

Grain Inspection Advisory Committee

November 4-5, 2014

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

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WELCOME

Larry Mitchell, Administrator, Grain Inspection, Packers and Stockyards Administration (GIPSA), welcomed everyone to the meeting. He discussed a summary of challenges related to export inspections in the State of Washington. Mr. Mitchell also discussed the reauthorization of certain provisions of the United States Grain Standards Act (USGSA) that are set to expire on September 30, 2015.

Scott Averhoff, Vice-Chairperson, Grain Inspection Advisory Committee (Advisory Committee), welcomed everyone and self-introductions were made.

ACCEPTANCE OF JULY 15-16, 2014, MEETING MINUTES

The Advisory Committee approved the minutes of the July 15-16, 2014, meeting as presented.

REVIEW AND ACCEPTANCE OF NOVEMBER 4-5, 2014, AGENDA

The Advisory Committee approved the November 4-5, 2014, agenda as presented.

MEETING ATTENDEES

Advisory Committee Members

Scott E. Averhoff, Owner/Operator, Scott Averhoff dba SARA Farms
Rigoberto Delgado, Senior Partner, Delgado Farms LCC
Warren J. Duffy, Vice-President, Export Operations, ADM Grain
Omar Garza, Special Project Coordinator, University of Texas, Pan American
Arvid Hawk, President, Global Agricultural Consulting, LCC
Kent McAninch, Owner/Operator
Timothy D. Paurus, Vice President Terminal Operations, CHS Inc.
Maria Reinitz, Manager, Gavilon, LLC
Todd E. Russom, Manager, Anheuser-Busch InBev
Jessica L. Wilcox, Farmer/Crop Insurance Agent, Wilcox Farms
Steven Wirsching, Vice President and Director, U.S. Wheat Associates

GIPSA

Brian Adam, Chair, BAR, Technology and Science Division (TSD), GIPSA
Mary Coffey Alonzo, Director, TSD, FGIS, GIPSA
Tandace Bell, Branch Chief, Biotechnology and Analytical Services Branch, TSD, GIPSA
Cathy Brenner, Chief, Inspection Instrumentation Branch, TSD, GIPSA
Rob Dorman, Policies, Procedures and Market Analysis Branch, GIPSA
Terri Henry, Management Analyst, Management Services Staff, GIPSA
Randall Jones, Deputy Administrator, GIPSA
Kendra Kline, Assistant to the Deputy Administrator, GIPSA
Pat McCluskey, Branch Chief, PPMAB, FMD, GIPSA
Larry Mitchell, Administrator, GIPSA

Tim Norden, Chief, Analytical Chemistry Branch, TSD, GIPSA
Byron Reilly, Director, Departmental Initiatives and International Affairs, GIPSA
Samantha Simon, Director, QACD, GIPSA

Other Attendees

Dave Ayers, Champaign Grain
Catherine Bouchard, Cargill
Nick Friant, Cargill
Mark Fulmer, Eigis
Jess McClure, National Grain and Feed Association
Tom Meyer, Kansas Grain Inspection Service
Tom Sliffe, Perten

NATIONAL PROGRAM OVERVIEW

Mr. Jones reviewed the 15 resolutions that the Advisory Committee passed at the July 2014 meeting and provided an overview of FGIS operations.

The overview of the FGIS programs discussed included; grain exports for the previous marketing year were at historic levels and exports at all regions were above the 5-year average. Pulse inspections also saw an increase over FY 13 inspections. Containerized grain inspections continue to see an increase and are approaching the historic levels seen in 2008.

INTERNATIONAL ACTIVITIES

Mr. Reilly provided a briefing on several international activities.

Mexico Detains Rail Shipments

Mexican authorities have detained some rail shipments of U.S. grain to Mexico due the reported presence of soil contamination in the grain and edible beans and peas shipped to Mexico was provided. At the request of the Animal and Plant Health Inspection Service, FGIS is reviewing file samples of the soil-contaminated samples for soil.
China – Soybean Vessel Comparison Study An update was provided on the U.S./China Soybean Vessel Comparison Study. In October, visiting Chinese officials observed the loading of two soybean shipments which took place in New Orleans.

China Rejects U.S. Corn Shipments

In the past months China has rejected U.S. shipments of distiller's dried grain (DDGS) due to the presence of the biotech corn event MIR 162 in the DDGs. This event has been approved and commercialized in the U.S. but not approved in China.

BIOTECHNOLOGY LAB UPDATE

Dr. Bell provided an update on GIPSA's role in providing technical support to assist USDA in their response to China's trade embargo on DDGS containing the MIR162 trait. A status update was also provided on the GE Rapid Test kit Verification Program that GIPSA will be implementing this fiscal year, as well as a summary of activities highlighting GIPSA's role in supporting the Animal Plant Health Inspection Service investigation of inadvertently released wheat in Oregon and Montana in 2013 and 2014, respectively.

UNIFIED GRAIN MOISTURE ALGORITHM (UGMA) MOISTURE METER

Ms. Brenner provided updated information on the United Grain Moisture Algorithm (UGMA) Compatible Moisture Meters. The topics discussed were:

- GIPSA and the National Type Evaluation Program (NTEP) approved modifications to the DICKEY-john GAC2500-UGMA which are being implemented in the official inspection meters without disrupting services to our customers.
- An overview from four studies conducted between 1996 and 2014 evaluating the effects of condensation on moisture and test weight determinations was presented. The studies indicated that there is a potential for both moisture and test weight to change under condensing conditions. The studies also indicated that there are many variables involved that could be contributing to the observed changes under condensation conditions.
- Presented preliminary information on the feasibility of using the approved UGMA compatible moisture meters to provide official test weight determinations. There are two barriers (basis of determination and meters are not technically equivalent to the quart kettle) that need to be removed or minimized in addition to determining if there are ways to improve the alignment of the approved models to the quart kettle and to improve the agreement between the approved models.

MYCOTOXIN TEST KIT PROGRAM

Dr. Norden provided the Advisory Committee with an updated status of approvals for waterbased test kits and for those for distillers dried grains with solubles (DDGS).

There are now 4 water-based test kits available for aflatoxins, 10 for deoxynivalenol (DON), 1 for fumonisins, 0 for ochratoxin A, and 0 for zearalenone. Of these, 1 aflatoxin and 3 DON test kits are approved for testing DDGS. He also gave an update on the status of revising the upper concentration limits for test kits so that they conform with FDA action and guidance limits.

Dr. Norden also provided an update on a DON pilot monitoring program and on plans to evaluate the current official grinding procedure for aflatoxin determination in corn.

USDA RICE STUDIO AND LED LIGHTING

Ms. Brenner provided an overview of the USDA Rice Studio and Light Emitting Diode (LED) lighting.

FGIS is conducting a field performance study through December 2014 with the goal of implementing the USDA Rice Studio for official use in determining the percent total broken kernels in milled rice and the percent milling yield in August 2015.

By September 30, 2015, FGIS plans to draft lighting requirements for LED lights based on research to determine how lighting affects the visual assessment of grain and adjusting the LED lights to vary the color rendering levels and color temperature.

REAUTHORIZATION/FINANCIAL INFORMATION

Ms. Kline gave an update on the Reauthorization of certain provisions of the United States Grain Standards Act and discussed financial information to be posted on GIPSA public website.

Five provisions of the USGSA are set to expire on September 30, 2015. GIPSA is having internal discussions on the provisions and the steps to reauthorization. In July, the Advisory Committee requested that FGIS post financial information on the public website. Three options were presented to the Advisory Committee to determine how best to meet its needs.

RULEMAKING AND POLICY UPDATE

Mr. McCluskey provided updates on rulemaking activities currently in the clearance process. Notices of Proposed Rulemaking. "U.S. Standards for Barley" was published July 25, 2014, and received two comments. A final rule will be drafted for clearance. "Fees for Commodity Inspection (Excluding Rice) Services and Processed Commodity Analytical Services" was cleared by the Office of the General Counsel, being reviewed for legal sufficiency and sits with the Office of the Under Secretary for final approval. GIPSA is preparing four Advance Notices of Proposed Rulemaking. A notice asking for comments on current services and focusing on distillers dried grains. The document resides with the Office of the General Counsel.

GIPSA also submitted into clearance three Advance Notices of Proposed Rulemaking which invite stakeholders to comment on any needed amendments to the US Standards for Flaxseed, Mixed Grain, and Triticale.

Standards planned for review in FY 15 include oats, rye, and sorghum.

STANDARDIZATION OF FEES PAID BY OAs UNDER COOPERATIVE AGREEMENTS

Mr. Lijewski briefed the Advisory Committee on the Agricultural Marketing Act (AMA) Cooperator Fees and how FGIS is changing the way it charges oversight fees to cooperators who provide service for FGIS under the AMA.

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

The current fee structure recovers costs inequitably between States and private official agencies. Effective January 15, 2015, FGIS will replace the current fee structures with a standardized 4 percent of revenues collected under the AMA Fee Schedule (excluding mileage, per diem, taxes, and mailing costs). This new structure will apply to all States (except California) and private agencies. AMA cooperators can submit revisions to their AMA fee schedule to GIPSA at any time with proper justification. GIPSA will review the standardized rate every 3 years along with the agreements.

QUALITY INITIATIVES AND COMPLIANCE ISSUES

Ms. Simon provided updates on several Quality Initiatives and Compliance Issues.

The USGSA requires that designations be renewed every 3 years. In FY 2014, FGIS renewed 11 official agencies. There were 7 private and 2 State agencies renewed for full 3-year designations; and 2 private agencies were renewed for 1-year designations.

At the end of FY 2014, FGIS oversees 51 official State and private agencies that provide official services under the USGSA. This includes 39 official private agencies and 7 official State agencies that are designated to provide official inspection and/or weighing services in domestic markets; 4 official State agencies that are delegated to provide mandatory official export inspection and weighing services and designated to provide official domestic inspection and weighing services within the State; and 1 official State agency that is delegated to provide mandatory official export inspection and weighing services within the State.

Additionally, during FY 2014, FGIS issued 106 Certificates of Registration to individuals and firms to export grain. The USGSA requires that all persons who buy, handle, weigh, or transport 15,000 metric tons or more of U.S. grain for sale in foreign commerce during the current or previous calendar year must register with FGIS.

The QACD also completed three FY 2014 FGIS Strategic Initiatives. As a result, QACD held five training classes for Official Agencies and FGIS Field Offices to provide additional training on the implementation of the Quality Management Program; issued an internal draft report which outlined all FGIS Quality Assurance and Quality Control Programs and included recommendations for organizing and strengthening the programs; and created and implemented several Quality Assurance dashboards and reports to assist FGIS in the effectiveness and efficiency of the delivery of services.

Inspection accuracy data from the first 6 months since rollout of the revised inspector performance standards shows a national average of 96.0 percent factor accuracy. This was up slightly by 0.5 percent from the first 3 months of data. In all, 2,966 samples were reviewed for a total of 5,864 factors.

In FY 2015, QACD will work on several projects. This includes coordinating the review and update of all quality assurance tolerances utilized in the official inspection system; following up on the recommendations from the draft internal report regarding QA/QC Programs; continuing the development of dashboards and reports, and continuing to provide training to Official Service Providers. QACD will also update numerous documents including internal documented procedures, the QMP Directive, and the Quality Handbook. QACD is also working to develop a recognition program for OSP performance and reviewing the current Exceptions Program.

NEXT MEETING

The Advisory Committee recommends the next meeting be held either April 7-8, 2015, or May 12-13, 2015, at the National Grain Center in Kansas City, Missouri.

RESOLUTIONS

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

1. Whereas the U.S. Department of Agriculture has authorized FGIS under the U.S. Grain Standards Act, as amended, to provide official inspection and weighing services for exports of U.S. grains and oilseeds, and as FGIS has been authorized to delegate certain of their responsibilities to appropriate entities including the State of Washington, and, as the State of Washington, at least for 30 days in 2014, has failed to fulfill their responsibilities and obligations under the agreement dated November 2013, in particular clauses IV Terms and Conditions B 1(a), B 1(b), 2, 3, 14, and, under the authority granted FGIS to revoke the agreement under VI, (C), the Advisory Committee recommends that FGIS remove the Delegation/Designation of all States/Agencies that do not fulfill their obligations for providing services as required under the Grain Standards Act and that FGIS immediately provide the required services.
2. The Advisory Committee recommends posting FGIS financial results for current and 5 prior years on the GIPSA website for ready access to interested parties in the third format reviewed at the November, 2014 meeting, and, that the data reported include export tonnage for cost comparison.
3. The Advisory Committee recommends FGIS update the current mycotoxin instructions to provide current and clear guidelines for the operation of mycotoxin test kits including supplemental analysis methodology and develop guidelines and testing protocols to enhance mycotoxin rapid test kits to include verification/approval of supplemental analysis ranges and acceptable standard error for each relevant supplemental range consistent with FDA guidelines.

4. The Advisory Committee recommends FGIS establish authority to waive implementation of fee increases should retained earnings exceed the minimum 3 month level and projected tonnage is at or above budget estimates.
5. The Advisory Committee recommends that FGIS conducts a comprehensive investigation of moisture and test weight fluctuations that may result from condensation that may occur at two specific points in the grain marketing process – the first one from point of origin to point of destination and the second is from point of destination to point of shipping.
6. The Advisory Committee recommends that FGIS continue to investigate the feasibility of using UGMA-compatible moisture meters for determining test weight for Official inspection.