



SPECIAL EDITION

June 28, 2011

## GIPSA Advisory Committee Meets

The GIPSA Advisory Committee met on June 21-22, 2011, in Kansas City to provide FGIS senior management with recommendations on numerous issues affecting AAGIWA members. Tom Dahl, AAGIWA Vice-President represents official agencies on the committee. The following is a summary of the meeting.

### Actions Taken on Current Advisory Committee Resolutions

Resolutions put forth by the GIPSA Grain Inspection Advisory Committee in November 2010 were the first item on the agenda at the June 2011 Advisory Committee Meeting in Kansas City. FGIS Deputy Administrator Randall Jones touched on the 6 resolutions and actions that have been taken since the last meeting.

- Resolution #1: That GIPSA continue the current sorghum odor project with Dr. Chambers and KSU through September 2011. It is also recommended that GIPSA work with Dr. Chambers to identify potential companies that could have an interest in biosensor development for identifying chemical compounds that are believed to produce odors in sorghum or other grains.

The goal is to determine if chemical biosensor technology has advanced far enough to provide any assistance to odor inspection capabilities.

Moving forward, it is recommended that GIPSA determine if sorghum industry partners want to continue the sorghum odor project.

#### *Action Taken:*

*Edgar Chambers has identified a research instrument that would enable more rapid and precise identification of odor-causing chemicals in grain samples. Current biosensor technology offers little hope to replace human inspectors for odor assessment. FGIS is working closely with the Sorghum Odor Taskforce in obtaining their input and recommendations.*

- Resolution #2: The continuation/completion of the evaluation of rice shellers, in conjunction with the industry stakeholders.



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*Action Taken:*

*FGIS has agreed to requests by the California Warehouse Association and the California Rice Commission to use the Yamamoto Sheller as the official method for the shelling California-production Medium Grain and Short Grain rice for the 2011 crop year.*

- Resolution # 3: That when reviewing and selecting new moisture testing technology GIPSA include in its analysis parameters for “Green” rough rice during the harvest season, Aug-Sept.

*Action Taken:*

*FGIS has conducted an experiment to assess the effects of “green rice” and “green soybeans” on different technologies that might be chosen for official moisture measurement.*

- Resolution #4: That the advisory committee agenda (books) be transmitted electronically to members before the Advisory Committee in lieu of mailing unless otherwise notified that a hard copy is needed. Each Advisory Committee member would be responsible for printing and bringing the material to the meeting. This would cut down on the cost of shipping.

*Action Taken:*

*Books were transmitted electronically.*

- Resolution #5: That GIPSA review its allocation of Export oversight fees. GIPSA currently is assigning revenue derived from supervision of export loadings by Delegated States and Designated Agencies to the Domestic Service Official Agency account #530. The AC resolves that oversight fees charged for export supervision be applied to the export Inspection and Weighing account #520.

*Action Taken:*

*GIPSA proposes to modify the national administrative tonnage fee to ensure fair application on all export inspections. The goal is to create a fair and equitable system so that 70% of revenue is generated through user fees.*

- Resolution #6: That the GIPSA staff do a formal review of the current GIPSA headquarters tonnage assessment. This review would establish an equitable headquarters tonnage oversight fee for all export tonnage loaded utilizing the official system.

*Action Taken:*

*GIPSA proposes to levy the national administrative tonnage fee on all export inspections by designated agencies and delegated states. The new levy ensures an equitable allocation of national costs to all entities performing export inspections.*

## **Flood Impact**

Deputy Administrator Randall Jones discussed the concerns and provided pictures of the flood devastation affecting Missouri, Kentucky, Tennessee, Arkansas, and Louisiana. Jones shared that by opening the Birds Point/New Madrid Floodway in southeastern Missouri, although flooding nearly 133,000 acres, it essentially protected over 2.5 million acres. The last time these areas were flooded was in 1937. From a logistical standpoint, the floods have caused major facility problems. The high water is causing barges unable to unload, which leads to slowed processing, and additional costs.

However, when looking at historical inspection data from April and May of the past several years, inspection numbers have seen very little change.

### Market Overview

Jones also gave an overview of the current market environment. Export inspections by FGIS and Official Agencies in 2011 are well above last year's numbers by almost 10%. Last year's record high soybean numbers are even being surpassed as China has doubled their import of soybeans since 2005, along with the bad crop coming out of Argentina. There has been nearly a 90% increase in the export of US wheat as the Black Sea Region had a bad harvest, and Russia would not export to the region.

Domestic inspections by Official Agencies are directly in line with last year, but completely depend on the upcoming harvest as the system is clearly used more when production is higher. The largest increase on the inspection side comes from containerized grain inspections. As ocean freight continues to climb, containers become more popular as it is not much more expensive to fill a container than send empty containers back to Asia.

### International Programs

Byron Reilly, USDA Department of Initiatives and International Affairs (DIIA), discussed current International Trade and outreach issues pertinent to the grain industry. According to Reilly, the role of the DIIA is to facilitate resolution of trade barriers and disruptions between the USDA and trade associations, investigate quality/weight discrepancies, monitor grain shipments if there is a persistent problem, assist USDA cooperators with market development projects (such as the US Grain Council), and conduct educational programs. The DIIA created the Asia Collateral Duty Officer (CDO) Program in 2002 to provide onsite and more proactive opportunities to work with overseas customers and USDA Cooperators. The CDO program is a temporary regional assignment that helps increase regional presence and build relationships overseas. Reilly also reported on the three major International problems that the DIIA have been dealing with recently: Egypt rejecting US corn, the Korea Corn Monitoring project, and the US/China Soybean MOU.

### Quality Assurance and Compliance Division GIAC

Tom O'Connor, Director, FGIS Compliance Division, reported on several key initiatives within the Compliance Division, including the integration of QAQC staff, QMP implementation, the Contract Review Program, and the Exception Program.

- QAQC Staff: The QAQC has a new name: Quality Assurance and Compliance Division. It is divided into two components and overseen by the Director of the Compliance Division. The two components are the Investigation and Enforcement Branch – Greg Tomas, Chief, and the Quality Assurance and Designation Branch. The position of Chief for this branch remains open and will oversee the QAQC and Designation staff.
- QMP Implementation: All agencies and field offices have written manuals and have completed the three month or are conducting one year audits. Nine QMP agency audits have been completed, eleven more are scheduled for FY 2011. The QMP audits are scheduled after the one year internal audit and to coincide with the designation renewal. Changes to the

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QMP manuals can be submitted at any time. Changes have been made to the QMP review process and as a result the reviews should be shorter and more focused.

- Contract Review Program: The program is designed specifically to compare loading instructions provided to FGIS to the actual contract to ensure consistency, similar to a program FGIS had in the early 1980s. During FYs 2009 and 2010, FGIS reviewed 890 grain shipments, accounting for approximately 2% of grain export shipments. The program will continue, but will be limited to review of a single quarter during the fiscal year.
- Exception Program: Since program inception, FGIS has received 384 requests. Of those, 28 were not approved, 108 were cancelled, and 284 were on the books prior to January 10, 2011. Since January, 47 were cancelled due to no volume since 2008, 82 were cancelled as services were no longer needed, a facility was closed, or they were using the incumbent OA. Currently there are 119 active exceptions.

### **Diverter-Type Sampler Update**

Bob Lijewski, Director, Field Management Division, gave the committee an update on the oft discussed and debated Diverter-Type mechanical samplers. Lijewski first described the history of mechanical sampling and what the modern export grain loading process resemble, then on to current D/Ts in export facilities, proposed test procedures, and D/Ts in domestic facilities, in which AAGIWA is directly involved.

- D/T Samplers in Unit Train loading facilities: FGIS policy mandates all mechanical sampling systems must be successfully tested against a standard sampling reference method. Official agencies are responsible for testing D/T sample systems in their jurisdiction. Currently these samplers may or may not be professionally installed.
- FGIS Involves AAGIWA: FGIS asked AAGIWA for input on testing, and AAGIWA expressed certain concerns. The current procedures utilize inefficient methods that are prone to human error and thus do not lend themselves to repeatability or accuracy for high volume samplers. It is difficult for samplers using hand probes, Ellis cups, and hand held pelicans to duplicate D/T sampler results in high volume situations. Also, the volume and capacity of the Ellis cup and hand held pelican do not allow for a full cross section sample, because devices are filled beyond capacity half way through the product stream.
- AAGIWA Recommendations to FGIS: FGIS needs to adopt approval procedures based on adherence to proper physical installation of the sampling system to obtain an accurate sample. FGIS also needs to reinstate the visual exam policy approval immediately and have it remain in place until such time as the physical installation policy is in place.

Lijewski also wished to express that FGIS would like official agencies to use Gamet and Intersystems approved installers for any new equipment installation.

### **Rice Sheller for California Production**

Dave Funk, Acting Director, Technology and Science Division, discussed the implementation of a new rice sheller for California. After the California Rice Industry requested evaluation of the Yamamoto sheller, FGIS evaluated and reported the differences between the current Grainman sheller and the Yamamoto sheller. The California Rice Industry requested that the Yamamoto sheller be used for the 2011 crop Medium Grain Rough Rice (MGRR) and Short Grain Rough Rice (SGRR). FGIS is now currently preparing to implement the Yamamoto sheller for the 2011-crop. However, FGIS will continue to use the Grainman sheller for Long Grain Rough Rice, MGRR and SGRR, southern production, and all 2010-crop rice.

### **Rapid Test Kit Evaluation Program**

The GIPSA Advisory Committee made a resolution in June 2010 regarding a need for Rapid Test Kit Evaluation Program. The Advisory Committee recommended that GIPSA work closely with the vendors and industry to improve the timely acceptance and approval of mycotoxin test kits to help facilitate the movement of grain. Within the Rapid Test Evaluation Program, there are two tests to consider with each kit: Qualitative information and Quantitative information. During the Qualitative research phase, test kits are looking for mycotoxins and biotechnology-derived proteins, as current test kits detect proteins and not traits. The kit is then verified that it can validate manufacturer performance claims using standardized test methodology, and then issued a Certificate of Performance. The kit then moves on to Quantitative evaluation, where the kit will measure the level of mycotoxins present in the sample. The kit is then evaluated by GIPSA Design and Performance criteria, and if passed, is issued a Certificate of Conformance.

Since the revised program began in October of 2010, GIPSA has purchased reference materials, updated aflatoxin and DON reference methods, certified those materials, hired a new program manager, and moved into a new laboratory space. With their new facilities, the Rapid Test Evaluation Program has completed 12 rapid test kit evaluations. They expect to clear a backlog of test kits in the queue by October 2011.

### **Wheat Functionality Research**

Dr. Funk also reported on the ongoing wheat functionality research going on at the new National Grain Center (NGC) in Kansas City. Funk stated that there are three facets to the research: Farinograph standardization, varietal identification for classification assistance, and gluten quality assessment.

- Farinograph Standardization: Since beginning the wheat functionality research, the NGC has conducted ring study with 4 labs and 5 instruments and identified opportunities for improvement within the instruments. Currently, the researchers are working on mathematical algorithms to improve consistency and objectivity in the research, as well as are continuing to work closely with the manufacturers of the machines, and hope to expand the ring study to include additional laboratories soon. The revised Farinograph Instrument offers automatic water dosing, variable speeds, higher torque, temperature control, and advanced software options including creating individual test profiles, and the ability to integrate reference curves.
- Varietal ID Accomplishments: The NGC has created a fingerprint library of most US wheat varieties for reference. In their work they have also developed a mathematical method for automated matching of chromatograms and verified that cultivars grown in different regions match well. The NGC has also successfully transferred the method to a different High Pressure Liquid Chromatography unit, and are routinely using the method to assist the BAR in classifying difficult wheat samples.
- Gluten Quality: The gluten functionality lab at the NGC defines gluten quality by its visco-elastic properties and they are currently developing new ways to improve on past laboratory rheological tests, that proved to be slow, tedious and expensive. Working with Cornell University, in collaboration with Perten Instruments, a prototype was developed. GIPSA assembled and milled a representative sample set consisting of 18 wheat varieties. Cornell tested the samples rheological characteristics, and then sent samples to Perten to use in the instrument design phase. GIPSA has since tested the prototype on the same 18 cultivars sent to Cornell. The prototype produced a family of curves that ranked the cultivars in a similar order as Cornell laboratory rheology tests. GIPSA is continuing to refine a commercial prototype as well as an algorithm to assist in consistency and objectivity. They will attempt NIR Calibration to

predict gluten strength by early next year, and hopefully the new prototype will assist the wheat industry in using gluten quality measurement to predict functionality.

### **Official Moisture Technology Selection**

Over the past year, the GIAC recommended that GIPSA/FGIS move forward with the expediency to determine the feasibility and selection of a new federal standard moisture measurement technology for use in the official system, and also that when reviewing and selecting new moisture testing technology that GIPSA include in its analysis parameters for “green” rough rice during the harvest season. GIPSA announced that from July until December 2011 they will be collecting calibration data for new technology, including conducting additional “green” grain tests to quantify effects. By February 2012 they hope to finalize their technology selection decision and by May 2012 develop and validate calibrations for officially inspected grain types.

Dave Funk gave what GIPSA considers crucial criteria for new official moisture technology.

- To optimize consistency of official results, FGIS should select a single technology for use as the Official moisture measurement technology for each grain type for which FGIS has inspection responsibility.
- To avoid requiring multiple moisture meter types within inspection labs, the selected technology must be capable of providing accurate measurements of moisture for all officially –inspected types of grains, oilseeds, pulses, and processed commodities.
- Developing and maintaining calibrations for all products under FGIS inspection responsibility must be practical for all the selected technology.
- To allow commercial users to obtain results consistent with the Official system, the selected technology must be currently represented by at least one commercial product certified by the National Conference on Weights and Measures (NCWM) for commercial grain moisture measurement.
- To provide procurement competition, the selected technology must be “open” such that a Qualified Products List of fully equivalent (in FGIS’s definition) equipment can be established.
- Purchase cost should be an important factor in selecting new official moisture technology.

Dr. Funk concluded that if all five criteria are, indeed, necessary there is only one option for new official moisture technology. The FGIS Executive Management Team recommends that the FGIS’ 149 MHz (Unified Grain Moisture Algorithm) method be implemented as the Official moisture technology.

### **Sorghum Odor**

David Lowe, Chairman, Board of Appeals and Review, presented an update on Sorghum Odor. Lowe reported that although FGIS has been studying sorghum odor for the past 30 years, it wasn’t until 2008 that it became a serious issue when odor differences occurred between an origin and export locations. By November of that year, GIPSA surveyed 62 individuals from 26 companies in 5 states for odor. Armed with the information from that survey, the Advisory Committee and GIPSA resolved to form a taskforce to validate the odor line. The charge of the taskforce was to get a sensory evaluation and seek consensus on the official odor line for musty sorghum, guided by Dr. Edgar Chambers, Kansas State University. The taskforce outcomes were inconclusive.

- End-users odor line is tighter than handlers and producers
- There were significant differences within individuals even within the same group.
- No consensus was reached on the level of end-users that should find the official line unacceptable.

- Handlers and producers have great concern about the consistency of odors between inspection points.

After the original taskforce, Dr. Chambers was tasked with a new Sorghum Odor Project, with the objective to develop consistent “standard reference samples” to be used for comparison during training and evaluation of “storage musty” odors in grain sorghum. The BAR provided 27 different samples from September 1, 2009 to May 1, 2010. Samples were subjected to a descriptive sensory analysis, shelved for 3 months, then submitted for odor tests again. After identifying the chemical compound concentrations present in “storage musty” sorghum, GIPSA released a [Standardized Odor Procedure](#) in May 2011, which also redefined “consensus.” GIPSA is currently developing a pilot study to involve the key sorghum inspection areas. It is GIPSA’s hope that by January 2012 they will be able to train all GIPSA employees and all Official Agency personnel that grade sorghum. By March of 2012, they hope to finish development and distribute reference samples to OAs for their own reference when grading.

### **Review of Export Tonnage Fee**

Eric Jabs, FGIS/USDA, discussed the two resolutions regarding allocation of export oversight fees put forth by the Advisory Committee in November 2010 in New Orleans. FGIS was asked to revise current export fees regarding the resolutions. Below are the actions taken by FGIS to address such revisions.

- National Tonnage fees will be reduced from \$.052/MT to \$.047/MT. and a new levy will be introduced on delegated state and designated agency export inspections, increasing the current fee from \$.011/MT to \$.047/MT. Whereas domestic inspection fees will remain unchanged.
- Local Tonnage fees were modified based on updated field office costs, tonnages and a reallocation of workers compensation.
- Annual fees will increase approximately 1% per year for all grain inspection and weighing fees in FY 2014-2017.

### **New Resolutions**

During the second day of the GIPSA Advisory Committee Meeting, members of the committee voted on new resolutions for FGIS to work on based on information they received and discussed during the meeting. Listed below are the newest resolutions brought forth by the Advisory Committee:

1. The Advisory Committee recommends that GIPSA moves forward on implementing new diverter type (D/T) check testing procedures at both the export and domestic markets. The Advisory Committee charges GIPSA to replace the current procedures with procedures that focus on safety and reliability such as drop, visual, and installation certification.
2. The Advisory Committee is concerned that the newly formed Domestic Inspection Operations Office (DIOO) is currently understaffed to properly perform their required duties (equipment, federal appeals, testing, SIMS samples, AMA) and supervise approximately 30 agencies in the domestic market. The Advisory Committee recommends that GIPSA evaluate the number of personnel under the DIOO banner, including what steps will be taken to ensure that GIPSA will be able to facilitate the marketing of grain in the domestic market under the increased workload of DIOO.
3. The Advisory Committee recommends that GIPSA continues to support marketing to Asian markets through the Collateral Duty Officer (CDO) program and explore ways to expand the program. The Advisory Committee suggests that the Agency work with industry, if possible and appropriate, to look at ways this may be accomplished.

4. The Advisory Committee recommends that GIPSA continue to identify new and improve current rapid technology in the area of protein quality (visco-elastic test) and ensure that the results correlate with end users.
5. The Advisory Committee recommends that GIPSA continue working on sorghum odor. In continuing this effort, reach out for industry and end-user feedback to set a storage musty sorghum odor reference that refers to end uses.
6. The Advisory Committee strongly recommends that export user-fees collected and maintained as retained earnings be solely used to support services that facilitate the export of grain and grain related products and not be subject to use for any other purpose.
7. The Advisory Committee recommends that FGIS/GIPSA continue to go forward with the evaluation and adoption of the 149 MHZ technology as the new official standard for grain moisture measurement.
8. The Advisory Committee recommends that GIPSA expedite the scheduled review of the barley standards considering the needs of all stakeholders.

## **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: [abigail.hiles@aagiwa.org](mailto:abigail.hiles@aagiwa.org).

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