



Issue 2009.05

May 14, 2009

*\*To access web links referenced in this newsletter, meeting photos, and [speaker presentations](#), please use the electronic/html version\**

## Annual Meeting a Resounding Success

AAGIWA's Annual Meeting held May 3-5 in Memphis was declared a resounding success by President Larry Kitchen. About 75 members, spouses, and FGIS officials attended the session at the historic Peabody Hotel. "Member comments about the program and meeting location were overwhelmingly positive," Kitchen said.

Members had this to say about the meeting on the critique sheets:

- "The information was very helpful and the meeting was very well organized."
- "I appreciated the diversity of topics and ample time for socializing, plus all of the speakers had relevant information on our current problems/situations."
- "I'm very glad I could attend the meetings. I really like what is being done by AAGIWA and its Board of Directors. I think AAGIWA is moving forward as an organization."
- "Overall, I think that the direction that grain inspection is taking is a positive thing; I think GIPSA is taking a positive approach to keeping grain inspection at the forefront."
- "I appreciate what AAGIWA is doing for everybody and keeping everyone informed on all issues that come up."
- "We're getting better and better. Keep up the great job."



President Kitchen opened the meeting with a review of the Association's efforts over the past year. See the html version of the newsletter for a copy of his President's Report.



## Highlights from Meeting Presentations

The Annual Meeting featured a variety of presentations from industry and FGIS speakers. In addition, the roundtable discussion featuring AAGIWA members is always a popular topic. Highlights from the meeting are as follows:

- “How Grain Supply and Demand Factors Will Influence Inspection Volumes in 2009,” Jay O’Neil, O’Neil Commodity Consulting. U.S. grain movements and exports are forecast to be down in 2009, meaning inspection volume will also be lower for the year. The freight spreads established by railroads and by ocean freight markets have a tremendous influence over grain destinations. Ocean freight rates from the Pacific Northwest to Asia have fallen from upwards of \$120 per ton last year to \$20 per ton this year. This price drop has removed the price advantage held last year by containers and has removed the biggest incentive for container shipments. This year, 2009, represents a return to normal compared to 2008. Ethanol continues to have a dramatic affect on the corn market and ethanol demand is projected to consume close to one-third of the corn crop in 2009-10. O’Neil anticipates the ethanol industry will gradually return to profitability over the next few months.



- Member Roundtable, moderated by AAGIWA Vice President, Mark Fulmer, Lincoln Inspection Service, accompanied by Darryl Bellin, State Grain Inspection; Kevin Bredthauer, Central Iowa Grain Inspection; and Joseph Cupples, Midsouth Grain Inspection.



- Stowage Exams – a problem has emerged with the requirement that the inspector must close and latch the door after entering to check for daylight cracks. There has been at least one instance where the truck driver was unaware of an inspector’s presence and began transporting the container. (Note: Bob Lijewski with FGIS later clarified that the door did not have to be latched, simply closed sufficiently to check for cracks.)
  - Inspection Results – a question was asked about how long an inspection certificate remains valid. Prompting the question were instances where a shuttle train might be loaded and then sit on a siding for a week or more before being moved to its destination. National Grain and Feed Association trade rules provide that an inspection result is valid for five days.
  - Crop Quality – several agencies noted that last year’s corn crop seems to be more susceptible to breakage than usual. Another agency noted the higher than usual incidence of cob rot.

- Certificate process – one agency reported the success they had with using a laptop on-site where grades and weights information is entered. The certificates are printed off later at the office.
  - License Expirations – agencies were reminded it is their responsibility to monitor the expiration dates of the inspection licenses of their employees.
  - Check Test Samples – several agencies reported on the long wait involved with receiving check test samples from FGIS.
- QMP Workshop, Robert Krouse, FGIS Compliance Division, provided an overview of the review process that will be in place with the new Quality Management Program (QMP). Once the manual is submitted to FGIS, the Compliance Review Branch will conduct a desk audit to see if the manual complies with the template. When the manual is approved, the agency will be required to perform an internal audit at three months. This audit will then be forwarded to the Review Branch. The Branch will conduct an on-site review of each agency within two years of program implementation. Future audits will be conducted at least once during each agency's three year review cycle.



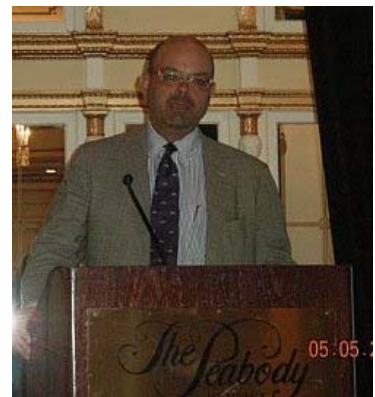
- "Update on Inspection Issues in Canada," Elwin Hermanson, chief commissioner, Canadian Grain Commission.
- The Commission is supporting legislation to modernize the Canada Grains Act, which has not been updated since 1970. Pending legislation died last year when a new election was called. The same bill has been re-introduced this year as Bill C-13, but it is unclear if Parliament will attach significant priority to the bill to get it passed.
  - The Commission is testing a Rapid Visco-Analyzer (RVA) as a new process that would replace the falling number test. RVA is seen as more objective and quicker.
  - The Commission is testing for Ochratoxin A (OTA) in wheat and other grains. It is a mycotoxin and often develops if moisture exceeds 18 percent. Some export contracts specify a limit as low as 2.5 parts per billion.
  - A developing issue is the increasing risk of low level presence of genetically modified events in grain. A zero threshold will become increasingly difficult to meet.
  - The Commission offers several optional quality programs for the industry: (1) the Canadian Identity Preserved Recognition System (CIPRS) certifies a grain company's identity preserved program; (2) CGC HAACP certifies a grain company's food safety program; and (3) CIPRS + HAACP certifies a grain company's food safety and identity preserved system.



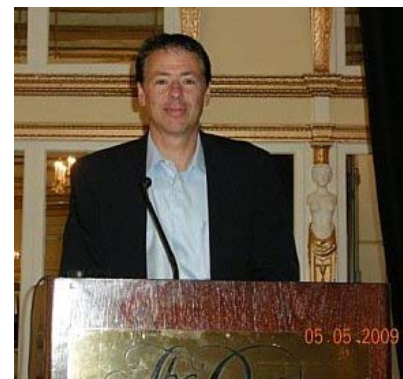
- “The Science of Smell – Its Impact on Grain,” Dr. Edgar Chambers IV, director, Sensory Analysis Center, Kansas State University. Dr. Chambers has worked with FGIS on past projects regarding grain odor and is providing assistance in addressing the current issues surrounding odor in grain sorghum. Dr. Chambers said smelling is scientific and grain inspectors when properly trained can be reliable instruments of smell. He said the nose is a human instrument that provides a complex and repeatable measure. He said odor is an opinion only when people are not trained; it can be a scientific measure when people are trained correctly. One area where he expressed caution – do not put your nose right in the grain sample – it is not necessary and can present a safety hazard.



- “U.S. Grain Industry Issues and Trends,” Chuck Elsea, CEO, The Scoular Company. Elsea noted the company is a major user of the inspection system. Scoular handles around 900 million bushels of grain annually and he estimated that nearly 90 percent of that amount is officially inspected. In recent years, the company has handled a lot of intermodal container shipments. The inspection costs for containers runs about 3 cents a bushel and he said there need to be process improvements to bring that inspection cost down. His biggest concern over the last two years has been dealing with the volatility in grain prices. A year ago, the concern was with counterparty risk, ensuring the grain would be delivered at the agreed upon price. That price volatility, he said, may have led to some demand destruction within the meat sector, particularly beef. Some profitability is returning to the livestock sector, although the dairy industry remains mired in a difficult situation. Ethanol plants, he said, that have a low debt load may be returning to modest profitability. Elsea said sorghum odor has been a problem for his company. He said most customers are alright with a storage odor. Some customers don't want sorghum with a storage odor, but will accept it at a discount, suggesting their initial reluctance is more of price issue than an odor issue. Elsea mentioned that he is a past chairman of the Transportation, Elevator and Grain Merchants Association (TEGMA) and noted that TEGMA has been pleased with the participation of several inspection agencies. He hopes there will continue to be synergies between TEGMA and AAGIWA.



- “Grain Inspection Issue Overview,” Randall Jones, deputy administrator, Federal Grain Inspection Service. Jones covered a number of topics of interest.
  - **Market Overview:** Agency inspections for export in 2008/09 are trending down about 20 percent compared to the previous year, in line with lower export levels. Export inspections remain at about the five year average, though. Agency domestic tonnage also lags the previous year, although it is slightly above the five year average.
  - **Program Updates**



- Farm gate and export quality assessments. FGIS began collecting farm gate data for sorghum in 2006 and for soybeans in 2007. The agency intends to create a baseline of grading quality capturing inspection data at the beginning of the marketing chain.
- Sorghum odor. FGIS convened a task force on this issue which held its initial meeting on April 8. FGIS will be compiling the data from that meeting and preparing a report for the next meeting of the Grain Inspection Advisory Committee scheduled for June 24-25 in St. Louis. The Agency is also making plans to work with Dr. Edgar Chambers on such areas as consistency of application, training development, and maintenance of line. It was apparent at the April 8 meeting that grain handlers and end-users can have distinctly different views of the acceptability of certain levels of “musty” odors.
- Wheat Standards Review. FGIS is seeking input on all aspects of the standards and grading procedures and new services. They will publish a formal notice seeking comments later this year.
- National Grain Center. The new building in Kansas City is scheduled to be complete in October 2009. Phase two, the renovation of the upstairs of the current building, is scheduled to be complete in January 2010. Renovation of the downstairs of the current building is scheduled for completion in April 2010.
- **Mexico Developments:** Importers have expressed some quality concerns. FGIS has held meetings with freight forwarders, brokers, SENASICA inspection offices, and importers to explain the agency’s export role and *FGIS OnLine*. FGIS has prepared a paper identifying logistical barriers to trade and is planning outreach activities.
- **Training Overview:** FGIS is planning a training curriculum for each of the topics listed below. FGIS will be providing an annual schedule for each topic; the training sessions will be held at the new National Grain Center.
 

<ol style="list-style-type: none"> <li>1. grading</li> <li>2. sampling</li> <li>3. certification</li> <li>4. licensing</li> <li>5. equipment checktesting</li> <li>6. mycotoxin testing</li> </ol>	<ol style="list-style-type: none"> <li>7. container sampling &amp; loading</li> <li>8. diverter sampler approval</li> <li>9. weighing</li> <li>10. CuSum loading procedures</li> <li>11. protein analysis</li> </ol>
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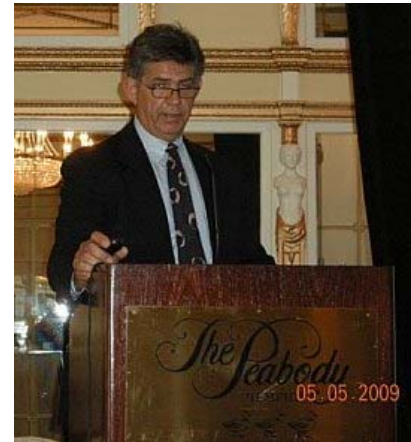
**Ladies Gentlemen...  
ELVIS has Entered the  
Building!!**

AAGIWA members were treated to a special event at the annual banquet when “Elvis” made an appearance flanked by two of his “bodyguards.”



Funding for Kansas City training will come from the trust fund account; preparation and delivery expenses will be charged to the Official Agency supervision fund. A key issue yet to be resolved is how to pay for training outside Kansas City.

- **"FGIS OnLine Update,"** Bob Lijewski, assistant director, Policies and Procedures Branch, FGIS. The goal of *FGIS OnLine* is to bring official inspection and weighing to the desktop.
  - **Certificate Program:** deployed in 2006; in use in all FGIS field offices; 38 official agencies are active users.
  - **Inspection Data Warehouse:** All inspection records transmitted to IDW from CRT. All Field Offices are active; receiving records from 50 official agencies; remaining official agencies online by October.
  - **Equipment Capability Testing:** Results of checktest available immediately; notification when checktest samples are mailed; view and/or print status of equipment inventory; paper records do not have to be kept. All Field Offices are using the system as are 36 agencies.
  - **Quality Assurance and Control (QAC):** This program will bring QAC tools and data to the official service providers; interfaces with IDW, ECT and Licensing. QAC should reach production in June 2009. QAC will monitor the performance of all graders.
  - **Inspection, Testing and Weighing:** Will capture all testing and weighing results for grain, rice, pulses, graded commodities, and processed commodities, single and aggregate lot inspection (combined, warehouse, local, composite, round, and cu-sum) for all carrier types including railcar, containers, trucks, ships, and barges. This service is scheduled for production in August 2009.
  
- **"Update on Key Issues from the Compliance Division,"** Thomas O'Connor, director, Compliance Division, FGIS.
  - **Limited Liability Corporation.** An LLC has been formed by three agencies to serve the DeLong Company. The agencies are Kankakee, Champaign, and Eastern Iowa. FGIS is proceeding cautiously since this type of joint arrangement is not fully consistent with agency regulations. FGIS has approved the LLC for an initial six-month period. Under the LLC, each agency sends official results for those containers inspected in their territory to a single agency that by pre-agreement issues a single certificate for all of the containers assigned to a single booking by the customer. Agencies can share inspection results with the customer but must also share those results for each booking with the Compliance Division, as well.
  - **Quality Management Program.** This is a major initiative by FGIS. The agency is fully committed to the program and believes it is the right direction for the future of the official system.



- **Contract Review Program.** In October 2008, FGIS began a program to compare contract terms with the loading instructions provided to FGIS and official agencies for export shipments. The purpose of the program is to assess the extent if any of potential discrepancies between the two. As part of the program, FGIS is selecting about 2 percent of shipments for examination. FGIS compares the contract and loading instructions to determine if they match. The major focus for the program is to make sure shippers are following the rules. FGIS has found cases where official agencies are not maintaining good records of service requests. In addition, FGIS finds situations where composite grades were provided but the contract did not specify their use.
  
- **“Compliance Review Finding,”** Bob Krouse, Compliance Division, FGIS. For 2009, FGIS has completed 13 of the 24 reviews it plans to conduct. Of those 13, 10 have been full reviews and 3 have been limited reviews. Of the full reviews, five have had major findings, which is 38 percent of the agencies reviewed.
  - **Diverter Samplers** present the most common problem area. D/T issues include poor condition, no written Lock-out, Tag-out procedures, inadequate D/T security, and missing D/T file information.
  - **Training/Supervision.** In some cases, there was no training or supervision program in place or, if there was, there were no records or very few for documenting the programs.
  - **Equipment.** (1) K-values on the GAC has been a problem, although it has improved; (2) Condition of equipment is a factor, equipment not leveled, and incorrect placement of the test weigh funnel; (3) Checktesting – sometimes equipment is overlooked, not recording the last volume test for TW kettles, recording scale readings in the wrong precision, not using the proper weight for the shift test; (4) Unsecured equipment -- not securing the TW kettles at the auxiliary SSP's and not sealing the GAC's.
  - **Improper Procedures.** Examples include improper sampling, not grinding the proper amount for an aflatoxin test, not following procedures or improper portion sizes and improper container stowage exams.
  - **Other Findings.** (1) QA/QC – not sending in STEP samples; (2) finances – incorrect billing by not following the approved fee schedule; (3) IDW -- not complying with the directive for data-uploading either daily or at all.
  
- **“FGIS Official License Program,”**
  - **Susan Fall**, FOSS License Program Manager, FGIS. The FGIS Official License (FOL) program will automate the existing license program and will integrate with *FGIS OnLine* programs. The new program will feature automated testing procedures, save time and labor, and provide a universal administration of policy. There will be little paperwork with the new process and instantaneous results for many processes. Staging is scheduled to begin June 15, 2009 with production effective July 20, 2009.
  - **Dale Phetteplace**, Quality Services and Systems Unit, Technical Services Division, FGIS. The Grading Services Lab is responsible for LI testing. The Board of Appeals and Review is assisting at the present time. Presently, FGIS is doing testing in all or part of these states: Texas, New Mexico, Oklahoma, Kansas,

Colorado, Wyoming, Nebraska, South Dakota, North Dakota, Minnesota, Missouri, Illinois, and Iowa.

### Kitchen, Fulmer, Reeder Re-Elected as Officers



Larry Kitchen

Mark Fulmer

Dave Reeder

AAGIWA members voted unanimously to re-elect their current slate of officers at the May 5, 2009 annual meeting. Re-Elected as president was Larry Kitchen, Missouri Department of Agriculture; re-elected as vice president was Mark Fulmer, Lincoln Inspection Service, and re-elected as secretary/ treasurer was Dave Reeder, Fremont Grain Inspection.

Two incumbent Board members chose not to stand for re-election, Randy Deike, Washington Department of Agriculture, and Randy McCormick, Kansas Grain Inspection. Elected to those spots were David Ayers, Champaign-Danville Grain Inspection Departments, and Greg Hoelck, Hastings Grain Inspection. Others serving on the Board are: Joseph Cupples, Midsouth Grain Inspection; Tom Dahl (past president) Sioux City Inspection and Weighing; and Barry Hibbits, Enid Grain Inspection Company.

### Meeting Sponsors Play Key Role

AAGIWA President Larry Kitchen told members attending the annual meeting that the association is indebted to the meeting sponsors for their financial support, which, in turn, helps keep meeting registration fees as low as possible. AAGIWA salutes these meeting sponsors.

Monday Meeting Break

Tuesday AM Meeting Break

Tuesday Luncheon & Afternoon Meeting Break

Annual Banquet

Vendor Tables & Raffle

Charm Sciences, Inc.  
FOSS North America  
GSF/DICKEY-john  
Neogen Corporation

2 - \$50 Home Depot gift cards  
\$50 Best Buy gift card  
\$100 Target gift card  
\$75 Red Lobster/Olive Garden gift card



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#### QMP Workshop Sponsors

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*Hastings Grain Inspection  
Kansas Grain Inspection  
Lincoln Inspection Service  
Ohio Valley Grain Inspection  
Sioux City Inspection  
State Grain Inspection*

## AAGIWA Honors Giler for Service



AAGIWA honored John Giler for his service to the official grain inspection system at the association's May 6 Board of Directors meeting. AAGIWA presented Giler with a mounted ceremonial grain probe. Giler, director of FGIS' Field Management Division is retiring July 3 after a 31-year career with the agency.

AAGIWA President Larry Kitchen offered these comments:

*John Giler has been a true friend of official inspection agencies. He was always willing to listen to our concerns and seemed to understand the day-to-day headaches we faced. We felt we could always count on John for a straightforward response, whether we agreed with him or not, and we appreciated that. John has been a great friend and colleague. He will be greatly missed, although we wish him nothing but the very best in his retirement.*

Following the presentation of the ceremonial probe, Giler observed that it was fitting to end his career with the same tool that he started his career.

## AAGIWA 2010 Annual Meeting Set for Las Vegas

Las Vegas here we come!!! AAGIWA's Board of Directors voted unanimously at its May 6 meeting to return to Las Vegas for the 2010 Annual Meeting. The preferred meeting dates will be late-April, which reflects the overwhelming preference of association members in a show of hands at the recently concluded annual meeting in Memphis. AAGIWA staff will soon be soliciting proposals from several Las Vegas hotels interested in hosting the 2010 meeting.



## New GIPSA Administrator Named



Agriculture Secretary Tom Vilsack announced on May 6 that J. Dudley Butler will serve as Administrator of the Grain Inspection, Packers and Stockyards Administration (GIPSA) at the USDA in Washington, D.C.

Butler has been an attorney in private practice for over three decades and is a certified mediator and arbitrator. He's also been involved in cattle, timber and farming operations, and in the 80's and 90's, owned cattle in Wyoming and traded cattle in states including Texas, Oklahoma, Colorado, Montana, Nebraska and Utah.

Butler started his career serving as a legislative assistant for Mississippi Governor Cliff Finch. He was subsequently named Attorney and Special Assistant to the Commissioner of the Mississippi Department of Corrections where he was responsible for legal work involving the Department including proposed legislation. He also served as a liaison to the Legislature and was responsible for various executive management duties assigned by the Commissioner including the reorganization of the Department's management structure and the revamping of its agricultural division.

## FGIS Topics

- Designation Activities, East Texas – FGIS announced on April 20, 2009, the designation of Central Illinois Grain Inspection to officially inspect and weigh grain in specified areas of East Texas.
- Standardization of Corn Only Carter Day Dockage Testers (CDDT) – FGIS issued a program notice May 4 announcing the standardization of CDDT for Broken Corn and Foreign Material (BCFM) determinations only, may now be accomplished without initially standardizing the CDDT with wheat. The announcement is FGIS-PN-09-13.

- Calibration for Dickey-john Moisture Meter – FGIS issued a new directive transmitting the official calibrations for use with the Dickey-john Corporation Grain Analysis Computer (GAC-2100). The new directive is effective May 1. The directive transmits a new official moisture calibration for Six-Rowed barley and restates all other calibrations transmitted in the previous directive dated August 1, 2008.
- Advisory Committee meeting – the next meeting of the Grain Inspection Advisory Committee is scheduled for June 24 and 25 in St. Louis.

## Membership Update

AAGIWA Secretary-Treasurer Dave Reeder, Fremont Grain Inspection, reports the following membership renewals.

Member	Key Contact
Louisiana Dept of Agriculture	Terrel Castille
Montana Dept. of Agriculture	Jeff Rumney
Plainview Grain Inspection	Bill Davis
R-Biopharm	Kurt Johnson

AAGIWA thanks these members and agency managers for their renewals and continued support.

## Notes About Inspection People

- Washington State Names Harden as Acting Assistant Director – Bob Gore, deputy director of the Washington State Department of Agriculture, announced on May 8 the appointment of Kenneth Harden as acting Assistant Director for the Commodity Inspection Division while the agency conducts a search for a permanent selection to succeed Dennis Hannapel. The target date for filling the position on a permanent basis is September/October. Harden is a recent retiree from State government service, most recently serving as Assistant Director for the Services Division at General Administration.



**Editor**  
Bob Petersen, AAGIWA

**Assistant Editor**  
Erica Venancio, AAGIWA

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(in addition to the president and vice president)

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## Member News

### Neogen Launches Semi-Quantitative Fumonisin Test

Neogen announced on April 24 that it has developed an even easier method to accurately determine the general level of possible fumonisin contamination in corn. The company says its new Reveal<sup>®</sup> for Fumonisin SQ is the easiest and quickest semi-quantitative test available for fumonisin. In a format similar to a home pregnancy test, all a tester has to do is immerse a test strip into a sample after a simple extraction and dilution. In only 5 minutes, Reveal for Fumonisin SQ can return sample test results in the ranges of: less than 1 part per million (ppm); 1 to 2 ppm; 2 to 4 ppm; or greater than 4 ppm using Neogen's Reveal AccuScan<sup>™</sup> III lateral flow test reader.

Neogen's new test adds to its line of mycotoxin tests, the broadest available, which also includes Reveal SQ tests for aflatoxin and DON. Test formats range from the extremely simple Reveal test strips to highly-sensitive fully quantitative tests capable of rapidly detecting mycotoxins in numerous samples simultaneously. For further details, visit their web site at [www.neogen.com](http://www.neogen.com).

### 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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### Interested in Sponsorship Opportunities?

AAGIWA is now booking sponsors for future issues of *Chaff*. *Chaff* can present your company with a unique opportunity to hit a very targeted audience of key executives in a venue that has strong readership in the agriculture industry. It is an excellent marketing opportunity – contact Bob Petersen for further information at [bob.petersen@aagiwa.org](mailto:bob.petersen@aagiwa.org)

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