



## Inspection Volume Trends Lower

By Ross Heiman, Market & Program Analysis Staff, FGIS

Official Agencies of the US Federal Grain Inspection Service have witnessed a surge in inspections over recent years, but now over one fourth of the way into the 2008/09 crop year, inspections are having trouble keeping up with last year's record pace.

Since 2003/04, Agency inspections for export have nearly tripled, reaching roughly 15 million metric tons, thanks in large part to two main factors. The most important has been the removal of Mexico's trade prohibiting tariffs through the implementation of the North American Free Trade Agreement. For example, from 2003/04 to 2007/08, exports of US corn alone to Mexico increased from 5.74 million metric tons to 9.53 million metric tons. The second factor has been the dramatic increase in containerized grain shipments. Monthly exports of containerized grain increased 765% from January 2003 to their peak in February 2008, as the surge in bulk ocean freight rates made it profitable to ship grain to East Asian countries via container. Official Agencies were able to capitalize on both of these factors since they conduct nearly 100% of all inspections for grain headed to both Canada and Mexico, as well as grain exported via container.

After reaching all time highs during 2007/08, Agency export inspections have since slowed, in response to reduced demand caused by the global recession. Since September 1, Agency inspections for export are only about 72% of the volume seen last year at this time, but are less than 5% behind the pace of the 2006/07 crop year. The same factors responsible for the surge in recent years are also responsible for reduced inspections this year. Mexico is expected to import less than 80% of the volume of corn they

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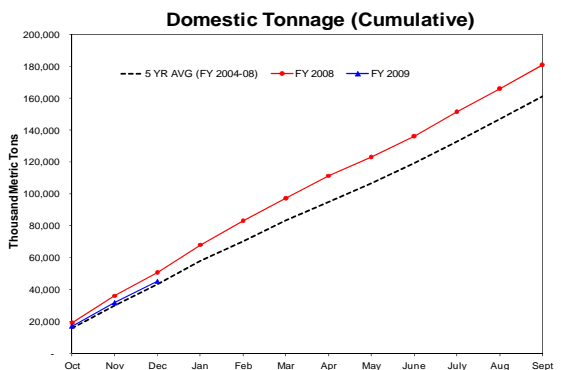
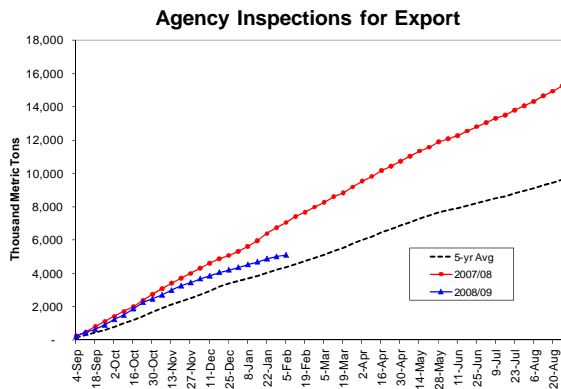
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imported last year, and bulk ocean freight rates fell off a cliff last Fall. With reduced Mexican demand, and fewer containerized exports, Agency-inspected exports have also taken a hit. However, historically speaking, they are still doing very well.

Domestic Agency inspections, which do not include export inspections, and are therefore not influenced by the same factors, are down only 11% for the quarter ending December 31, 2008. However, they are still 4% above the five year average. Domestic inspections have also been much higher over the past few years, but for different reasons, as they are more influenced by US crop production, as well as overall use. For example, increased ethanol production has also boosted domestic corn inspections in recent years. However, this year, total expected US corn use is down nearly 7%, while total soybean use is projected to decrease by over 3%, pulling domestic inspections by Official Agencies down with them. Much like exports, however, domestic Agency inspections to date are still doing very well relative to historic standards.

## QMP Update

Bob Krouse, FGIS Compliance Division, reports that the pilot program for developing a new Quality Management Program manual is making good progress. Krouse said the draft directive and template for the quality manual are now in the clearance process and could be approved as early as March 1, 2009.

FGIS is working with six agencies and the Portland Field Office as part of the pilot program. Of those seven entities, FGIS has received six draft manuals. The seventh is close to completion and may be submitted within the week. Of the six manuals submitted, FGIS has reviewed four and returned them for further work. Two manuals are still under review.

Of the four manuals returned, Krouse said all were in “pretty good shape,” but needed miscellaneous additions and changes. One of the manuals that was returned has now been approved.

Krouse said the new directive now in clearance envisions that agencies will submit their QMP Plans in phases depending on when their designation comes up for renewal. Agencies will have a three-month time frame to complete and submit their QMP. Further details will be available later.

AAGIWA President Larry Kitchen reports that key FGIS officials will be in attendance at the Association’s annual meeting May 3-5, 2009 in Memphis. He said FGIS Deputy Administrator Randall Jones has confirmed that he and key members of the management team will be in attendance. Kitchen said there

will be ample opportunity as part of the meeting to learn more about the QMP process and what agencies will be expected to prepare.

## Wheat Classing Seminars Planned



FGIS' Board of Appeals and Review (BAR) has scheduled two wheat classing seminars in the coming weeks at the Tech Center in Kansas City. BAR Chairman Mike Eustrom explains that the regional, customized sessions are designed to help Quality Assurance Specialists with Official Agencies brush-up on their classing skills in areas where Wheat of Other Classes (WOCL) present special challenges.

The first session is scheduled for February 24-25, 2009 and is intended for those agencies operating in the Upper Midwest (Iowa, Nebraska, South and North Dakota, and Minnesota). The second is scheduled for March 10-11, 2009 and is intended for agencies operating in the Midwest (Kansas, Missouri, Oklahoma, and Texas).

Given the new varieties that are periodically released, Eustrom says it is an ongoing challenge to consistently and accurately identify wheat classes. Eustrom said future plans call for similar sessions in other regions, such as the Pacific Northwest, probably in 2010.

The goal of the sessions is to strengthen inspectors' wheat classing skills and make sure those leading the process at the local level – the AQAS- are familiar with the common varieties produced and/or marketed in their respective area. In addition to providing practical training, BAR will also introduce participants to simple tools that may be employed on-site to help inspectors with the identification and separation of the more common problematic varieties. Contact Mike Eustrom at [michael.h.eustrom@usda.gov](mailto:michael.h.eustrom@usda.gov) for further information.

## Jones Addresses Key Issues

FGIS Deputy Administrator Randall Jones addressed the annual meeting of the Transportation, Elevator and Grain Merchants Association (TEGMA) on January 30 in Scottsdale, Arizona. Jones' presentation, "Overview of Developments in the Official Grain Inspection System and Current Issues," covered a number of key topics, including the following:

- With a high percentage of its workforce reaching retirement age and the advent of technology FGIS is taking steps to centralize many services.
  - One element is more web-based applications, termed FGISonline, with the goal of bringing official inspection and weighing to the desktop.
  - Another element is development of the National Grain Center in Kansas City as more of a hub for FGIS services.



Randall Jones

- Quality management program – FGIS is collaborating with official service providers to incorporate principals of modern quality management programs into the official system.
- Contract/load order comparison – FGIS will be checking compliance with GIPSA policy that export load orders reflect contract specifications.
- Study regarding use of contractors for export services – FGIS has found no long-term savings to exporters from the use of contractors at export locations. A final report on the subject should be ready very soon.
- Sorghum odor – issues have developed with the application of the current inspection line on sorghum odor. FGIS' goal is to ensure that the odor line continues to facilitate marketing and the agency will soon be appointing a task force to further explore the matter. The objectives are to ensure the odor line reflects market needs and ensure consistency in application throughout the official system.

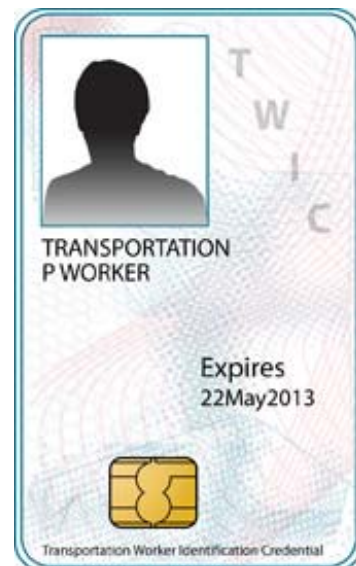
A copy of Jones' presentation may be accessed at <http://tegma.org/Documents/Jones%20presentation-1.pdf>.

**Editor's Note:** This article is courtesy of TEGMA and reprinted from the association's February 5 Newsletter. TEGMA is an association of larger grain shippers/receivers and rail carriers. Several AAGIWA members are active TEGMA participants: Champaign-Danville Grain Inspection Departments, Hastings Grain Inspection, Kansas Grain Inspection Services, and North Dakota Grain Inspection. TEGMA focuses its efforts on addressing business and operational issues facing its members. As part of that initiative, a TEGMA task force (including Dave Ayers and Greg Hoelck) met with the Union Pacific on Dec. 10. A similar meeting is being planned for Febr. 26 with the Burlington Northern Santa Fe Railway. For further information on TEGMA and to review articles from the latest TEGMA newsletter, visit their web site at: [www.tegma.org](http://www.tegma.org)

## Heightened Security Implemented at Port Locations

Grain inspection personnel conducting business at port locations, including locations on major inland waterways, are facing increased security requirements as part of the post 9/11 security measures. Jenny Boeckman, manager of communications, RCI Safety in Horton, Kansas, says the regulations from the Transportation Security Administration (TSA) and U.S. Coast Guard require individuals who need unescorted access to secure areas of the nation's maritime transportation system to carry special credentials.

The credentials, called the Transportation Worker Identification Credential (TWIC), are a tamper-resistant biometric (fingerprint template) credential. A number of ports have already implemented the TWIC program and the Coast Guard is requiring that all ports have the program in place by April 15, 2009. Workers affected by these new credentials include longshoremen, truckers, port employees and others, including, for example, a driver delivering grain or feed to a port facility.



To obtain a TWIC, an individual must provide biographic and biometric information, such as fingerprints, sit for a digital photograph and successfully pass a security threat assessment conducted by TSA. TWIC information and resources are available on the official TWIC Program web site ([www.tsa.gov/twic](http://www.tsa.gov/twic)) and through the TWIC help desk (1-866-DHS-TWIC).

Jerry Cotter, director of strategic projects for the Port of Corpus Christi, noted that the TWIC program became effective there in November 2008. He encouraged those affected by the program to move forward promptly to enroll in the program. He noted that TSA personnel are now beginning to recognize the TWIC card at airport security points, which can be an added benefit.

Cotter also serves as chairman of the Joint Agroterrorism/Facility Security Committee whose members include representatives from the National Grain and Feed Association, Grain Elevator and Processing Society (GEAPS), North American Export Grain Association (NAEGA), and North American Millers Association (NAMA). He reports this group is completing an updated, expanded guide to assist industry firms in conducting security risk assessments and developing risk-based facility security plans. Further information is available on the web at [www.ngfa.org/security/home.html](http://www.ngfa.org/security/home.html).

## FGIS Approves Closed Circuit TV for Stowage Exams



FGIS Program Notice 09-03, "Use of Closed Circuit Television Systems for Railcar Stowage Exams", issued February 2, 2009, prescribes the requirements for using such equipment for stowage exams. Under the policy stated in the Notice, Official Service Providers (OSPs) must

examine the system on-site and determine if the system functions satisfactorily.

The FGIS notice said the agency is supporting efforts to minimize the need for personnel to be on top of railcars, especially when fall protection devices are not available. Because of safety concerns, more grain facilities are switching to performing all of these functions when the railcar is in an area with fall protection. In addition, some are installing CCTV systems that use high resolution video cameras mounted above the openings of the railcars for performing stowage examinations.



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## FGIS Approves Additional Fluorescent Lamps



In FGIS Notice 09-04 issued on January 26, 2009, the Agency has approved two additional fluorescent lamps for use in official inspection grading laboratories. The lamps are Colortone F40C75 from Philips Lighting Company which is a T12 and Colour-Master 75 F32T8 from H&H Industries, Inc., which is a T8. The approval of the T8 bulb is significant because electrical contractors are now using more T8 fixtures and phasing out the T12 fixtures.

As background, FGIS said the true color of a material or substance is best determined under natural daylight conditions, such as north-sky light on a semi-overcast day, or under artificial light in a room with muted tones. Since it is impossible to maintain natural lighting in a laboratory throughout any given day, FGIS requires artificial illumination that simulates north-sky daylight in grading laboratories.

## Member News

### Hagler Named Missouri Director of Agriculture

Newly-elected Missouri Governor Jay Nixon announced January 13 he would appoint Dr. Jon Hagler of St. James, Mo., as Director of the Missouri Department of Agriculture.

Dr. Hagler, a lifelong horseman, operates a small farm near St. James, where he raises, trains and sells Missouri Fox Trotters. Over the past three years, Dr. Hagler served as Gov.-elect Nixon's principal adviser and liaison on agriculture issues and was instrumental in drafting the Governor-elect's agricultural and environmental policies.



Dr. Jon Hagler

Prior to becoming Gov.-elect Nixon's agricultural adviser on the campaign, Dr. Hagler, 41, served as the senior corporate development officer for the University of Missouri-Rolla. From 2001 to 2003, Dr. Hagler was executive director of governmental and external affairs at California State Polytechnic University, Pomona, Calif. Dr. Hagler's tenure at Cal Poly followed several years of service on the staff of the Missouri State House of Representatives. Dr. Hagler holds a master's degree in political science from the University of Missouri-Columbia and a doctorate in the same subject from Washington University in St. Louis.

The Director of the Missouri Department of Agriculture determines department policy and serves as a liaison to state legislators, the agriculture community and the public. In addition to the divisions of Business Development, Animal Health, Grain Inspection and Warehousing, Plant Industries and Weights and Measures, the Department of Agriculture also includes the Missouri Agricultural and Small Business Development Authority, the Missouri State Fair Board, the State Milk Board and the Missouri Wine and Grape Board. The Director is appointed by the Governor with the advice and consent of the State Senate.

## AAGIWA News

### Dues Renewal Underway

AAGIWA Secretary-Treasurer Dave Reeder, Fremont Grain Inspection Department, reminds AAGIWA members that their 2009 membership renewals are now due. Reeder reports the response from members has been steady since the renewal notices went out to members on December 19. AAGIWA wishes to thank these members and agency managers for their prompt renewals.



<b>Member</b>	<b>Key Contact</b>
Amarillo Grain Exchange	Cash Burris
Cairo Grain Inspection Agency	Robert Fronabarger
Central Iowa Grain Inspection	Kevin Bredthauer
Eastern Iowa Grain Insp. & Weighing	David Slater
Fremont Grain Inspection Dept.	David Reeder
Grain Inspection (Jamestown)	Jack Trautman
Hastings Grain Inspection	Ted Hoelck
Kankakee Grain Inspection	Mike Fegan
Kansas Grain Inspection Services	Tom Meyer
Lincoln Inspection Service	Mark Fulmer
Midsouth Grain Inspection	Joseph Cupples
North Plains Grain Insp. (Grand Forks)	Paul Bethke
Ohio Valley Grain Inspection	Linda Meny
Sioux City Inspection & Weighing Services	Tom Dahl
State Grain Inspection	Steve Duea
Tri-State Grain Inspection	Damon Sampson
Alabama Dept. of Agriculture	John Johnson
Missouri Dept. of Agriculture	Larry Kitchen
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AgTrax Technologies	Jeff Jackson
FOSS North America	Mark Host
GSF/DICKEY-john	Rich Flaugh
Neogen	Paul Pfeiffer
Romer Labs	Clare Fanelli
Seedburo Equipment Co.	Tom Runyon

## AAGIWA Thanks James Link for Service as GIPSA Administrator

GIPSA employees bade outgoing Administrator James Link farewell at a January 15 reception. With the change in Administration, Link stepped down after serving as GIPSA Administrator for three years, from October 2005 to October 2008. For the last several months of the Administration he has served as Administrator of the Agricultural Marketing Service.

Mr. Link was presented with a ceremonial grain probe and plaque from AAGIWA during the farewell reception in recognition of his dedicated service. At the presentation, a letter from AAGIWA President Larry Kitchen was read to the group. Excerpts from that letter are as follows:

*Dear Mr. Link:*

*As your term of office draws to a close, AAGIWA would like to extend its respects and appreciation to you for your service as Administrator of the Grain Inspection, Packers and Stockyards Administration.*

*We have greatly appreciated your interest and participation in activities of importance to AAGIWA members. You have always had an open mind and a willingness to listen about the issues of concern to us. We have always felt like we could approach you with problems, concerns, or issues for a fair discussion.*

*We hope this ceremonial grain probe we are presenting will always bring back fond memories of your service to this nation as GIPSA Administrator. And, maybe, it will also bring back a few charitable thoughts of AAGIWA members and meetings and the friendships that have developed over these years.*

*We send our deepest respects and very best wishes. We hope your future holds more relaxing times with fewer headaches and great enjoyment.*



Picture caption: shown are James Link and Randall Jones, FGIS Deputy Administrator, with the ceremonial grain probe presented by AAGIWA. The mounting rack shown was provided compliments of Champaign-Danville Grain Inspection Departments.

## **AAGIWA Welcomes Member News**

AAGIWA welcomes member information about new products, business changes, personnel changes and other items that may be of interest to AAGIWA members. Please let us know what is new in your business. Send your information to: [bob.petersen@aagiwa.com](mailto:bob.petersen@aagiwa.com).

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