

MINUTES OF THE House COMMITTEE ON Agriculture and LivestockThe meeting was called to order by the Chairman, Bill Fuller at
Chairperson9:00 a.m./~~p.m.~~ on January 24, 1984 in room 423-S of the Capitol.

All members were present except:

Rep. Solbach, who was excused.

Committee staff present:

Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Kathleen Moss, Committee Secretary

Conferees appearing before the committee:

Dave Galliard, Federal Grain Inspection Service
Gail Jackson, Director, Standardization Division

The meeting was called to order by the Chairman, who informed the Committee that discussion would continue concerning classification of wheat. He introduced Dave Galliard of the Federal Grain Inspection Service.

Mr. Galliard gave the background and history of the United States Grain Standards Act, and discussed the characteristics of the different grain crops. He noted there are a number of different agencies and private agencies involved in wheat inspection. Mr. Galliard said that a number of new varieties of wheat have emerged and this has caused difficulty in grading and testing. He said that non-uniform kernel characteristics has resulted in some very fine varieties being classified as mixed wheat. One of these is the Arkan variety, and Mr. Galliard said they have met on three occasions with KSU in attempting to resolve that problem because they are interested in and encourage research. (See Attachment 1.)

A slide presentation was given by Gail Jackson, which showed their methods of classifying wheat. He pointed out the differences and similarities of the various wheat samples.

The Chairman expressed appreciation for the presentations. Committee discussion followed, and there were questions concerning the difficulty in recognizing the differences in the various varieties. There was a feeling that there must be some way of inspecting so that Arkan could be classified hard as it should be.

The Chairman said there is urgency in the matter and not sufficient time for a study. The research program was discussed and it was noted that FGIS is not involved in research but encourages research by others.

The Chairman told the Committee members they would be notified later if a meeting is to be scheduled for the next day. The meeting was adjourned at 10:01 A.M. The next scheduled meeting is January 26, 1984, 9:00 A.M., Room 423-S.

WHEAT CLASSING UNDER THE OFFICIAL GRAIN STANDARDS

I am pleased to be here today to discuss the national grain inspection system and the role of the Federal Grain Inspection Service, especially as it relates to wheat classing. First, I would like to provide you with some background information.

National standards for U.S. grain began in 1916 with the passing of the United States Grain Standards Act and the establishing of Federal standards for corn. Federal standards for wheat were developed in 1917 with standards subsequently established for eight other grains--rye, oats, barley, flaxseed, soybeans, triticale, sorghum, and mixed grain.

These standards are called The Official United States Standards for Grain. They are applied whenever grain is officially inspected, which includes Topeka and seven other locations in Kansas. In Kansas, as in other domestic movements, grain is inspected and weighed at the request of users of the service. For most export grain movements, inspection and weighing are mandatory.

In Kansas, as you know, grain is inspected by the Kansas State Grain Inspection Department under authority designated by the Federal Grain Inspection Service. There are 12 additional states and 60 private agencies designated for the same purpose. During fiscal year 1983, approximately 6.6 billion bushels of domestic grain were officially inspected and 4.3 billion bushels of export grain were officially inspected.

Presentation by D. R. Galliard, Deputy Administrator, Federal Grain Inspection Service, before the Kansas House of Representatives, Agriculture and Livestock Committee, Topeka, Kansas, January 24, 1984.

The standards help to facilitate marketing, storage, financing, and futures trading. They standardize the trading practices so that both the seller and the buyer use a common, understandable basis for trading. The factors on which the grades are based determine the quality and, frequently, the market value of the grain.

The United States Grain Standards have evolved as the Federal system of rules developed in cooperation with the grain trade through research, deliberation and consensus, legally constituted and enforced by a system of Federal inspectors. To minimize intermarket differences, the impartial and unbiased application of these rules is effected with a minimum of individual interpretation. Further, to assure continuity, the Federal Grain Standards Act provides a process for amending these rules only after public comment has been solicited and evaluated.

When the U.S. Grain Standards for Wheat were first promulgated in 1917, six major classes were provided: Hard Red Spring wheat, Durum, Hard Red Winter, Soft Red Winter, White wheat, and Mixed wheat. At that time the system appeared to present a logical division which met national and regional priorities. As new varieties were developed which possessed kernel shapes and physical characteristics similar to the principal old varieties of each class, no particular problems were presented for the grain inspection system. However, when new varieties resulting from crosses of wheat of distinctly different classes or physical characteristics began to appear, difficulties began.

When a variety does not exhibit consistent uniform kernel characteristics, several marketing problems must be considered. The lack of uniformity makes it virtually impossible for an inspector to characterize wheat, particularly in the commercial marketing system which represents blends of wheat within marketing

areas. Since the United States market consumes about 30 percent of the total production, the domestic needs as well as the export needs must be considered.

For the domestic needs, supplies for individual mills can be influenced by annual surveys and careful selection from desirable areas of production. With an abundant supply, the domestic mills usually can meet their needs effectively.

For the export market, which uses 60 percent of the total production, large volumes of grain will move to the major ports through a commingling process which facilitates movement of grain from areas of production through the country elevators, terminal elevators, and export elevators. By law, grain exported from the United States must be graded and weighed, with a few minor exceptions. Since contracts with foreign countries are stipulated on the basis of U.S. grades, the buyer usually has an inspection system which assures that the grain imported into the foreign country meets contract specifications. Their skilled inspectors judge the quality of the grain on delivery on the basis of the U.S. grain standards. When deliveries appear to fail to meet the standards as stipulated, complaints are lodged through the foreign agricultural counselors, attaches, or embassies. An important point to recognize is that importing countries use the U.S. grain standards to ensure that the certificate final, which is issued at the time of loading, indeed represents the quality and quantity of grain received. This system is recognized throughout the world and is working effectively.

Today grain inspection is based on the physical and biological characteristics of the grain at the time of inspection. Certain chemical tests may be performed to provide supplemental information. From time to time it has been suggested that grain inspection be more objective and less subjective. I'm sure that the grain inspectors would concur and readily adopt objective methods which would meet the criteria necessary for inspection. These criteria are that the test be relatively inexpensive, reproducible, accurate, simple to perform,

capable of being performed in less than 15 minutes by technicians, capable of being performed with rugged, dependable equipment not requiring highly skilled operators, and that the results of the tests be meaningful to the buyer and the seller in both domestic and foreign markets.

At the present time, we have the dilemma created by the release of Arkan wheat by the Kansas State Agricultural Experiment Station. Arkan is a cross between a Soft Red Winter wheat, Arthur, and a Hard Red Winter wheat, Sage, and which on visual examination appears non-uniform in kernel characteristics. This non-uniformity of kernel characteristics most likely causes the wheat to be classified as Mixed wheat.

To permit the market to test the value of this new type of wheat, FGIS is proposing to establish a new class of wheat called Red Wheat. Please understand that FGIS is not advocating this class. We are proposing, for public comment, that this matter be considered. Such a proposal was published in the Federal Register on January 13, and we request written comments. Simply stated, the class Red Wheat would apply when a commercial wheat appeared to consist of two or more of the following classes: Hard Red Winter, Soft Red Winter, or Hard Red Spring wheat. The grade factors for all other classes and subclasses would apply, with the additional factor - protein content. The addition of protein content would assist in identifying the potential end use. This proposal could eliminate the dilemma for the present and allow the grain markets to ascertain use and value of such a class.

There have been proposals that wheat classification should be augmented by new scientific methods, such as those that measure physical properties, particle size index, or chemical or electrical properties. The state of the art indicates that these techniques, while potentially applicable on pure varieties, have limited application on commercial blends of wheat. Moreover, these tests are

expensive, time consuming, and require specially trained personnel and laboratory facilities which are usually not available at country, terminal, or export elevators. To address these concerns, we have requested the research arm of the U.S. Department of Agriculture, the Agricultural Research Service, to include wheat classing on their research agenda. Moreover, we encourage research efforts on the part of interested parties concerning the classing dilemma. For your information, we have met on three separate occasions with Kansas State University in attempting to resolve the Arkan classing problem. Last week our Administrator, Dr. Kenneth Gilles, and several of our staff, attended the 34th Annual Meeting of the Wheat Quality Council in Manhattan. During the meeting, Dr. Gilles gave a speech on "FGIS Views--A Breeder's Dilemma, Wheat Classification." I am distributing copies of the speech which gives considerable background information which should be useful to you.

FGIS is committed to a periodic review of the grain standards and to consider for adoption new methods which are acceptable to and understood by the buyer and seller. When new tests are accepted by the grain trade, there is a specific rulemaking process which must be followed prior to changing the grain standards. The main components of this legal process are that a prenotice be published, comments solicited and evaluated; a proposed rule must be published with comments solicited and evaluated, and a final rule published in the Federal Register. This laborious and time-consuming procedure was devised to ensure that standards would not be changed capriciously.

It is important to understand that under the current standards, which have been modified from time to time to meet the changing needs of the industry, wheat is inspected on the basis of its kernel characteristics and its physical and biological condition. Until a suitable method can be found that will objectively

classify wheat, be accepted by the trade, and be implemented into the standards, kernel characteristics will continue to play an important role in wheat grades.

I would like to conclude my prepared remarks with a slide presentation on wheat classing which should illustrate some of what I have been discussing with you today. Gail Jackson, Director of our Standardization Division, will conduct the slide presentation, after which he and I will be available to respond to your questions.