

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Senator Allen at
Chairperson

10:00 a.m./~~p.m.~~ on February 27, 1985 in room 423-S of the Capitol.

All members were present ~~except~~:

Committee staff present:

Raney Gilliland, Research Department
Jim Wilson, Revisor of Statutes Department

Conferees appearing before the committee:

Howard Tice, Kansas Wheat Growers
Tom Tunnell, Cargill Grain Company
David Frey, Kansas Wheat Commission
Nancy Kantola, Kansas Cooperative Council
Eldon Fastrup, Director of Marketing Division, State
Board of Agriculture

Senator Allen called the Senate Agriculture Committee meeting to order at 10:10 a.m. Senator Norvell moved to approve the minutes of the February 19, 20 and 21 committee meetings. Senator Gordon seconded the motion. Motion carried.

Senator Allen asked Raney Gilliland to brief the committee on SB 289. Raney Gilliland in explaining SB 289 said the bill amends a section of the Uniform Commercial Code dealing with a problem that the legislature has wrestled with before, and most recently the last interim committee made recommendations in their report on the UCC and the problems associated with the selling of farm products under this particular section. This particular bill strikes the exception of the buyers of farm products in the ordinary course of business. The bill would result in persons buying farm products and purchasing them with clear title. This would eliminate the "double jeopardy" that purchasers of farm products currently have when buying farm products.

Senator Allen stated he was turning SB 289 over to a subcommittee for study. Senator Arasmith was named Chairman and Senators Montgomery and Gannon were named members of the newly formed subcommittee.

Senator Allen called on the first conferee, Howard Tice, for the remainder of the hearing on SB 23. Mr. Tice reported the Kansas Association of Wheat Growers believe SB 23 would create a viable program to accurately assess the demand for higher quality American grain (See Attachment A).

The Chairman called on Tom Tunnell to present the testimony of the Cargil Grain Company of Topeka, an opponent of SB 23 because John Larsen could not attend the meeting today. Mr. Larsen's testimony reported the concept of 100% Kansas quality wheat is well meant; it is not a viable and cost effective alternative that recognizes the realities of trade practices in our global ag market. (See Attachment B).

Nancy Kantalo, neither a proponent or opponent, was the next speaker to testify. Ms. Kantalo reported that the Kansas Cooperative Council feels there is a system in place that can do this, but if there are advantages to the state getting involved in the marketing of wheat the Kansas Cooperative Council certainly wants to cooperate. (See Attachment C).

CONTINUATION SHEET

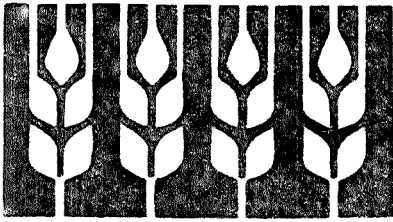
MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE,
room 423, Statehouse, at 10:00 a.m. ~~pm~~ on February 27, 19 85

David Frey testified as neither a proponent or opponent on SB 23. Mr. Frey explained the Kansas Wheat Commission has worked for quality wheat and is now working on cleaner wheat. Mr. Frey expressed appreciation for the legislature addressing concerns about Kansas wheat quality. Mr. Frey stated that a study shows making a cleaner grain available is a profitable undertaking. (See Attachment D).

Eldon Fastrup, Director of the Marketing Division, spoke as neither a proponent or opponent, stated that due to shortness of time, he would only make a recommendation and would be available later to answer questions. The recommendation was, would it be possible for this committee to consider a resolution directing the Marketing Division to work with the Kansas State Grain Inspection Service to provide help to the private sector to have cleaner grain for markets. Mr. Fastrup stated he believed something could be done to have cleaner grain which would be more sellable especially for some foreign markets.

Senator Allen adjourned the meeting at 11:00 a.m.

KANSAS ASSOCIATION
OF WHEAT GROWERS



TESTIMONY

SENATE AGRICULTURE COMMITTEE

Wednesday, February 27, 1985

SENATE BILL 23

Kansas 100% Finest Grain Marketing Program

My name is Howard Tice, and I represent the Kansas Association of Wheat Growers. I appreciate the opportunity to testify in favor of SB 23.

While the first reaction from members of our Association to this bill was somewhat guarded, more complete study and discussion has brought us to the conclusion that our earlier fears that the state government would be intruding into areas of competition with private enterprise are addressed in the bill, which indicates that the current role of promoting our products abroad would only be expanded to include the emphasis on top quality grain where buyers could be found.

We also considered whether the bill constituted a deterrent to necessary blending of Kansas grain with grain from other states when DHV, for instance, or protein might be less than that desired by some of our customers. I believe that can be addressed in two ways by this bill. First, the emphasis is on marketing the grain that does meet the finest quality standards. Grain which does not qualify would be marketed in "normal" channels as it is now. Secondly, there is no language which strictly prohibits blending upward to improve quality, so I must presume that, if necessary, it would be allowed. The term, "100% Finest Quality" alone, should prohibit blending down to a lesser quality for any grain in the program. There is also the possibility that there might be years that not enough Kansas grain would qualify, so it is conceivable that no sales would be made under the program in such years.

We are already on record as being in favor of higher standards for our exported grain. We have also testified that we would like to see more grain elevators in Kansas look seriously at cleaning grain before shipment, to enable our export customers to have access to grain as clean as our neighbors in Canada are now offering. While the export industry expresses the belief that price is the major factor in today's market, we still feel that quality is an important factor. Canada not only sells grain cheaper, but they clean it more thoroughly, thereby offering a higher quality product. The undesirable material which can be removed profitably in this country, is now often buried by our customers, after paying freight and tax levies to import it.

In short, we feel there is not only a market for higher quality grain, but we feel it can be offered at competitive prices. When the export industry responds to recent criticism of our grain, they refer to "official complaints" or the lack of them. It must be noted that those "official complaints" refer only to certain contract specifications which are written according to current FGIS standards. The most harmful complaint is that which is evidenced by former buyers taking their business to our competitors.

We believe Senate Bill 23 would create a viable program to accurately assess the demand for higher quality American grain.

Finally, we acknowledge that some of the grain grown in Kansas would not qualify for the program, even if it were thoroughly cleaned. That grain can still be marketed through existing channels. The fact that some grain would not qualify should not prevent farmers who do produce top quality grain from having this opportunity to market their crop through this program.

Attachment A
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been
Cargill

Testimony

Kansas Senate Agriculture Committee

February 13, 1985

My name is John Larson. I am a resident of Topeka and I am Branch Manager of Cargill's Commodity Marketing Division. I have been employed by Cargill, Inc. for 17 years in various management and trading capacities. For the past 1 1/2 years I have been involved in the export of Kansas grain. Prior to this I managed a department of Cargill's that specialized in the export of various bulk feed ingredients. I feel qualified to respond to your questions but prior to that please allow me to make some comments.

The U.S. grain marketing system is a model of efficiency and cost effectiveness. There are pretenders but nobody can move grain like we do in this country. We are the envy of our international competitors. We have nothing to apologize for in any respect!

What is the job of the U.S. marketing system? Simply stated our function is to:

1. Move grain from surplus to deficit areas in the most cost effective and timely manner.
2. Provide a home for all U.S. grain at the best possible prices.
3. Offer a standard quality that is suitable to foreign millers and processors.
4. Adhere to our contractual obligations.

I contend that we are admirably successful in all respects!

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We have some serious problems in U.S. Agriculture today. Complex problems that did not occur overnight nor will they be easily solved. Problems that are having a serious impact on the lives and welfare of our friends, neighbors and, yes, your constituency. We become frustrated and emotional because the solutions are beyond our individual ability to deal with. When things go very wrong, as they are in agriculture today, we fall into the trap of attacking the system. This is the easy course. The system is a nameless and faceless thing that does not strike back. Lets not attempt to fix something that is not broken.

Let me address head-on one unspoken but often implied criticism of the industry. It is an absolute and completely preposterous fallacy to think the exporter receives nothing but #1 HRW, for example, and adulterates it in some manner for his singular gain prior to shipment. There have been excesses and instances of illegal acts in my industry. These are rare occurrences and certainly no more frequent than in any other business. People are fragile and prone to mistake. By-and-large, the people that own, manage and operate grain exporting firms are no less concerned and morally correct than are you and I. You also must not lose sight of the fact that the exporter has a significant vested interest in sustaining and building market share. A modern export facility today costs well in excess of \$100 million. Our industry is operating at less than 55% of U.S. seaboard elevator capacity. Margins are consequently extremely narrow. We must compete very hard for the available business and this demands that we do an equal if not better job than our foreign competitor. We either perform or we lose our share in future business.

Unlike many others the grain industry operates under checks and balances that assure our rigid compliance to both law and contractual obligation. Grain trades according to federal grain standards, our contracts are uniform and subject to appeal to third party, and the quality of grain is monitored at each step in the marketing chain by the federal grain inspection service. We do not grade our own grain for export. That bears repeating, we do not grade our own grain for export! FGIS is solely responsible for grading our vessels. Samples are drawn by government approved and automatic devices. Those sampling devices are monitored and operated by FGIS employees and the grain is graded in FGIS labs in strict accordance to government standards. There is no room for subversion.

Grain contracts are equally meticulous in nature. Buyer and seller agree to specifications that are scrupulous in detail with terms that virtually always involve payment by irrevocable letter of credit through a prime bank. Another third party involvement to assure contract performance.

Our foreign buyers are intimately aware of our handling methods, federal grain standards and sampling techniques. If that customer wants #1 HRW, for example, and he is willing to pay the premium, then he will get it! If he contracts for #2 HRW we would be remiss, and it would not always be in the industry's best interests, to deliver a quality above our obligation. Why? The judicious blending of grain, by the farmer, country elevator, inland terminal or export house, is one of the ways that we make money and sustain ourselves. The blending of grain is the only way to dispose of the considerable quantity of lesser grades that originate even at the farm level. Yes, we blend

3's with 1's to make grade as 2's as can anyone in the marketing chain that chooses to employ the necessary capital investment. This means additional revenue to the entire industry, not solely to the exporter as dictated by the intensely competitive nature of our business, and it insures the timely disposal of a crop that varies greatly in quality from one year to the next. Grain blending is an absolutely essential and integral part of our business. There is nothing mysterious or covert here! We are dealing with a perishable commodity the quality of which, on an identity preserved basis, cannot improve following harvest. Multiple handling, infestation, heat and moisture damage are some of the things that cause a relentless deterioration. Likewise, specific buyers demands, as in the case of high protein requirements, are achievable only through blending. Quality varies greatly from area to area as well as from crop year to crop year. We must blend grain at all levels of the marketing chain, or inevitably dispose of a significant portion of our annual crop.

How then can there be complaints? Simply stated we all want to maximize our advantage. We want to realize the greatest possible reward for the least possible expenditure, and our foreign customer is no exception. It is not fair to charge the exporter! It may be valid to question the competitiveness of our uniform grain standards but uniform they must remain. This brings me to the subject at hand! The proposed Kansas 100% finest quality grain marketing program.

One of the basic tenants of commodity handling is fungibility i.e. my product, within a given classification, is indistinguishable from your product and the commingling of the two has no impact on

appearance, quality, inherent value or economic worth - complete interchangeability. Uniform grain standards allow tremendous economies of scale in handling, storage and transportation. Another class of wheat, 100% Kansas finest quality, will inevitably place burdens on the system that can only be expressed as additional costs. Costs that will ultimately be paid by the farmer or the taxpaying consumer. Is it reasonable to think these extra costs will be absorbed by the foreign buyer? Hardly, he already has the option of buying premium grades of grain but he chooses not to do so. Those grades are available but at considerable additional cost as would be the case with "100% Kansas finest quality".

Ask yourself these questions as you examine the proposal:

1. What interior elevators would commit relatively scarce space to an identity preserved program without significant financial reward? Rewards necessary to cover not only lost efficiencies but also increased risks.
2. What additional logistical burdens are placed on the system and at what cost?
3. Given the capricious nature of many of our customers, how does a port facility manage an identity preserved program and the consequent relative unpredictability of vessel calls for this quality of grain?
4. Who markets grain in the global agricultural market? The norm is not government to government nor commercial enterprise to government. The norm is commercial to commercial enterprise. How is this atypical quality promoted, by whom and at what cost?

5. Is there a buyer for this quality grain and what are we offering that is not already available?

The concept of 100% Kansas quality wheat is well meant. It bespeaks an admirable pride in the product of our state. However, it is not a viable and cost effective alternative that recognizes the realities of trade practice in our global ag market.

The news media has recently been quoting statements about the poor quality of U.S. wheat as voiced by some European buyers invited by the International Grains Program of Manhattan, Kansas. We firmly disagree with such reports.

The following comment appeared on the front cover of the August 14, 1984 issue of Milling & Baking News. Published weekly, Milling & Baking News is the leading trade journal of the grain, milling and baking industries.

'Poor-mouthing' Wheat Quality

At a time when major attention is focused on ways of expanding export sales of wheat and other grains, it is incredible to see a meeting held in the midst of the wheat belt single-mindedly devoted to "poor-mouthing" the quality of U.S. grain moving in world trade. Yet, that was the outcome of a session held in Kansas City under sponsorship of the International Grains Program of Kansas State University and the state wheat commissions in the Hard Winter Wheat Belt. In effect, the program planners invited buyers from Europe to complain about U.S. wheat.

As astounding as was this inducement to criticism is the failure to provide opportunity for rebuttal. No major exporting companies or organizations were invited to participate, and no one pointed out that the qualities the importers claimed to receive from other nations are available in abundance from the U.S., if they are willing to pay the price.

It was especially interesting that the importers participating in the program were mainly buyers of spring and durum wheats, and thus are not significant potential customers for Hard Winter wheat. The program stands as an abysmal example of counter-productive market development, threatening rather than promoting U.S. export wheat sales.

Union Equity believes farmers who grow southwestern Hard Red Winter (HRW) wheat in the states of Texas, Oklahoma, Kansas, Nebraska and Colorado have every reason to be proud of the quality of wheat exports lifted from Texas gulf ports. Foreign buyers should be pleased for the same reasons. The quality of the 1984 harvest is excellent and the varieties grown in the southwest make those winter wheats the best HRW's anywhere in the world. Further, when exported, those HRW's are subject to inspection by one of the toughest regulatory agencies in the Federal government -- the Federal Grain Inspection Service (FGIS).

Union Equity, a regional cooperative with members in eight southwestern states, sees tremendous quantities of the winter wheats that move to export and hence is in a unique position to assess the quality of those wheats. Each year it lifts from its Houston elevator about 20% of the HRW wheats that leave the United States from all ports!

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This year the new harvest wheat Union Equity received in thousands and thousands of rail car and truck lots graded U.S. No. 2 or better ninety-three percent of the time! According to state and recognized laboratory reports, the wheat is dark, hard and vitreous and reflects protein content well above the requirement for eleven minimum ordinary at export. Texas averages 12.9 percent protein while Oklahoma has 11.9 and Kansas has 11.5 percent. Test weights are above 60 lbs./bu. and U.S. millers are delighted with their flour yields. Moisture content is typically 12%, ideal for both storage and for tempering prior to milling.

Union Equity thinks the current harvest should look even better to foreign buyers than last year's loadings. A summary of official FGIS inspections of 107 vessels for the crop year ending May 30, 1984 follows.

<u>Grading Factor</u>	<u>Requirements for U.S. No. 2 HRW</u>	<u>Average of 107 Vessels</u>
Test Weight	58 lbs. minimum	61 lbs.
Damaged Kernels	4 %	1.3 %
Foreign Material	1 %	0.3 %
Shrunken & Broken	5 %	3 %
Defects (total)	5 %	3.6 %

Sixty percent of Equity's vessel loadings for the last two calendar years certify zero dockage (have less than 0.49%). In 1983-84 not a single cargo certified 1% dockage!

A major factor in the cleanliness of U.S. wheat exports is due to the U.S. Congressional passage of the 1976 Grain Standards Act establishing the Federal Grain Inspection Service (FGIS). That law requires that all U.S. wheat exports be inspected and certified by FGIS.

While critics of FGIS sometime bewail its harsh enforcement of the U.S. Grain Standards, all segments of the grain industry acknowledge that FGIS has given a new credibility to USDA certification of grain. Indeed, a "foreign buyer" who complained that his wheat tested 20% total defects (U.S. No. 5 Durum), acknowledged that the testing to which he referred had not been done with USDA equipment nor with procedures equivalent to those of FGIS. The "buyer" then asserted he in no way meant to impunge the integrity of FGIS and stated that he had only the highest respect for FGIS, the U.S. Grain Standards and the U.S. grain marketing system.

Union Equity concurs with that assessment. The quality of U.S. wheats must be judged by their compliance to contract and to the U.S. Grain Standards which, because of their universal familiarity and use, are de facto international standards.

When judged by that common worldwide standard, both buyer and seller agree on the excellent quality of U.S. wheats which make America the world's leading exporter of wheat. Certainly, there is no place in international trade for comparisons made with parochial testing methods known only to those who use them for in-house studies.

UNION EQUITY CO-OPERATIVE EXCHANGE
ENID, OKLAHOMA
September 5, 1984

KANSAS WHEAT COMMISSION TESTIMONY
BEFORE THE
SENATE AGRICULTURE COMMITTEE
CONCERNING WHEAT QUALITY RESEARCH,
DOCUMENTATION AND THE SALE OF
QUALITY KANSAS WHEAT

PRESENTED ON:
WEDNESDAY, FEBRUARY 27, 1985

This presentation is in recognition of the Senate Agriculture Committee's concern for Kansas wheat quality and appreciation for that concern. The Kansas Wheat Commission is, of course, available and willing to assist as you continue to look into this very important topic. It is also my privilege to share with you a summary of the efforts the Kansas Wheat Commission is making to address the wheat quality issues which face us in the marketplace today.

Program objectives at the Wheat Commission are sometimes long-term, sometimes short-term, direct or indirect, but aimed toward improving the markets for Kansas wheat. This issue of grain quality is a central topic for ongoing meetings with the Federal Grain Inspection Service (FGIS), U.S. Wheat Associates, Inc. (USWA) and the grain handling industry and others who are vitally involved in making our marketing system responsive to the buyer's desires.

The following is a list of some of the projects the Kansas Wheat Commission is currently involved in concerning wheat quality. Every year we fund this Kansas Wheat Quality Booklet which enumerates the test results of some 12,000 railcar loads of wheat moving in the state just after harvest; we cooperate with U.S. Wheat Associates, the International Grains Program and Doty Laboratory to help put together U.S. and Hard Red Winter Wheat Quality Booklets for the overseas customer. Kansas has also for seven (7) years been funding a blending study which underscores some of the strengths of Hard Red Winter wheat and its ability to carry

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weaker wheats. With the recent low protein years, this study has not been as dynamic and higher protein Hard Red Winter has not been as available. More recently, the Commission undertook the question of whether or not it really makes sense for a Kansas farmer to invest in producing a higher protein wheat and this is still in its internal stage. We are not ready to go public with this yet.

The Commission funds research for breeding market quality Hard Red Winter wheats at the Kansas State University experiment stations which have brought forth Eagle, Sage, Larned, Newton and Centurk among others. We fund people through U.S. Wheat Associates to come to the International Grains Program (IGP) and the American Institute of Baking (AIB) to learn how to make a better quality saleable product whether it is flour or bread. And really this just touches the surface because when it gets back to it, much of the work our agency initiates and is involved in is directly related to wheat quality.

We grow a very good quality wheat in Kansas. Generally hot harvest weather means rare sprout damage, a marketable quality. Unlike spring wheats, our winter wheats have very few different kinds of weed seeds and the Soviet Union has a list of unacceptable noxious weed seeds as long as your arm, most of which mature after Kansas wheat is harvested. It was through the efforts of the Kansas Wheat Commission in 1982 that the Soviet Union changed their zero percent tolerance for wheat scab damage to .3 percent tolerance and, thereby, allowed the sales of Hard Red Winter wheat to that giant customer since then. As a footnote, the U.S.S.R. still have that tolerance on wheat scab, it was on their certificates as Cargill loaded a Soviet ship in Houston on February 1, 1985. But, this testimony will center on one wheat quality concern, that of delivering the finest quality Kansas wheat.

More than five (5) years ago, the Commission began to finance research on whether or not it is profitable to clean wheat at the country elevator level of the marketing chain. We had always heard and still do, that if the U.S. were to clean its wheat, then somebody was going to have to pay for it and it was going to be the farmer. At the time the study was initiated, a major impetus for the study was the reduction of dust to reduce the likelihood of grain dust explosions. Remember the U.S. was also reeling off year after year of record export sales.

Unfortunately, as you know since then, the dust has cleared a little and export sales are still a couple hundred million bushels below pre-embargo levels. Some export elevators that blew up were rebuilt with the best safety machinery available, conveyor belts instead of elevator bucket legs and most other elevators have made adjustments too, going to slower legs with bigger plastic buckets and mechanical or air removal of some of the fine dust. They remove the very fine dust as a safety factor.

In addition to safety, this Kansas Wheat Commission and later International Grains Program study about cleaning wheat at a country elevator talks about some of the other advantages to removing grain dust, dockage, some foreign material and shrunken and broken material from wheat. The best thing it tells us is that in this case, it is a profitable undertaking. For this reason, it has already begun to catch on at a number of country elevator locations in the state. Before next harvest, the Kansas Wheat Commission intends to have the best data we can assemble from this study in the hands of grain elevator operators throughout this state and the region. This case study of one specific country elevator operation shows how a profit can be made by adding an additional service at the country elevator level. You might say the study concerns producing a value added product or rather products. Because, besides a cleaner wheat, you also

have a very competitive feed product. The consequences are reduced discounts for light test weight or excessive weed seed or dockage levels, improved handling conditions, reduced transportation costs, reduced insect harborage, better drying and aeration, increased storage capacity at the elevator for premium grain (as dockage weighs one-fourth that of cleaned wheat by volume). Cleaning at the country elevator also enhances the image of the grain we sell and moves us one step closer to being able to match the competitive countries which clean their wheat before exporting.

In addition to assembling and disseminating this research data on cleaning wheat at the country elevator, the Commission is pursuing short-term projects to consider the competitive value of cleaned wheat to a flour mill, and also a computer program which will analyze the cost benefits of cleaning wheat under other specific country elevator conditions. This later information should allow elevator operators to evaluate their own circumstances as to the profitability of cleaning certain lots of wheat.

It seems when you can least afford it that the quality issue raises its head. With the intense competition for wheat sales worldwide, even a slight edge seems enough to make or lose a customer. We have to also make a distinction between contract complaints and other complaints or customer concerns. When we hear that there were only a handful of complaints about U.S. wheat quality last year, these are formal, contract disputes not quality concerns or stated preferences. It is, however, incumbent upon the Kansas Wheat Commission (as we have the opportunity to personally interact with wheat buyers and foreign millers, grain handlers and government officials) to quantify and qualify other customers' concerns and we are already about that business now.

We have to better understand why it is that West German flour miller (Rhinehold Scharff) can come up with several times the amount of "unmillable" material that our system certifies at export. A research project being undertaken at the International Grains Program goes a long way toward explaining that. Performed by flour milling specialist Henry Stevens, it looks at the European "besatz" system versus our "Carter-Day" dockage tester system of distinguishing less desirable fractions of a wheat lot. In simple terms, the sieves they use in Europe have bigger holes than ours do, which makes sense over there with their plumper higher moisture European wheat. But, you can just about take the amount that falls through the U.S. Federal Grain Inspection Service shrunken and broken sieve and multiply by five (5) to get the "besatz" or unmillable factor in Europe. That kind of information which will be published and distributed in European countries helps mutual understanding. It still does not change the fact that when Scharff was here in Kansas in 1979 his mill was buying U.S. Hard Red Winter and Hard Red Spring wheat and now they buy Canadian.

To the extent that there are country elevators and others cleaning wheat in Kansas, our domestic flour millers already have available to them, cleaned wheat. However, most flour mills are not really sure what that means. In fact, no one can say for sure what cleaned wheat means in the U.S. because there is no standard definition. Now that flour mills are learning what the elevator in Clay Center means when they say cleaned wheat, they like it and ask for more, but there must be a uniform designation to the term. Right now when cleaning the wheat you come out with Aspirated Grain Fractions and cleaned wheat, and Aspirated Grain Fractions is a defined and acceptable American Association Formula Feed Manufacturers feed ingredient, but the cleaned wheat is an unknown. Project with me just a little bit. If a practical usable definition for cleaned wheat could be applied

and certified as a factor available for U.S. wheat. Then buyers and sellers could speak that same language all so necessary for a trade to be made. Further, if more country elevators were to add grain aspirators it would then be possible for this largest wheat exporting nation to offer cleaned wheat in addition to those qualities now available and a corresponding price could be determined. Just as the grain industry keeps protein, wheat classes and Dark, Hard and Vitreous (DHV) separate, cleaned wheat could be kept separate.

If such a designation of cleaned wheat meaning a low percentage of foreign material, dockage and shrunken and broken was certified by the Kansas Grain inspectors and later private inspectors at the port, it could be termed an additional "factor" to the grade without bothering the Federal Grain Inspection Service. Dark, Hard and Vitreous kernel count (DHV) is currently such an additional "factor" and is never certified by the Federal Grain Inspection Service yet both the Number One and Number Two foreign customers of U.S. Hard Red Winter wheat insist on a 40 percent Dark, Hard and Vitreous minimum, and it is certified by both Kansas Grain inspectors, and private inspection agencies at the port.

The most practical way to improve the products available to foreign customers is by making it profitable. Federal Grain Inspection Service tells us that average dockage levels are lower at export than at interior points (they say that in their survey and remember all those places removing fine dust). I believe that in the future, it may be possible to load a ship with cleaned wheat for the same price as uncleaned and means more potential profit and that has to mean being more competitive.

The next thing is to disseminate this information, work on the necessary marketing tools that are needed to accompany cleaning technology, such as a certified definition for cleaned wheat. . . and I assure you that the Kansas Wheat

Commission is dedicated toward that goal.

In summary, some of the things discussed in this testimony have been projections into the future based on what this study shows. But, if there is one thing that I hope you would take with you today, that is, it is no longer a given fact that it will cost to make available a cleaner grain. Quite to the contrary, this study shows it to be a profitable undertaking.

Enclosures with testimony. . .

Kansas Wheat Quality Booklet - 1984

U.S. Hard Red Winter Wheat - 1984 Crop Quality Report

U.S. Wheat 1984 Crop Quality Report

Barbender Wheat Blending Study - European Wheats (1983 Crop)
with U.S. Hard Red Winter (1983 Crop) - July, 1984

Cleaning Wheat At A Country Elevator - A Case Study by
Harvey L. Kiser, KSU - December, 1984

A View on the Economics of Removing Dockage from Wheat by
Roxane Fridirici, Harvey L. Kiser, L. D. Schnake and
John Wingfield, KSU - July, 1984

All of the above are researched and published with the
help of Kansas Wheat Commission funds.