United States
Department of
Agriculture

Federal Grain
Inspection
Service

Annual Report to Congress, 1984

AUTHORITY

The United States Grain Standards Act (Act), as amended, requires, in Section 17B(a), the Administrator of the Federal Grain Inspection Service (FGIS) to submit a report on December 1 of each year to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of the official inspection and weighing system under this Act for the prior fiscal year, with recommendations for any legislative changes necessary to accomplish the objectives stated in Section 2 of this Act.

Section 17B(c) of the Act requires the Administrator to submit a summary of valid complaints received (and the resolution thereof) by the U.S. Department of Agriculture (USDA) during the prior fiscal year from foreign purchasers and prospective purchasers of United States grain and other foreign purchasers interested in grain trading.

The summary required by Section 17B(c) is submitted as part of the report required by Section 17B(a).

MISSION (Amended and effective August 13, 1984)

The mission of FGIS is to provide for the establishment of official United States Standards for Grain, to promote the uniform application thereof by official inspection personnel, to provide for an official inspection system for grain, and to regulate the weighing and the certification of the weight of grain shipped in interstate or foreign commerce, as authorized by the U.S. Grain Standards Act, as amended, and the regulations thereof; and to carry out the delegated responsibilities under the Agricultural Marketing Act of 1946 (AMA). (49 FR 28539)

United States Department of Agriculture

Federal Grain Inspection Service

Washington, D.C. 20250

December 1, 1984

Honorable E (Kika) de la Garza
Chairman, Committee on Agriculture
House of Representatives
Washington, D.C. 20515

Honorable Jesse Helms
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Fiscal Year 1984 Annual Report for the Federal Grain Inspection Service (FGIS) is submitted in compliance with the U.S. Grain Standards Act. This report provides a descriptive summary of the Agency's principal activities and the effectiveness of the official inspection and weighing system during the fiscal year.

Legislation to reauthorize FGIS program authorities and functions was enacted effective October 1, 1984. This new law extends, through September 30, 1988, the authority to collect user fees to cover the administrative and supervisory costs of grain inspection and weighing; permits the deposit of fees in interest-bearing accounts; increases the limit on administrative and supervisory costs from 35 percent to 40 percent of total costs; extends the requirement for an advisory committee to advise the Administrator on implementation of the Act; extends the authorization for appropriations for compliance, standardization, and foreign monitoring activities; and prohibits the Secretary from establishing a new class of wheat designated "Red Wheat".

During Fiscal Year 1984, grain export volume increased while total costs to the FGIS revolving fund decreased. Grain export inspections totaled 115.2 million metric tons, compared to last year's 114.1 million metric tons, up approximately 1 percent.

FGIS' operating revenues during FY 1984 were $32.9 million, with obligations of $30.9 million, yielding a net operating margin of $2.0 million. Prior year adjustments of a positive $1.7 million accrued to the revolving fund which ended the year at $7.6 million. This represents slightly under a 3-month operating reserve, a position we will strive to maintain. Total

revolving fund program obligations (actual operations) for the fiscal year, at $30.9 million, were $2.8 million below last year's level of $33.7 million.

Appropriated obligations of approximately $6.7 million plus revolving fund obligations of $30.9 million combined, total $37.6 million or approximately $1 million under Fiscal Year 1983 total program obligations.

FGIS received a $6 million supplemental budget appropriation in November 1983 to recapitalize the revolving fund account. Due to cost reductions and improved grain export volume, these funds were not used. We considered the budget supplement as a line of credit to be used if needed and to be repaid within 3 years. A $2 million repayment to the Treasury was made in September 1984, and we fully expect to retire the remaining $4 million within the next 2 years as Agency operating balances permit.

Delegation of Authority agreements with California and Washington were modified in August 1984, increasing their responsibility to perform official inspection and weighing of export grain. This cooperative effort is designed to improve the efficiency and economy of the national inspection program. Assessment of lower supervision fees was made possible due to FGIS' reduced operating costs. After a 1-year trial period, this program will be evaluated and considered for the remaining 6 delegated States. Congressional Agricultural Committees have been apprised and have concurred with our approach to this program.

FGIS and the Canadian Grain Commission renewed its Memorandum of Understanding in January 1984, continuing official inspection service on U.S. grain transshipped through Canadian elevators on the St. Lawrence Seaway. Over the years, we have maintained a cooperative working relationship with the Commission by exchanging technical information on the inspection and sampling of grain to improve the provision of service.

After a 19-month interval, fees were adjusted effective August 1, 1984, bringing revenues in line with costs. Fees for supervision of grain inspection and weighing services were decreased by 35 percent. Fees for rice and commodity inspection services, and original grain inspection and weighing services were increased. Public hearings were held during a 30-day comment period, giving interested parties an opportunity to express their views on the fee proposal. We have attempted to keep the grain industry apprised, through the Advisory Committee and other contacts, of our financial condition and the need for fee adjustments. We continue to monitor costs, revenues, and operating reserve levels to assure sufficient resources for the Agency's operations.

Honorable E (Kika) de la Garza
Honorable Jesse Helms

The Advisory Committee continues to play a key role. It serves as a vital link to the industry so that its views can be made known during the formation of policy affecting its interests. Quarterly meetings were held. Important issues the Committee addressed included proposed changes to the grain standards, insect infestation, appeals and reinspections, fee adjustments, corn moisture measurements, the Federal/State cooperative program, our financial condition, and the reauthorization of the Agency. The Committee was continued as a statute-created entity in the reauthorization of FGIS.

In the past 3 years, FGIS has reorganized, adjusted to user fees for approximately 85 percent of its revenues, reduced staff by one-half, reduced costs by one-third, improved service, and improved its public perception as a governmental agency. Grain facility automation and improvements made by the industry we serve have permitted effective utilization of our employees. Citing a reorganized FGIS as "efficient, responsive, and capable," industry representatives asked Congress to reauthorize the Agency until September 30, 1988. The 98th Congress responded and extended the sunset provisions of the Act. We shall continue to provide a "no-frills" efficient and effective Federal-State-private National Inspection System.

Sincerely,

Kenneth A. Gilles

Kenneth A. Gilles
Administrator

FGIS' RESPONSE TO THE HOUSE COMMITTEE ON AGRICULTURE REPORT

The House Committee on Agriculture's report, H.R. 98-756, requests FGIS to respond to the following questions in its Annual Report:

Question:

"What is FGIS doing to develop a new testing procedure to address varieties whose visual characteristics do not conform to current grades?"

Response:

FGIS, in conjunction with the Agricultural Research Service (ARS), initiated a research project, at the University of Nebraska, to investigate objective procedures for wheat classing that would be commercially adaptable. The project seeks to develop an automated system for determining wheat class on an individual kernel basis. Single kernel analysis is promising because it offers an objective determination of hard and soft wheat in a mixture and their exact percentages.

Question:

"Is there a timetable for research, development, and implementation of a new testing procedure, that will address the problems created by new varieties such as Arkan?"

Response:

Yes. The research project is scheduled to be completed in 1 year (October 1985). Should the project prove successful, the development of the testing procedures will be expedited and implemented consistent with the support of the grain industry, other interested parties, and the requirements of rulemaking.

Question:

"Is the current level of funding for research and development of a new testing procedure adequate?"

Response:

Yes. FGIS provided $25,000, the amount requested to fund the research project at the University of Nebraska. ARS has also redirected funds for other research efforts.

Question:

"Is the Department of Agriculture's Agricultural Research Service providing enough funding and emphasis in this area of research, or should it be moved up the priority list at ARS?"

Response:

Yes. Research in objective testing procedures for wheat classing is high on ARS' list of priorities. It has two other research projects underway on single kernel analysis to determine hardness in wheat. Moreover, it convened a panel of 100 experts in the field to address the issue. The results were published and the research projects initiated.

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FUNCTIONS PERFORMED

FGIS administers and enforces the United States Grain Standards Act (Act). The Act requires the establishment of U.S. grain standards and a national inspection and weighing system for grain; requires that certain grains be inspected and weighed under the Act; prohibits deceptive practices and criminal acts with respect to the inspection and weighing of grain; and provides penalties for violations.

In administering and enforcing the Act, FGIS:

- establishes official grain standards based on grading factors and other official criteria for measuring and describing grain quality;

- establishes methods and procedures and approves equipment for the official inspection and weighing of grain; 1/

1/ Official Inspection. The determination (by original inspection, reinspection, and appeal inspection) and the certification by official personnel of the kind, class, quality, or condition of grain, under standards provided for in the Act; or the condition of vessels and other carriers or receptacles for the transportation of grain insofar as it may affect the quality of such grain; or other facts relating to grain under other criteria approved by the Administrator (the term "officially inspected" shall be construed accordingly).

Official Weighing. (Referred to as Class X weighing.) The determination and certification by official personnel of the quantity of a lot of grain under standards provided for in the Act, based on the actual performance of weighing or the physical supervision thereof, including the physical inspection and testing for accuracy of the weights and scales and the physical inspection of the premises at which weighing is performed and the monitoring of the discharge of grain into the elevator or conveyance. (The terms "officially weigh" and "officially weighed" shall be construed accordingly.)

- delegates qualified State agencies to inspect and weigh grain under the Act at certain export port locations; 2/

- designates qualified State and private agencies to inspect and weigh grain under the Act at interior locations;

- provides official inspection and weighing services at certain export port locations in the Atlantic, Great Lakes, Gulf, and Pacific Coast States; and official inspection at certain port locations in Eastern Canada on U.S. export grain transshipped through Canada;

- provides appeal inspection services in the United States and at certain export port locations in Eastern Canada on U.S. export grain transshipped through Canada; 3/

- provides Federal oversight and monitors the official inspection and weighing of grain by delegated States and designated agencies under the Act; and

- investigates apparent violations of the Act in cooperation with the Office of Inspector General (OIG), and recommends appropriate action.

The Act requires, in some instances, that grain be officially inspected and weighed. In other instances, official inspection and weighing are not required but may be obtained by officially requesting such services. In both instances, official inspection and weighing services are performed on a fee basis paid by the user.

2/ Export Port Locations. A commonly recognized port of export in the United States or Canada, as determined by the Administrator, from which grain produced in the United States is shipped to any place outside the United States. Such locations include any coastal or border location or site in the United States which contains one or more export elevators, and is identified by the Service as an export port location.

3/ Appeal Inspection Service. An official review by a field office of the results of an original inspection service or a reinspection service.

FGIS administers and enforces all inspection and standardization activities related to grain products and other commodities under the AMA. All services provided under the AMA are performed upon request on a fee basis.

Requested Services

Official inspection and weighing of U.S. grain destined for domestic consumption, with few exceptions, are performed on request and payment of a fee by either the buyer or seller of the grain. These services are provided by designated agencies which employ approximately 3,250 agency personnel licensed by FGIS to provide such services in accordance with the regulations and instructions. FGIS' supervision and administration costs have been funded by user fees since October 1, 1981.

Inspection and weighing services provided under the AMA are performed on request for both domestic and export shipments. These services are provided either by FGIS employees, individual contractors, or through cooperative agreements with States.

Mandatory Services

Under provisions of the Act, grain exported from export port locations must be officially weighed. A similar requirement exists for inspection except for grain which is not sold or described by grade. The Act also requires that intercompany barge grain received at export port locations be officially weighed. Grain facilities that notify FGIS of their plans to export less than 15,000 metric tons annually are exempt from mandatory inspection and weighing requirements of the Act. Mandatory official inspection and weighing services are provided at 59 export elevators by approximately 700 FGIS employees. Eight delegated States with approximately 900 employees provide official services at an additional 31 export elevators under direct Federal oversight. Grain exported by rail or truck to Canada or Mexico is exempt from official inspection and weighing requirements of the Act.

THE FEDERAL GRAIN INSPECTION SERVICE

FGIS carries out its inspection and weighing services through a Headquarters staff and a field staff comprised of 29 field offices, 2 Federal/State offices, and 9 suboffices. The offices are located in 25 States and Canada to serve the needs of the grain industry. The objectives of the field offices are to provide efficient and timely services, monitor the activities of delegated and designated agencies; and promote a cooperative working relationship with the grain industry.

The FGIS supervision function represents an integral part of the national inspection system. It is defined as the effective guidance of agencies, official personnel and others who perform activities under the Act, so as to reasonably assure the integrity and accuracy of the program activities. Supervision includes overseeing, directing, and coordinating the performance of activities under the Act, reviewing the performance of these activities; and effecting appropriate action. FGIS supervisory personnel supervise agencies, official personnel and others who perform activities under the Act. Agency supervisors are responsible for the direct supervision of their own official personnel and employees. FGIS provides oversight, guidance, and assistance to agencies as they carry out their responsibilities.

Field Management Division

The Field Management Division (FMD) is comprised of the following management components and functions.

(1) Inspection

The grain inspection program includes: (a) providing reliable and accurate grading, sampling, and carrier condition examination services; (b) monitoring inspection accuracy; (c) identifying and responding to intermarket grain quality problems; (d) providing reinspection and appeal inspection services; and (e) overseeing delegated and designated agencies that provide official services.

Although the volume of export grain inspected in FY 1984 exceeded FY 1983 by 1.1 million metric tons, slower export activity during the second and third quarters of FY 1984 significantly impacted on the inspection and weighing operations. Export grain facilities that historically had difficulty keeping pace with export demands were forced to cut back on operations. FGIS field offices in Baltimore and Philadelphia were adversely affected by the decline in export activity during the spring and summer months requiring extended furloughs of many staff members. Port of Baltimore labor problems also adversely affected grain exports.

The fluctuating workload of our export offices continuously influences staffing needs. Consequently, we continue to work with our employees' union to achieve a staff of full-time, part-time, intermittent, and seasonal employees that provide the flexibility necessary for inspection and weighing services and minimizes the adverse impact caused by furloughs.

Several marketing needs developed in FY 1984 requiring immediate and positive reaction by the national inspection system. They included providing ethylene dibromide (EDB) analyses, falling number testing, thin-layer chromatography (TLC) aflatoxin testing, and sunflower seed inspection services.

During the early part of FY 1984, concern was raised regarding the possible presence of EDB residues in U.S. grain. Several importing countries of U.S. grain requested that grain be tested for EDB residue. In response, we developed and implemented, in conjunction with the Animal and Plant Health Inspection Service (APHIS), a testing service to measure EDB residue in grains. This service is provided upon request and meets the marketing needs of the grain industry. An agreement was established with the USSR to certificate EDB results for grain, based on levels considered essentially free of EDB that were substantially lower than the EPA tolerance. Another agreement was reached with the Dutch Government that requires FGIS to test U.S. grain shipments for EDB residues and furnish such information to the Dutch Government, whether or not U.S. exporters requested the service.

Another marketing need in FY 1984 was the testing of wheat quality. Several industry representatives expressed an interest in receiving expanded falling number testing service, a test used to measure the alpha-amylase activity of wheat, which is influenced when wheat begins to sprout. In response, we extended this testing service to Duluth, Minnesota; Moscow, Idaho; and Montreal, Canada. It was previously only available in Portland, Oregon, and our Beltsville, Maryland, laboratory. In addition, we are working with the Japanese Government and members of the U.S. grain industry to develop an alternative testing method that better meets the needs of the grain industry and is universally accepted.

Since 1977, FGIS has provided to the grain industry aflatoxin testing services for corn using a reliable and timely method known as the minicolumn test. During FY 1984, several grain firms in the New Orleans, Louisiana, area requested that FGIS offer at field locations a more accurate but less timely testing method known as thin-layer chromatography (TLC). In

response, we established a TLC testing laboratory in the New Orleans area, which has proven very successful. Prior to establishing the New Orleans TLC Laboratory, this service was only available from our Beltsville laboratory.

Preventing and controlling insect infestation in grain is a problem for producers, exporters, and importers of U.S. grain. We have and will continue to work with members of the grain industry, universities, and ARS regarding this issue. In FY 1984, we participated with ARS, industry representatives, and the USSR in conducting a test to determine the effectiveness of using Actellic, an insecticide, to treat export shipments of grain. Studies, such as this, contribute to the overall goal of developing safe and effective methods for controlling insect infestation in an efficient and cost-effective manner.

As an outgrowth of recommendations by the Infestation Subcommittee of the Advisory Committee, a task force was established to review FGIS' involvement in grain infestation certification and to develop a plan of action to address the problem.

New wheat varieties exhibiting atypical kernel characteristics are being produced and introduced to the marketplace making visual wheat classing a difficult task under the current grading system. The current system is designed to meet the rapid inspection needs of the grain market and does not address such factors as milling and baking characteristics. The official factors deal with the weight, soundness, purity, and cleanliness of grain. Therefore, new methods of classing wheat must be developed through research. However, for orderly marketing, wheat must continue to be classed on the basis of visual kernel characteristics until suitable replacement tests can be developed, which are acceptable to the grain industry, and integrated into the grading system.

When viewed from the standpoint of the entire United States, the current wheat inspection system performs remarkably well, and we will continue to base our classification decisions on visual kernel characteristics. Also, we will continue to search for better objective means to determine wheat quality. We will encourage buyers to use protein content as one of their buying specifications. While the current classing system has limitations, it does facilitate marketing by aiding the buyer in the selection of the proper wheat for the products to be made.

We have established a program to collect and distribute to all inspection points wheat variety type samples as a visual aid; conducted wheat classing seminars; and worked with interested groups, such as breeders, producers, and exporters.

At the beginning of FY 1984, the grain industry experienced problems with origin and destination inspection results on corn shipped by barge from domestic points to export locations in the New Orleans area. Industry officials initially thought improper inspection practices caused the problem. In response, we conducted a study, in conjunction with the grain industry, to monitor the quality of corn from origin to destination. The study found that the quality deteriorated during transit and that inspection practices were not the cause of the problem.

As a follow-up to the FY 1983 Annual Report, we continued, in FY 1984, to field test, in conjunction with the American Association of Grain Inspection and Weighing Agencies, new inspection procedures designed to improve the efficiency and economy of inbound truck and submitted sample inspections. The new procedures modify certain requirements to allow designated agencies to provide inspection services that more directly reflect the grain industry's needs. Field testing results, to date, are encouraging.

To improve the efficiency and economy of inspection operations, we approved, for official inspection, the use of certain electronic laboratory scales and dividers and pneumatic probe samplers. This equipment offers delegated and designated agencies, along with our field offices, the opportunity to improve productivity through the use of more advanced equipment. We continue to evaluate other equipment, such as new moisture meters, that have the potential for improving accuracy and productivity.

(2) Weighing

The weighing program includes: (a) providing reliable and accurate weighing services, (b) monitoring the accuracy and performance of approved weighers, (c) testing scales and related equipment used in the official weighing of grain, and (d) responding to domestic and foreign weight complaints.

During FY 1984, we conducted a weight study in cooperation with the U.S. Wheat Associates and two Philippine organizations, the National Food Authority (NFA) and the Philippine Association of Flour Millers (PAFMIL). The purpose of the study was to evaluate the official U.S. weighing program and

to determine the cause of weight differences between the U.S. and the Philippines on U.S. grain exports. No significant problems were found in the U.S. weighing system but several problems were discovered in the Philippine system which could cause a discrepancy between origin and destination weights. These deficiencies were discussed with representatives of NFA and PAFMIL, and efforts were made to aid them in correcting the problems.

The accuracy of the U.S. weighing program relies, to a great extent, on approved scale codes and tolerances. These basic requirements ensure that all scales used to weigh grain are capable of providing reliable and accurate results. During the National Conference of Weights and Measures' 69th annual meeting this August, the Conference voted to adopt the new scale codes and tolerances as of January 1, 1986. The new scale codes and tolerances will be published by the National Bureau of Standards (NBS) in their Handbook 44, and FGIS' regulations on scale specifications will be re-examined to determine whether they should be continued without change or revised to adopt codes in Handbook 44 or applicable portions thereof.

To ensure that scales used to weigh grain officially meet the established tolerances, all scales are tested periodically. Testing procedures include, in part, the use of large calibrated test weights. However, before the test weights are used to check a scale's accuracy, the test weights themselves must be checked. This is accomplished by FGIS' test weight reverification program or by approved State metrology laboratories.

During the past few years, we have encountered large weight gains and losses in one particular type of fabricated test weight used in many grain elevators. NBS also became aware of this problem and, based largely on FGIS' testing data, concluded that a serious problem exists in the stability of fabricated weights. Consequently, NBS notified all State weights and measures organizations that such weights are not considered suitable as Class F field standards. As a result, we plan to increase the frequency in which we check fabricated test weights from once every 3 years to annually.

(3) Quality Control

Changes in grain marketing practices and in the development of new techniques for determining grain quality require FGIS to move toward a consolidated and more extensive scientific Quality Control Program. Our Quality Control Program must apply the same basic principles that have worked successfully

in the private sector so that the technical integrity of official inspection analyses are monitored, resulting in improved services to the industry.

Quality control proposals, under current consideration, represent further expansion and implementation of FGIS' priorities set forth during the 1981 reorganization and the 1982 restructuring of the field services program. In 1981, FGIS was reorganized to improve the efficiency and economy of administering programs. In 1982, the field office structure was modified to improve the efficiency and economy of field services. Proposals under consideration would expand FGIS' quality control activities to improve program efficiency and maintain the integrity, quality, and effectiveness of the national inspection system.

Inspection Program Data

Item	Fiscal Year 1982	1983	1984
Quantity of Grain Produced* (Mt) 1/	391.8	247.1	354.6
Quantity of Grain Officially Inspected (Mt)			
Domestic	174.5	176.0	179.2
Export	129.2	114.1	115.2
Sub-total	303.7	290.1	294.4
Number of Delegated States/Official Agencies	82	83	82
Number of Original Inspections and Reinspections			
FGIS	271,465	222,763	216,219
Delegated State/Official Agency	2,839,111	2,742,049	2,739,553
Sub-total	3,110,576	2,964,812	2,955,772
Number of Federal Inspection Supervisions	90,526	48,967	42,201
Number of Federal Protein Supervisions 2/	24,000	25,000	37,000
Number of Appeals	22,265	24,223	20,460
Number of Appeals Carried to BAR 3/	946	1,238	1,327
Number of BAR Inspection Supervisions	12,000	8,879	7,443
Number of Protein Inspections			
FGIS	62,714	56,740	52,349
Delegated States/Official Agencies	602,283	549,495	567,644
Sub-total	664,997	606,235	619,993
Number of Aflatoxin Inspections	14,600	11,200	17,885
Quantity of Rice Inspected (Mt) (milled basis)	3.4	3.4	3.4
Number of Foreign Quality Complaints	12	13	22

* Calendar Year. Source: Statistical Reporting Service
1/ Million metric tons
2/ Estimate
3/ Board of Appeals and Review

Weighing Program Data

Item	Fiscal Year 1982	1983	1984
Official Weight Certificates Issued			
FGIS			
Class X	177,549	124,718	119,213
Class Y [1/]	N/A	34,162	7,181
Sub-total	177,549	158,880	126,394
Delegated States and Official Agencies			
Class X	280,956	205,595	215,563
Class Y [1/]	N/A	130,516	112,102
Sub-total	280,956	336,111	327,665
Export Grain Weighed (Mt)			
FGIS	103.3	93.0	88.5
Delegated States	25.9	21.1	26.7
Sub-total	129.2	114.1	115.2
Number of Certified Scales in Service - Export Elevators	491	491	485
Number of Railroad Track Scales Tested	91	84	91
Number of Foreign Weight Complaints	1	3	2

[1/] Fiscal Year 1982 Class Y Weighing Data Not Available

Resources Management Division

The Resources Management Division (RMD) is responsible for the overall planning, coordinating, and monitoring of all financial management, manpower planning, and ceiling control necessary to carry out the functions of the Agency. Internal support services provided by RMD include: budget and financial management; information resource management; program analysis; ADP services; technical and program training; safety and health, including Worker's Compensation Program management; performance measurement systems for the national inspection system; maintenance of USDA's Explosion Reporting and Tracking System; coordinating management improvement initiatives; and providing, securing, or negotiating for all other resources or services needed to operate and manage the organization.

During FY 1984, FGIS and APHIS worked on consolidating certain support functions and activities in the interest of cost savings and program efficiency. As a result, records, forms, correspondence, mail, and some directives management activities were transferred to APHIS along with the personnel and staff-year ceilings identified with those functions.

On August 1, 1984, FGIS implemented two new fee schedules -- one for Official Inspection, Official Weighing, and Supervision of Official Services; and the other for certain Commodity Inspection Services and Rice Inspection Services. Grain inspection and weighing fees and Rice inspection fees were revised on January 1, 1983; and Commodity inspection fees were revised on February 4, 1982. FGIS continually monitors costs, revenues, and operating reserve levels to assure that there are sufficient resources for the Agency's operations.

Seventy-two revised agency fee schedules were evaluated and approved.

Automated data processing (ADP) capabilities were expanded in FY 1984 to improve program efficiency and economy. In particular, we introduced ADP to program areas to improve our internal controls over program vulnerability. For example, we automated the data processing associated with checktesting scales and inspection equipment. This enables us to conduct more extensive evaluations of equipment and scale performance, thus providing the necessary means to prevent or detect problems before they appear in the marketplace.

The National Institute of Occupational Safety and Health began conducting a Health Hazard Evaluation of FGIS worksites in FY 1984. In the event health hazards are identified, recommended corrective action will be made.

The USDA Grain Storage, Handling, and Processing Safety Coordinating Subcommittee, chaired by the Administrator, continues to promote safety in grain handling facilities by coordinating public and private sector activities.

Reported Explosion Incidents in Grain Handling Facilities (FY 1984)

The following grain dust explosions were reported to FGIS during FY 1984. The reports were received through the cooperation of universities, insurers, trade groups, FGIS personnel, and a news clipping service. FGIS does not investigate grain dust explosions, and the public sector is not required to report explosions to FGIS.

No.	Facility & Location	Date	Injuries	Deaths
1.	Poitz, Inc. Yuma, CO	11/02/83	0	0
2.	Prairie Grain, Inc. East Bernard, TX	11/28/83	0	0
3.	Rivards Quality Seeds Argyle, MN	11/30/83	2	0
4.	Darwin Farmers Elevator Darwin, MN	12/28/83	2	0
5.	Lubbock Feed Lots Mill Lubbock, TX	01/20/84	1	0
6.	Epstein-Harris Feed Yd. Fort Morgan, CO	02/04/84	1	0
7.	Norman-Hartwell Grain Norman, NE	02/12/84	0	0
8.	Owensboro Grain Co. Owensboro, KY	02/20/84	1	0
9.	Castlewood Farmers Elev. Castlewood, SD	02/25/84	1	0
10.	Chester Farmers Grain, Inc. Chester, NE	03/14/84	0	0
11.	Monroe Grain Co. Monroe, NE	03/15/84	2	0
12.	Lake Lillian Farmers Coop Lake Lillian, MN	05/11/84	4	2
13.	Blue Valley Coop Tamora, NE	05/30/84	0	2
14.	Archer Daniels Midland Decatur, IL	06/08/84	3	1
15.	Community Grain Co. Galesville, IL	06/26/84	1	0
16.	Juniata Farmers Coop Juniata, NE	07/31/84	0	0
17.	Pettibone Elevator Pettibone, ND	08/24/84	0	0
18.	St. Elmo Terminal Elev. Paulina, LA	09/16/84	0	0
19.	Con Agra, Inc. Knoxville, TN	09/19/84	11	3
20.	Indiana Grain Logansport, IN	09/21/84	0	0
		Total	29	8

Note: No Federal employees involved.

Standardization and Research

Standardization is defined as the act, process, or result of standardizing methodology and measurement of quality and quantity.

Standardization functions include: compiling and evaluating data to develop and to update grading and weighing standards, developing or evaluating new methodology for determining grain quality and quantity, providing reference standards for official grading methods, and reviewing official grading results through the use of a quality control and weight monitoring program.

The Standardization Division administers programs for the development, promulgation, and uniform official application of new and revised U.S. grade standards for grain, lentils, beans, peas, rice, hops, hay, and other assigned products. Standards are reviewed and updated to reflect changing inspection techniques, to attain uniformity of standards, and to clarify existing technology and procedures.

Improvement of the grain inspection system continues through the adoption of new technology and more objective testing. This past year, research efforts were directed toward the following grain inspection areas: (1) through contracting, an investigation was initiated into (a) the accuracy of the diverter-type sampler at high grain flow rates, (b) corn breakage during "in process handling", (c) the objective determination of vitreousness in wheat, and (d) objective procedures for wheat classing; (2) a procedure was established for measuring protein in barley through the use of the Near Infrared Reflectance (NIR) technique; (3) sunflower inspection methods were researched and a standard was developed and published; (4) a rapid inspection procedure for determining oil in sunflower was developed; (5) a basic reference method for corn moisture was evaluated; (6) a preliminary procedure for determining rice milling, through the use of a NIR technique, was developed; (7) a rapid procedure for determining aflatoxin was developed and implemented; (8) the investigation of NIR procedures for determining moisture, protein, and oil in soybeans was continued; (9) a new divider for splitting a sample into any predetermined fraction was developed; and (10) performance standards for moisture meters and NIR equipment were written.

New standards are developed and existing ones revised to assure that the physical and biological characteristics of grains and commodities are uniformly and accurately described during movement through the marketing system.

Standards must reflect changes in production and marketing practices. During the year, standards reviews were completed for corn, wheat, mixed grain, and rye.

Standards revisions were promulgated for mixed grain, corn, wheat, rye, and for the deletion of moisture content as a grade-determining factor in corn, sorghum, and soybeans. The revision for mixed grain included a clarified definition of mixed grain and a simpler basis for determining the percentage of each type of grain in the mixture and damaged kernels. Changes were made in the corn standards to clarify the Sample grade requirement for corn and the definition of distinctly low quality. Changes to the wheat standards included the deletion of the special grade "Light garlicky" and a reduction in the allowable limit for castor beans in the numerical grades from 2 to 1. Changes to the rye standards included a revision of the format to conform to other grain standards and the deletion of the special grade "Tough" and the Sample grade requirement for high-moisture rye.

The need for official U.S. standards for sunflower seeds also was addressed in FY 1984. Increased purchases of sunflower seeds by Mexico precipitated the need for official U.S. standards. After meeting with interested parties of the U.S. sunflower industry and importers, official U.S. standards were developed, proposed, and implemented, effective September 1, 1984. Official sunflower seed inspection service is now provided upon request by the national inspection system.

Reviews also have been initiated for triticale, oats, flaxseed, soybeans, and barley standards. Proposed rulemaking dockets to revise the standards are pending on triticale, oats, and flaxseed.

Standardization Program Data

Item	Fiscal Years		
	1982	1983	1984
U.S. Grade Standards in effect	19	19	20
Commodities covered by grade standards	16	16	17
New & revised standards issued during fiscal year	3	5	5*
Revised or reissued standards being developed	6	4	3**
Standards reviews in progress	13	10	5
Standards reviews completed	3	6	4
Inspection techniques developed	7	9	6
Equipment evaluated	12	14	13

* Corn, Wheat, Mixed Grain, Rye, and Sunflower Seeds.
** Triticale, Oats, and Flaxseed.

Compliance Division

Compliance is the conformance with all requirements and procedures established by statute, regulation, instruction, or directive so that managerial, administrative, and technical functions are accomplished effectively. Compliance functions include: evaluating alleged violations, initiating preliminary investigations; initiating implementation of all necessary corrective actions; conducting management and technical reviews; administering the designation of agencies and the delegation of State agencies to perform official functions; identifying and, where appropriate, waiving and monitoring conflicts of interest; licensing agency personnel; responding to audits of FGIS programs; and reviewing and, when appropriate, approving agency fee schedules.

There are 82 agencies designated to provide official services at interior points. Eight of these agencies are States that are also delegated to perform official inspection and weighing services at export points. During FY 1984, one agency terminated its designation. Under triennial renewal procedures, 26 agency designations were automatically terminated and renewed after a complete review of their performance. Nine agencies that were granted discretionary conflict-of-interest waivers continue to operate without significant problems. Eighteen new licensee conflict-of-interest situations were evaluated and waivers were issued based on the licensees' agreement to comply with the conditions of the waiver.

Compliance Division conducted 14 onsite field office reviews and 34 onsite agency reviews to evaluate management effectiveness and program compliance. In addition, FGIS' field offices conducted semiannual onsite management reviews of each agency performing official services. At the beginning of FY 1984, 10 cases involving alleged violations of the Act and the AMA were under active investigation. During the year, seven cases were opened. Onsite investigations were conducted by compliance personnel in seven cases, and two investigations were conducted by the Office of Inspector General (OIG). Seven cases were closed after appropriate administrative actions were taken; one case was closed following Department of Justice proceedings; and five cases were closed due to insufficient evidence to sustain a corrective action. At the end of the fiscal year, there are four cases under active investigation.

At the request of FGIS, and based on our information, OIG conducted a 6-month investigation which disclosed that some FGIS employees in Pasadena, Texas, had accepted or solicited

gratuities in the performance of their official shiphold inspections. After the U.S. Attorney declined prosecution, FGIS dismissed three employees and suspended three others. One employee resigned.

Compliance Program Data

Item	Fiscal Year 1982	1983	1984
Agency delegations and designations	82	83	82
Designations renewed	27	28	26
State delegations at export port locations	8	8	8
Registration certificates issued to grain firms	141	131	119
Licensees:			
Inspectors	950	910	877
Weighers	223	223	238
AMA Commodity Samplers	130	119	116
Sampler/Technicians (Approximate)	2000	2000	2000

International Monitoring

The International Monitoring program functions include: (1) foreign travel to explain FGIS' inspection and weighing procedures; (2) briefings with visiting foreign agricultural officials and others on our procedures and to obtain information on the quality of U.S. grain shipments; and (3) written or on-site responses to formal and informal complaints received through the Foreign Agricultural Service.

We received 22 formal and informal quality complaints and one formal and one informal quantity complaints. **Three complaints were deemed valid.** One was a short-weight complaint from Venezuela. A corrected weight certificate was issued for the cargo in question. Another valid complaint involved previous cargo contamination. An undetected oil residue remaining in the upper portions of some cargo hatches contaminated a soybean cargo destined for West Germany. Finally, a cargo of corn shipped to England apparently went out of condition after loading in the U.S. Destination and origin file samples showed that an increase in mold growth had occurred after the original inspection was performed.

Summary of Inspection and Weighing Foreign Complaints - (Fiscal Year 1984)

Country	Grain	F/I*	No. of Complaints	Nature of Complaint
Saudi Arabia	Barley	F	1	Dust
Belgium	Corn	F	1	Excessive Damage, Broken Corn and Foreign Material
El Salvador	Corn	I	1	Aflatoxin
England 1/	Corn	I	1	Excessive Damage
Korea	Corn	F	1	Excessive Broken Corn and Foreign Material
Peru	Corn	F	1	Excessive Heat Damage, Broken Corn, and Foreign Material
Portugal	Corn	F	1	Aflatoxin
South Africa	Corn	F	1	Aflatoxin
Venezuela	Corn	I	1	Excessive Damage
Denmark	Soybeans	F	1	Excessive Foreign Material
Greece	Soybeans	I	2	Excessive Foreign Material
Italy	Soybeans	I	1	Excessive Foreign Material
Japan	Soybeans	I	1	Excessive Foreign Material
Netherlands	Soybeans	I	1	Excessive Foreign Material
West Germany 1/	Soybeans	F	1	Previous Cargo Contamination
Brazil	Wheat	I	1	Bacterial Contamination
Japan	Wheat	F	2	Excessive Heat Damage
Peru	Wheat	F	2	Excessive Shrunken and Broken Kernels
Portugal	Wheat	F	1	Short-Weight
Singapore	Wheat	I	1	Low Protein
Venezuela 1/	Wheat	I	1	Short-Weight
		TOTAL	24	

1/ Valid complaints

*F- A Formal Complaint is recorded when a Form FAS-802, "Foreign Agricultural Service (FAS) Foreign Trade Discrepancy Inquiry (Grain, oilseeds, and other commodities)" is received by FGIS.

*I- An Informal Complaint is recorded when an inquiry, either verbal or written, is submitted through the Attache or FAS to FGIS.

Summary of Foreign Monitoring Team Activities by Country Visited (Fiscal Year 1984)

Purpose	Representatives	Country/City Visited	Dates
U.S. Wheat Associates Seminar	1	Brazil, Chile, Colombia, Guatemala, Mexico, Peru, and Venezuela	10/13 - 11/1/83
In-Transit Fumigation	1	Chile	11/16 - 12/2/83
Respond to a foreign complaint and, at the request of the Agency for International Development, inspect a flour shipment	1	Spain, Poland	12/05 - 12/17/83
CONASUPO Meeting	1	Mexico	03/13/84
Examine potential sampler locations at an import elevator at the request of the Portugese Government	2	Portugal	03/31 - 04/04/84
Discuss weighing services in Canada	1	Spain	04/04 - 04/10/84
Discuss Ethylene Dibromide (EDB) levels in grain	1	Netherlands	06/02 - 06/06/84
American Soybean Association Seminar in Korea and respond to concerns about protein levels in wheat	1	Korea, Thailand, Malaysia, Singapore	06/05 - 06/24/84
In-Transit fumigation experiment	1	U.S.S.R.	06/24 - 07/06/84
Sprout Damage collaborative study	1	Japan	06/28 - 07/13/84
Weighing Study	3	Philippines	06/28 - 07/29/84
Cargo Sampling Study	2	Denmark, Greece	07/28 - 08/08/84
Respond to a foreign complaint	1	England	08/08 - 08/10/84
U.S. Feed Grains Council Seminar	1	Dominican Republic, Columbia, Chile, Argentina and Venezuela	08/21 - 09/01/84

Summary of Briefings with Foreign Trade and Governmental Teams - (Fiscal Year 1984) (Listed by Area)

East Asia and Pacific

1. Japan
2. Japan
3. Japan*
4. Japan
5. Korea
6. Korea
7. Peoples Republic of China
8. Philippine

Europe

9. Portugal
10. Spain
11. U.S.S.R.*
12. Yugoslavia

Middle East, Africa, and South Asia

13. Algeria
14. Bangladesh
15. Egypt
16. India*
17. Iraq
18. Ivory Coast
19. South Africa
20. Syria

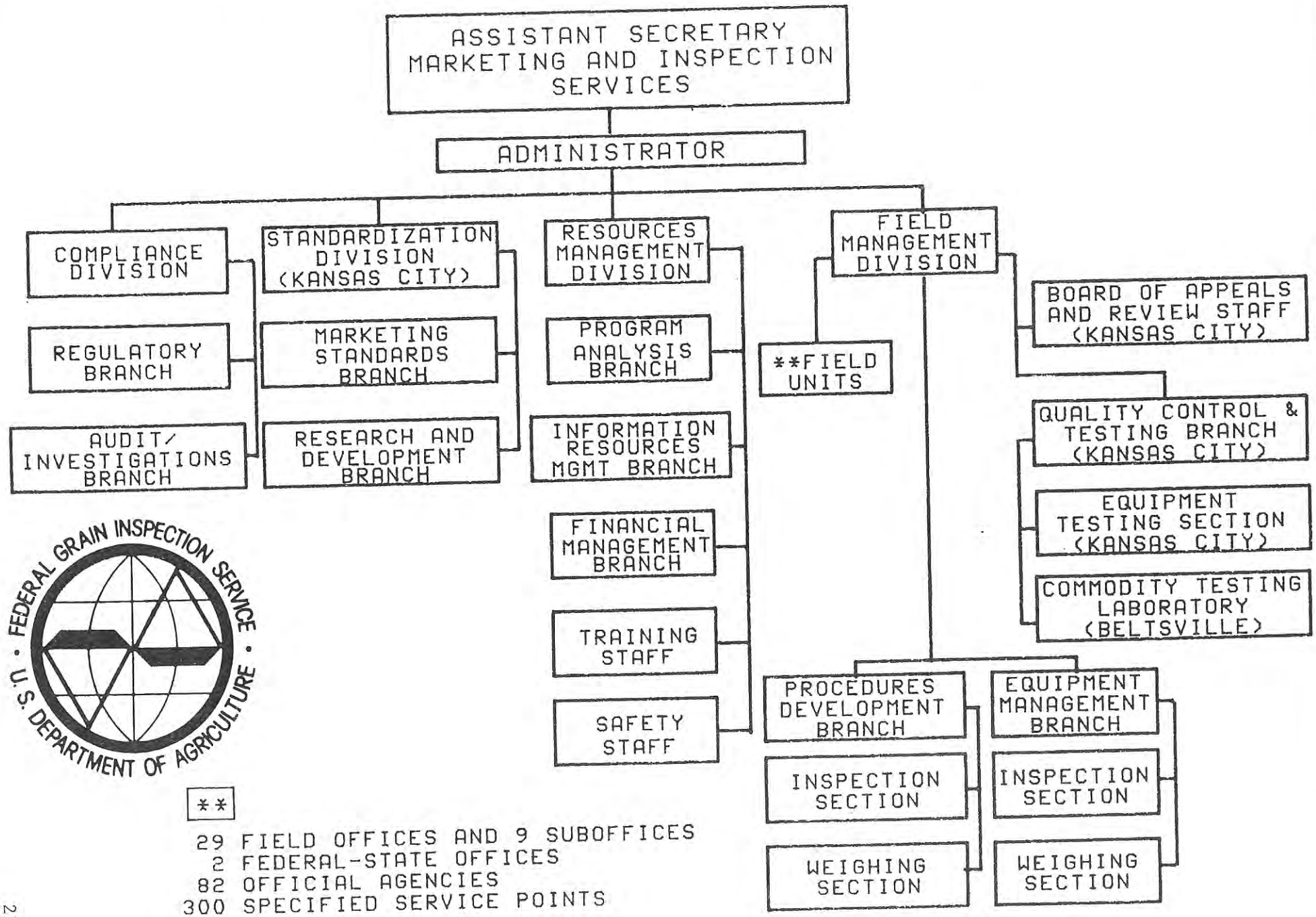
Western Hemisphere

21. Argentina
22. Brazil
23. Honduras
24. Peru
25. Taiwan
26. Venezuela
27. Venezuela

* Two Teams/Year

APPENDIX

REORGANIZATION APPROVED SEPTEMBER 21, 1981

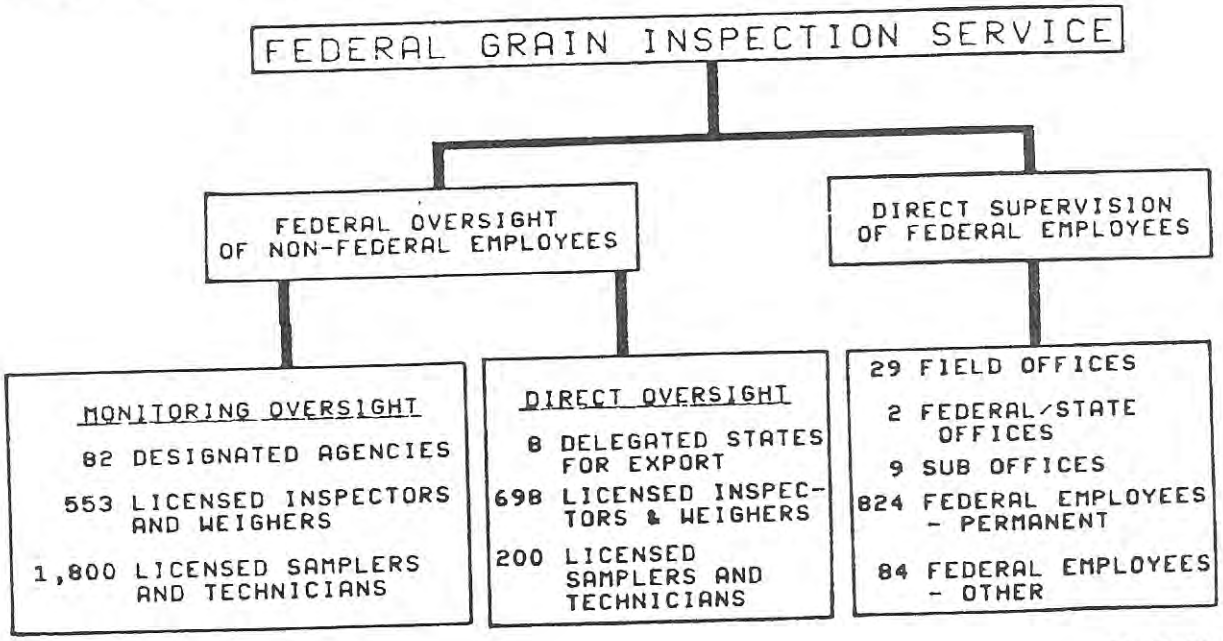


** 29 FIELD OFFICES AND 9 SUBOFFICES
2 FEDERAL-STATE OFFICES
82 OFFICIAL AGENCIES
300 SPECIFIED SERVICE POINTS

FGIS OFFICIAL INSPECTION AND WEIGHING SERVICES

- Development of official standards and procedures
- Application of standards uniformly by official personnel
- Application of official inspection and weighing procedures
- Designation of official agencies
  - Exclusive geographical service area
  - Authorization to issue official certificates
- Monitoring of official agency performance.
- Enforcement of regulations

Official Inspection and Weighing Oversight



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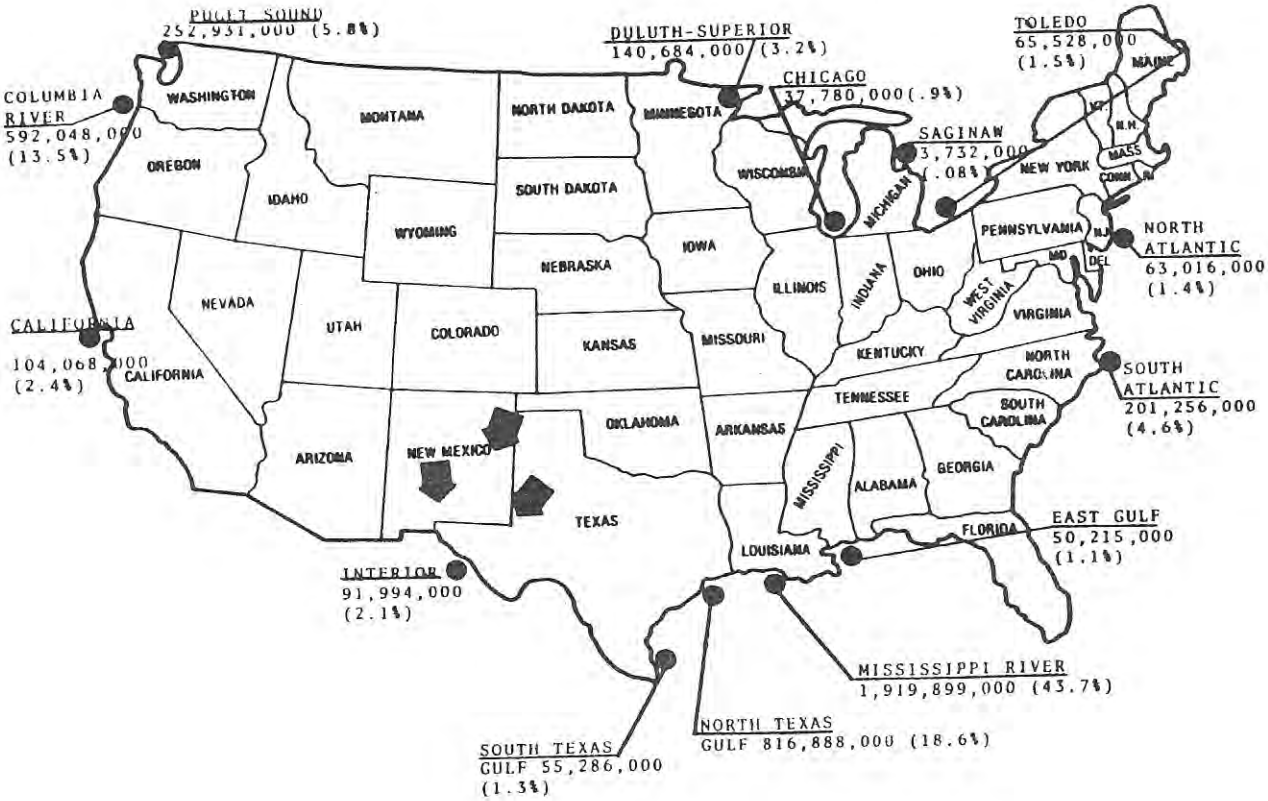
Federal Grain Inspection Service
Performance of Inspection and Weighing Services

INSPECTIONS FOR EXPORT BY PORT AREA FOR FISCAL YEAR 1984

Oct 83 - Sep 84 4,395,325,000 bushels



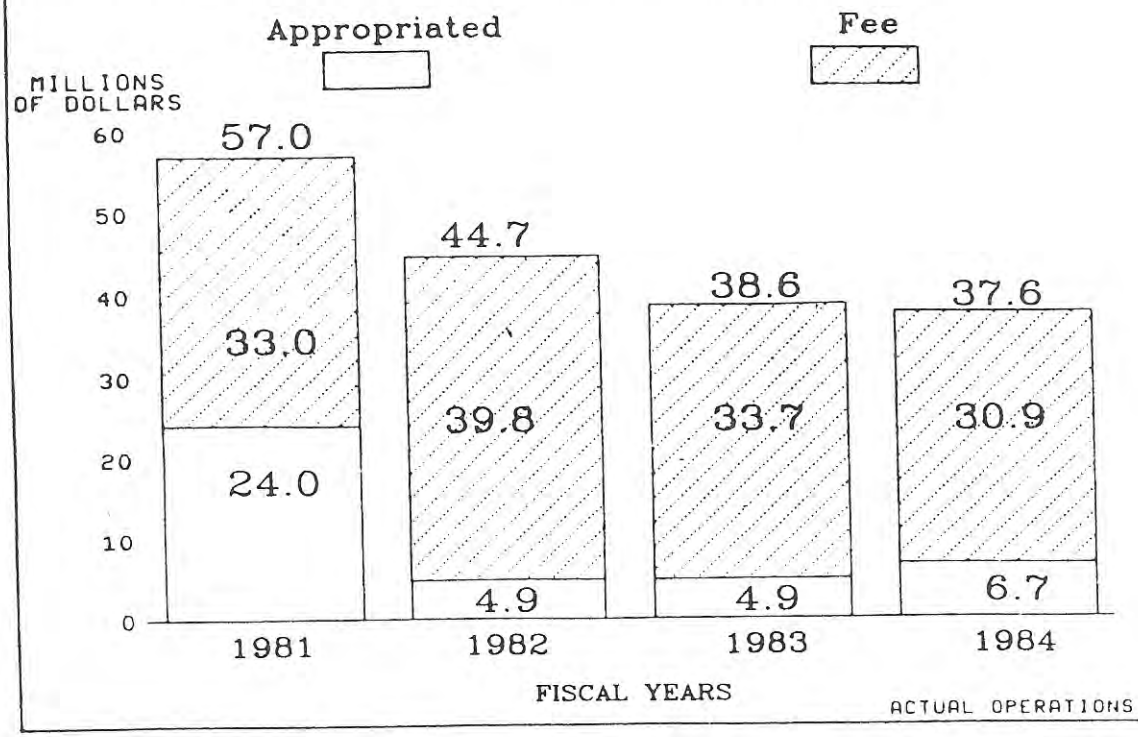
FEDERAL GRAIN INSPECTION SERVICE
Status of Fee Supported Accounts
FY 1984
(Dollars in Thousands)

PROGRAM	Revenue 9/30/84	Obligations 9/30/84	Profit/ Loss 9/30/84	Unobligated Funds 9/30/84
Grain Standards Act				
Original Inspection	$11,559	$12,605	$(1,046)	$395
Canadian Operations	519	646	(127)	(140)
U.S. Appeals	1,146	1,093	53	(486)
Original Weighing	6,793	7,283	(490)	2,385
Supv. of Inspection Agencies	4,483	1,906	2,577	3,680
Supv. of Weighing Agencies	340	192	148	231
Registration	20	28	(8)	4
GSA Subtotal	24,860	23,753	1,107	6,069
Agricultural Marketing Act				
Rice Inspection	3,019	2,938	81	142
Misc. & Proc. Commodities	4,953	4,091	862	1,265
Miscellaneous Agreements	73	149	(76)	91
AMA Subtotal	8,045	7,178	867	1,498
FGIS Total FY 84	32,905	30,931	1,974	7,567
Prior Years Adjustments	324	(1,327) 1/	1,651	
FGIS Fee Total	33,229	29,604	3,625	7,567 2/

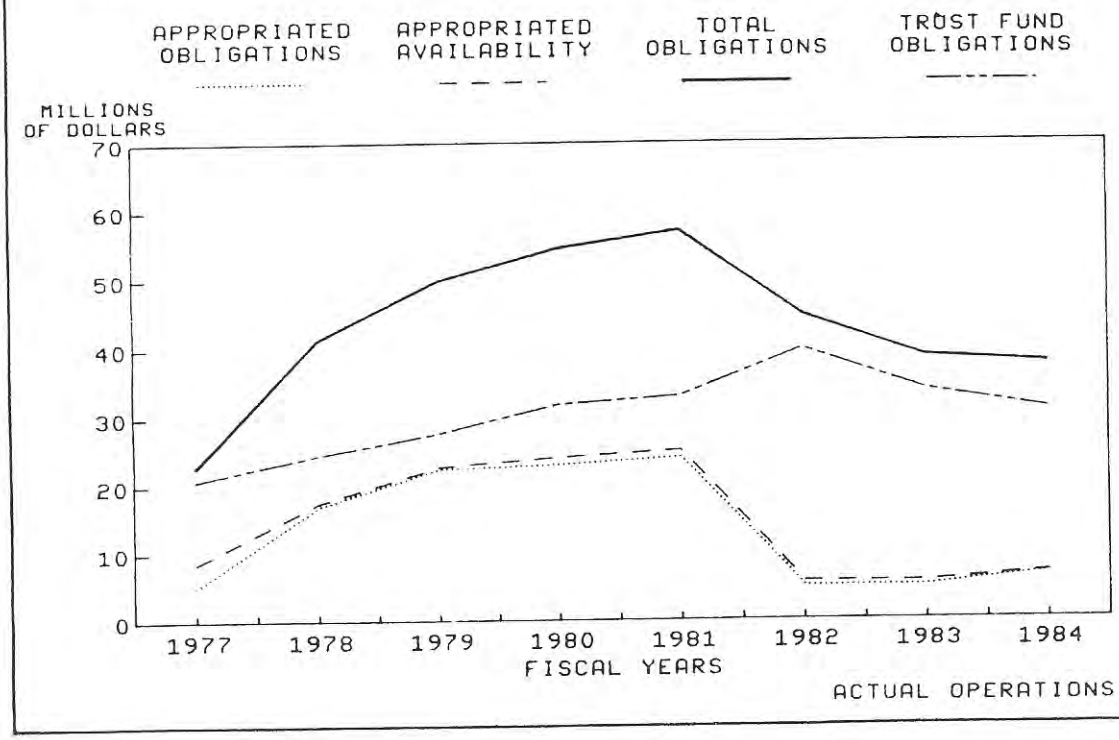
1/ Includes recovery of FY 1979 thru FY 1983 obligations such as postage and contract samplers.

2/ Represents 2.9 months operating costs.

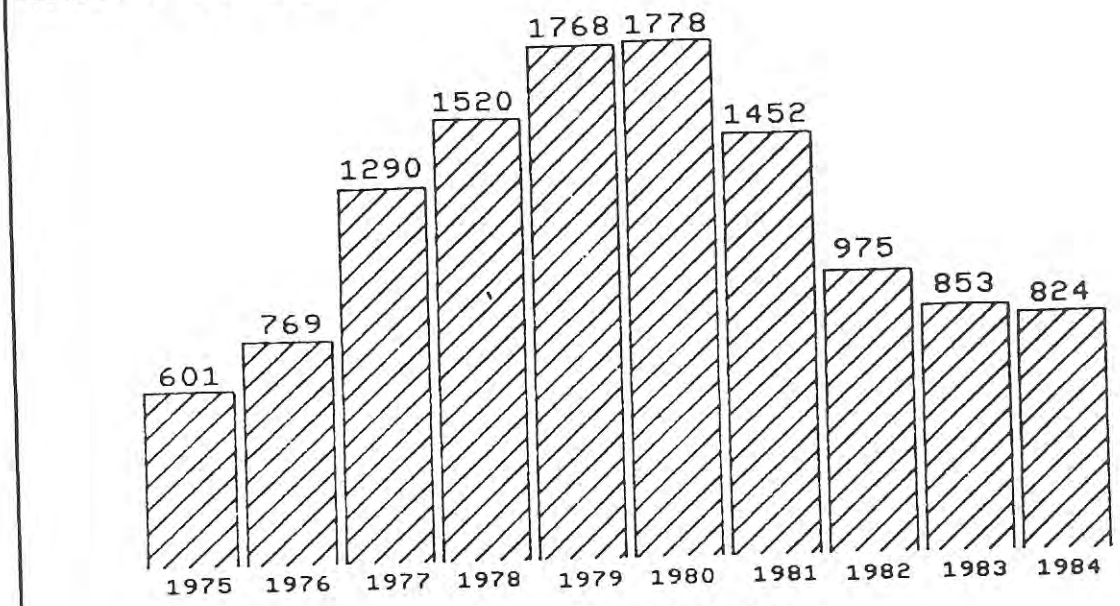
FGIS Appropriated and Fee-Supported Expenditures



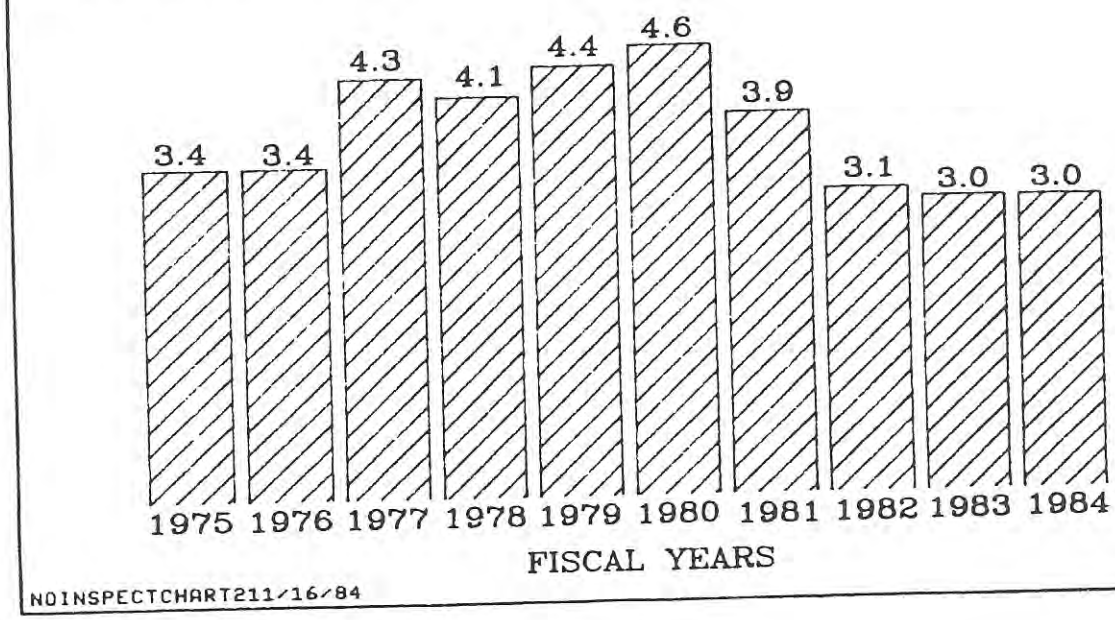
FGIS Funds Availability and Obligations



FEDERAL GRAIN INSPECTION SERVICE
FULL–TIME PERMANENT EMPLOYMENT HISTORY



Federal Grain Inspection Service
Number of Inspections



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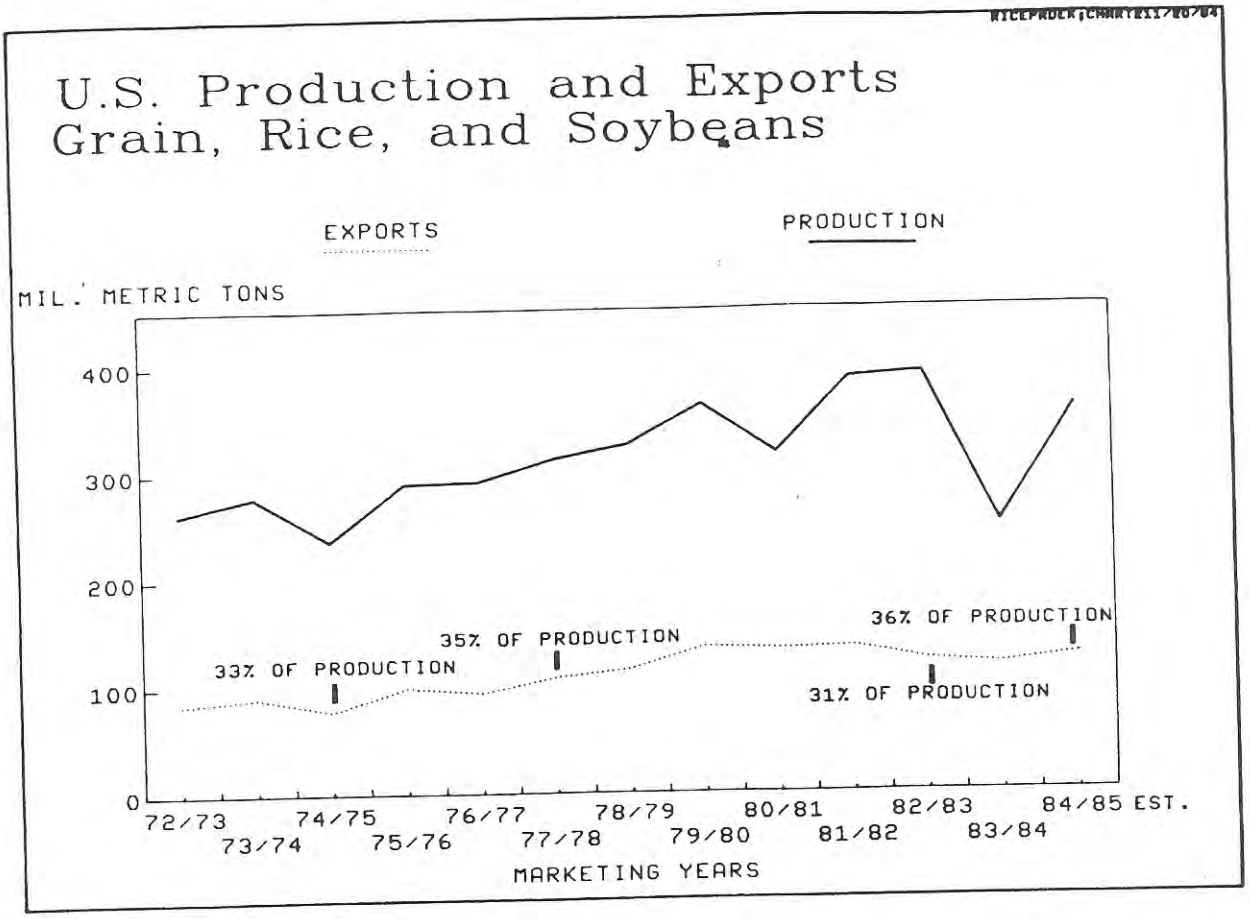
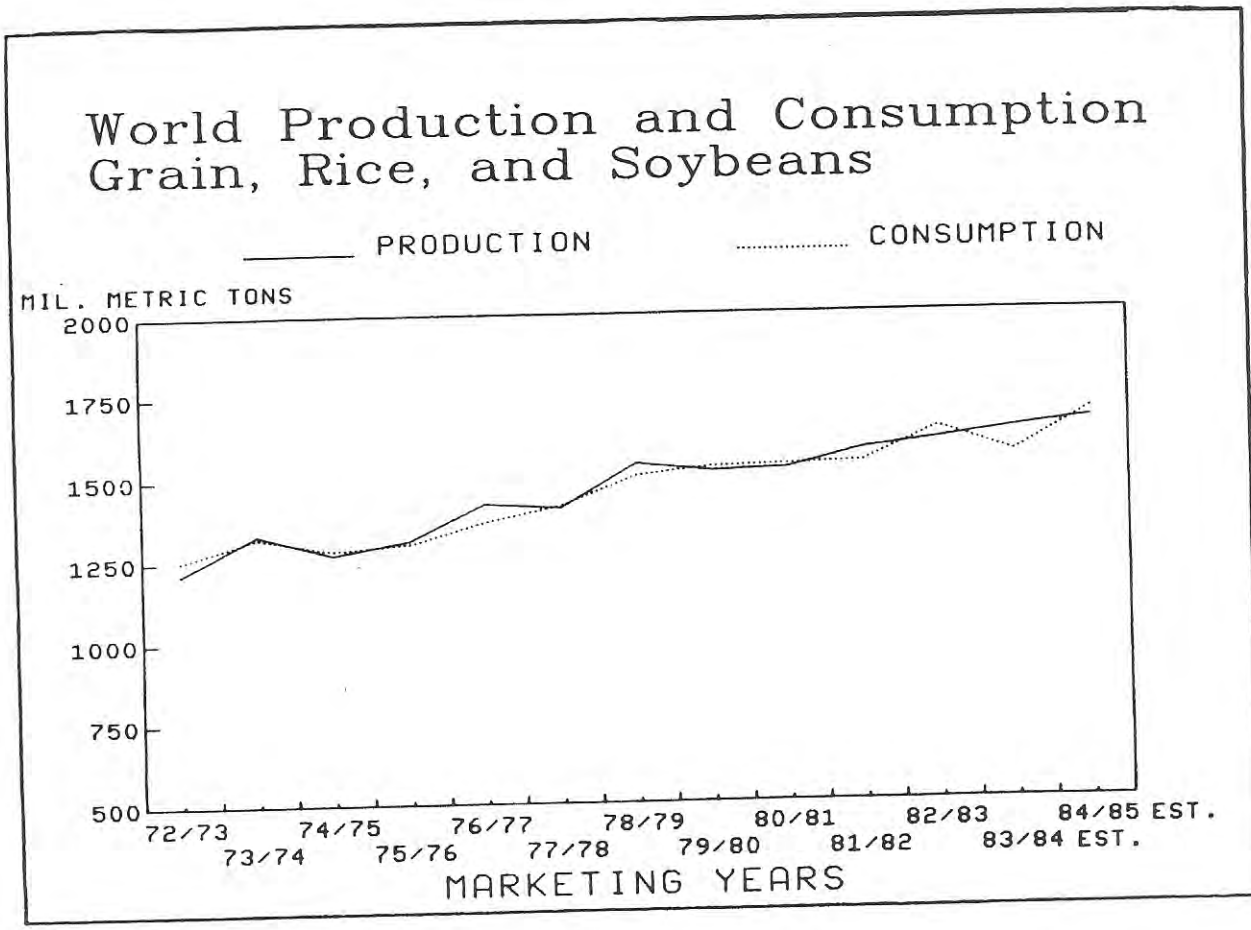

U.S. Production and Exports
Grain, Rice, and Soybeans
EXPORTS
PRODUCTION
MIL. METRIC TONS
400
300
200
100
0
33% OF PRODUCTION
35% OF PRODUCTION
36% OF PRODUCTION
31% OF PRODUCTION
72/73
73/74
74/75
75/76
76/77
77/78
78/79
79/80
80/81
81/82
82/83
83/84
84/85 EST.
MARKETING YEARS


World Production and Consumption
Grain, Rice, and Soybeans
PRODUCTION
CONSUMPTION
MIL. METRIC TONS
2000
1750
1500
1250
1000
750
500
72/73
73/74
74/75
75/76
76/77
77/78
78/79
79/80
80/81
81/82
82/83
83/84 EST.
84/85 EST.
MARKETING YEARS

Code of Ethics

FEDERAL GRAIN INSPECTION SERVICE

1. RENDER IMPARTIAL SERVICE TO ALL APPLICANTS.
2. MAKE ACCURATE, HONEST, AND FAIR DECISIONS.
3. MAINTAIN COMPLETE AND ACCURATE RECORDS.
4. DISCLOSE NO PRIVILEGED INFORMATION TO UNAUTHORIZED PERSONS.
5. STRIVE FOR UTMOST EFFICIENCY AND ECONOMY IN OPERATIONS.
6. BE SAFETY CONSCIOUS.
7. ACCEPT NO GIFTS OR FAVORS FROM ANYONE IN THE INDUSTRY OR FROM PERSONS REQUESTING SERVICES.
8. CONDUCT MY PERSONAL ACTIVITIES IN SUCH A WAY AS TO AVOID EMBARRASSMENT TO THE SERVICE OR MYSELF.
9. DISPLAY A HIGH SENSE OF LOYALTY AND PRIDE IN THE SERVICE.
10. DO MY BEST . . . BE A PROFESSIONAL.
11. PROVIDE AN HONEST DAY'S WORK FOR AN HONEST DAY'S PAY.

December 1984