be a policy put in place just for FGIS.

Laboratory Modernization Project

Mr. Lijewski discussed lab space improvements. The FGIS Executive Management Team’s initiative is to make the laboratories safer, more efficient, and improve customer service. Most of the inspection labs are over 30 years old and are not adequate anymore. Industry is working with FGIS on the lab space improvements, relocations, and in some cases new lab spaces to comply with FGIS Directive 9160.5. The goal is to link inspections electronically and sync with the quality control system.

Water-based Mycotoxin Test Kits

Mr. Lijewski discussed aflatoxin kits. GIPSA currently has 14 approved aflatoxin kits with only 12 currently used in the official system. GIPSA reviewed the waste disposal program and found there are significant regulatory concerns related to the disposal of solvents which should be considered hazardous waste. This not only drives up the cost for disposal but could be a safety hazard for employees. GIPSA would prefer to implement water-based testing for the official system to eliminate the need for organic solvents and disposal cost. Currently approved waterbased test kits are the Charm Rosa Wet Aflatoxin and the Neogen Reveal Q Aflatoxin Green. The industry will be notified ahead of time so they may be prepared. If the aflatoxin water-based system is a success then GIPSA will move forward with approving water-based test kits for Ochratoxin A, Zearalenone, and Fumonisins.

Canadian Phytosanitary Inspections

Mr. Lijewski provided an update on potential changes to Canadian Food Inspection Agency (CFIA) requirements on grain imported into Canada. The changes could lead to an increase in FGIS phytosanitary inspections on approximately 37,000 land carriers a year going into Canada. The inspections would occur near land border crossings between the U.S. and Canada in Seattle, WA; Pembina, ND; Duluth, MN; Buffalo, NY; St. Albans, VT; Great Falls, MT; Minneapolis, MN; Detroit, MI; Ogdensburg, NY; and Portland, ME. FGIS and Official Agencies (OA) perform the inspections in these locations since APHIS does not always have staff available in specific areas.
Role of DIOO

Mr. Lijewski provided an update on the Domestic Inspections Operations Office (DIOO) located in Kansas City. DIOO is the Wichita, Kansas City, and Cedar Rapids field offices merged into one central office. DIOO responsibilities are to coordinate and oversee the front-lines for FGIS program execution at the OA level. Their mission is to provide policy and procedural support to OA, coordinate necessary actions as a result of Compliance reviews, work with the processed commodity program, official weighing, collaborate with BAR/GSL/QACD on the monitoring, appeals, equipment checktesting program, and proctoring for inspection licensing. This is the only domestic grain inspection supervision office in place; Grand Forks supervises pulse inspections and Stuttgart provides rice supervisions.

Rulemaking and Export Inspection Fees

Pat McCluskey, Chief, PPMAB, FMD, FGIS, GIPSA, provided updates on rulemaking activities currently in the clearance process. Progress and timelines were discussed regard the following:

- Final Rule: U.S. Standards for Wheat become effective May 1, 2014
- Final Rule: Container Rule in clearance
- Proposed Rule: U.S. Standards for Barley in clearance
- Notices of request for public comment: Whole Dry Peas, Beans, Lentils, Feed Peas
- Peas and Split Peas
- Effective date for Export User Fee Structure was May 1, 2013.

North Dakota Pulse Grading

Mr. McCluskey provided an update on the pulse grading in North Dakota. US Dry Pea and Lentil Council requested official inspection services in western North Dakota. GIPSA established a lab at United Pulse Trading after finding it challenging to find space and personnel in the Minot area due to the oil business. The Minot agency collects the samples for shipment to Grand Forks by AMTRAK and results are provided to the customer the next day. This is extremely cost effective.

OVERVIEW OF QUALITY PILOT IN NEW ORLEANS

Eric Jabs, Chief, QADB, QACD, FGIS, GIPSA, discussed the quality pilot program that began on May 1st in New Orleans and will run through to September 30, 2013.

The purpose of the project is to evaluate the benefits of expanding the Agency’s quality program to include a measure of inspector performance based upon an analysis of their separations of three quality factors. The pilot is part of a comprehensive review of the Agency’s quality program. At the conclusion of the pilot project, the results will be evaluated to determine who best to implement the system of inspector performance that includes separations at all field offices. GIPSA will work with union officials on procedures that will be used to fully implement the new system of measuring inspector performance.
CENTRALIZATION OF QUALITY ASSURANCE

Jim Whalen, Chair, BAR, TSD, FGIS, GIPSA, discussed the final phases of the centralization of the quality assurance.

GIPSA has completed a multi-year process to centralize quality assurance functions into a central monitoring lab. Effective June 10, 2013, quality assurance functions for monitoring, licensing, and appeals transitioned from the Domestic Inspection Operations Office (DIOO) to the Grading Services Laboratory (GSL) within the Board of Appeals and Review (BAR). Effective August 1, 2013, all equipment performance verification will be centralized into the BAR. A key improvement this type of centralization offers is that any potential for stacking of tolerances is reduced or eliminated.

SORGHUM ODOR PROJECT

Mr. Whalen provided background information on the Sorghum “Storage Musty” odor project timeline.

The Sorghum “Storage Musty” Odor project was initiated in response to an Advisory Committee resolution in October 2011. Reference samples are created by adding Geosmine and 1, 2, 4-Trimethoxybenzene to base samples of stored sorghum with established “okay” odors. Official inspection personnel were trained from February to March, 2012, to use the samples, and the reference samples themselves were distributed for use shortly thereafter. A shelf-life study had earlier determined that the reference samples were only viable for a 90 day period, so reference samples were refreshed quarterly. TSD also monitored use of the samples, and found that use was minimal. In order to avoid the cost associated with preparing and distributing samples, TSD now dispenses the reference samples on an as-needed basis. TSD maintains a reserve stock of reference samples at all times. Follow-up training is performed at annual Quality Assurance Seminars to maintain awareness.

RICE INITIATIVES

Richard Pierce, Chief, IIB, TSD, FGIS, GIPSA, provided a background on Rice Initiatives and Determining Percent Broken Kernels.

A Rice Surface Lipid Pilot study is currently underway that will test the accuracy and consistency of NIRT calibrations on market samples. Data will be collected to improve the performance of the calibrations and to determine whether NIRT analysis can serve as a measure of the degree of milling of rice kernels. The primary assessment will compare NIRT predicted surface lipid content against laboratory reference values. In addition, degree of milling determinations made subjectively by both FGIS field based grain inspectors and the BAR will be compared with surface lipid content values. GIPSA is also working on a method for determining the percent of broken rice kernels using a low cost flatbed scanner system. The study is still in the early phase.
UGMA-COMPATIBLE MOISTURE METERS

David Funk, Chief Scientist, TSD, FGIS, GIPSA, provided an update on the status of UGMA-compatible moisture meters.

Dr. Funk reported that GIPSA completed implementation of the Unified Grain Moisture Algorithm (UGMA)-compatible moisture meters on May 1, 2013.

The history of the development and implementation of UGMA-Compatible moisture meters was reviewed along with the benefits of having multiple approved models of the new technology.

FEASIBILITY OF APPROVING MULTIPLE MODELS FOR WHEAT PROTEIN

Dr. Funk reported that GIPSA was assessing whether or not it was feasible to approve multiple equivalent near infrared technology instruments.

The desirability of developing and defining suitable compatible NIR technology for wheat protein (and other official factors) was discussed. Several significant technical challenges were identified that may prevent defining “equivalent” NIR technology. The timeline for such a development was estimated at 5 to 10 years.

GLUTEN STRENGTH ANALYZER

Tim Norden, Chief, ACB, TSD, FGIS, GIPSA, provided a briefing on the gluten strength analyzer. In 2003, GIPSA, working with its stakeholders, identified gluten strength as a key market need for which no test or instrumentation existed. GIPSA initiated development of a market-relevant test for gluten strength that can be accomplished in 30 minutes or less for any wheat sample. GIPSA's Wheat Functionality Laboratory was established and over the last 6 years, prototypes have been developed by Perten Instruments. The final commercial prototype was tested using 48 hard wheat pure cultivar flour samples. The wheat industry has been kept apprised of the status of the project. Future work consists of GIPSA completing their evaluation and initiating a collaborative study with key wheat quality laboratories as a way to introduce this new test to the wheat industry.

MYCOTOXIN QUALITY ASSURANCE PROGRAM

Dr. Norden reported that GIPSA is implementing a national quality assurance program for Falling Number testing that involves collecting and reanalyzing samples weekly from service locations, and providing feedback on results received. A check sample program will also be included in the QA program to focus on troubleshooting issues. The implementation date for the program is July 2013.

GIPSA is also implementing a national quality assurance program for mycotoxin testing with an inspection monitoring program. Samples will be reanalyzed for testing accuracy and real-time feedback provided to the service locations. A mycotoxin check sample program, which assesses system-wide performance and test kit/operator troubleshooting, was just initiated for the second year. Implementation of the full program is planned for FY 2014.
MANAGING LABOR COSTS

Tom O’Connor, Director, QAQC, FGIS, GIPSA, provided an overview of labor-management relations within GIPSA. He noted that labor relations are governed by a national contract between the American Federation of Government Employees and FGIS addressing a wide range of issues, including employee and union rights; discipline and adverse action; grievance and arbitration procedure; leave; RIF and furlough; contracting out; promotions; mid-term negotiations; industrial disputes and civil disorders.

Mr. O’Connor noted that some FGIS field offices have entered into a supplemental contract with their local union leadership that covers issues, such as overtime and scheduling, that are unique to that location.

Mr. O’Connor explained that only employees located at FGIS field offices are covered by the national and local contracts with the exception of supervisors, managers, professional employees and employees engaged in personnel work in other than a purely clerical fashion. He pointed out that this exclusion includes employees at TSD, DIIA, QACD and FMD HQ staff.

Mr. O’Connor reviewed the legal roles and responsibilities of the Union in representing its membership: negotiations with management; attend meetings with management; investigate and prepare grievances, appeals and complaints; and attend hearings or third party proceedings. He briefly described the legal roles and rights of management: the right to determine its mission, budget, organization, number of employees and internal security practices; hire, assign, direct, layoff, and retain employees, suspend, reduce in grade or pay or take other disciplinary measures; assign work, determine with respect to contracting out, determine the personnel by which agency operations will be conducted; make selections, take emergency actions; and permissive – numbers, types and grades, tours of duty.

Mr. O’Connor discussed the legal procedures for settling labor disputes in the federal government, including grievance, arbitrations, and impasses. He described the Agency’s efforts to work with its labor organizations to reduce costs and improve operating efficiency through the use of different work schedules. Mr. O’Connor observed that these types of efforts can sometimes run into Union resistance, which can slow down the process of change. Nonetheless, the Agency continues to pursue these efforts through all legal means available to it.
TRUST FUND REVIEW

Denise Ruggles, Assistant to the Director, FMD, FGIS, GIPSA, provided an overview of the trust fund.

520 Program – Export Inspections

FY13, Export Program, was based on the information contained in the Fee Adjustment Rule 78FR22151. The Rule estimated FGIS retained earnings closing with a negative $2.3M. FGIS estimated operating expenses of $35.1 million and revenue of $30.9 million. The period ending May 31, 2013, the retained earnings balance is a negative $2.5M.

530 Program – Oversight of Official Agencies

It is estimated that FY13 will close with a positive $5.8 in retained earnings. For the period ending May 31, 2013, the retained earning balance is a positive $5.9M.

570 Program – Rice Inspections

It is estimated that FY13 will close with a positive $5.9M in retained earnings. For the period ending May 31, 2013, the retained earnings balance is a positive $5.4M.

580 Program – Commodity Inspections

It is estimated that FY13 will close with a positive $800K in retained earnings. For the period ending May 31, 2013, the retained earnings balance is a positive $1.5M. For additional details, please see the attached presentation, User Fee Overview.

ELECTION OF VICE-CHAIRPERSON

Tammy L. Basel, Past President of Women Involved in Farm Economics, was elected as vice chair and will become the Chairperson at the spring 2014 meeting.

NEXT MEETING

The Advisory Committee recommends the next meeting be held in April 2014 (exact date not yet scheduled) at the National Grain Center in Kansas City, Missouri. The Advisory Committee also agreed on quarterly conference calls limited to an hour discussion due to the Advisory meeting limitation of once a year.
RESOLUTIONS

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

1. The Advisory Committee recommends that GIPSA initiate research to determine the feasibility of extending the theory of “equivalency” to multiple-constituent instruments in order to utilize standardized technology while maintaining accuracy and consistency in measurement of wheat protein.

2. The Advisory Committee recommends that GIPSA continue its work in support of the APHIS investigation of the Genetically Engineered (GE) wheat issue. More importantly we encourage engagement with the entire value chain in efforts to retain and recover markets as well as provide regular updates of the investigation.

3. The Advisory Committee supports the use of water-based mycotoxin test kits in the official inspection system. The committee recommends seeking official agency and industry stakeholder input regarding the implementation timeline.