

Approved _____
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Clifford V. Campbell at
Chairperson

9:10 a.m./~~xxx~~p.m. on February 12, 1987 in room 423-S of the Capitol.

All members were present except: Representatives Goossen, Dean, Gross and Solbach,
who were excused.

Committee staff present: Norman Furse, Revisor of Statutes Office
Raney Gilliland, Legislative Research Department
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Brenda Braden, Attorney General's Office
Chris Wilson, Director of Governmental
Relations, Kansas Grain and Feed Dealers
Association
Gary Gilbert, Gilbert Grain, Clay Center
Joe Lieber, Executive Vice President,
Kansas Cooperative Council
Larry Coffman, Overbrook Farmers Co-Op,
Overbrook, Kansas
Del Wiedeman, President, Kansas Association
of Wheat Growers, WaKeeney, Kansas
Paul E. Fleener, Director, Public Affairs
Division, Kansas Farm Bureau

Hearings were held on HB 2173 - an act defining the crime of adding foreign material to grain.

Brenda Braden, representing the Attorney General's Office, testified before the committee asking that the law be kept simple.

Chris Wilson spoke in favor of HB 2173 stating a need for improvement of the quality of grain, Attachment I. She then introduced Gary Gilbert.

Gary Gilbert stated he supports the bill. He said everyone is interested in grain quality. He further stated there is a need of funding for research, marketing development and grain cleaning.

Joe Lieber testified that the Kansas Cooperative Council supports the intent of HB 2173, Attachment II. He introduced Larry Coffman.

Larry Coffman gave a brief testimony stating he wholeheartedly supports the intent of this bill.

Del Wiedeman spoke in favor of HB 2173 stating he supports the concept of the bill.

Paul Fleener testified that Kansas Farm Bureau is very supportive of the thrust of HB 2173, Attachment III. He stated that grain quality, grain grading, and inspection services on our grains have been and continue to be of vital interest to Farm Bureau members throughout this state and nation.

Chairman Campbell distributed written testimony of Ivan Wyatt, Kansas Farmers Union, in favor of HB 2127 - interstate compact on agricultural grain marketing, Attachment IV. Mr. Wyatt was unable to attend the hearings on Tuesday, February 10.

The meeting adjourned at 9:58 a.m.



KANSAS GRAIN & FEED DEALERS

Association

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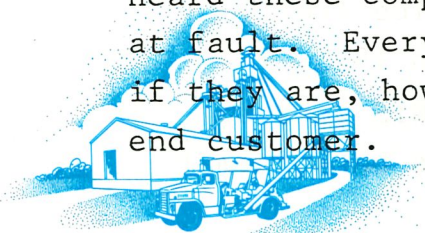
STATEMENT OF THE
KANSAS GRAIN AND FEED DEALERS ASSOCIATION
TO THE HOUSE AGRICULTURE AND SMALL BUSINESS COMMITTEE
REPRESENTATIVE CLIFFORD CAMPBELL, CHAIRMAN
REPRESENTATIVE SUSAN ROENBAUGH, VICE-CHAIRMAN
REGARDING H.B. 2173
FEBRUARY 12, 1987

Mr. Chairman and members of the Committee, I am Christina Wilson, Director of Governmental Relations of the Kansas Grain and Feed Dealers Association (KGFDA). Our 1100 members comprise the state's grain and feed storage, processing and manufacturing industry. Our members include the grain warehousemen, millers, seed dealers, seed processors, feed dealers, feed manufacturers and alfalfa processors of Kansas. Our cooperative and private grain firms annually market about \$2 billion worth of grain and have over 900 million bushels of state and federally licensed storage space.

Because of the vital role we play in the marketing of grain, we are acutely aware of the importance of grain quality. We are, therefore, pleased to appear before you in support of H.B. 2173. We commend Representative Roenbaugh and the other sponsors of the bill for offering this legislation. We also understand that there are some amendments to be offered to the bill which are consistent with the federal Grain Quality Improvement Act of 1986, and we would support those as well.

Grain quality is a subject we have all heard more about in the past couple of years, and complaints from foreign customers prompted the federal legislation to be passed last year. As the U.S. has heard these complaints, some have accused the grain trade of being at fault. Everyone has wondered if these complaints are valid, and if they are, how our grain quality deteriorates from the farm to the end customer.

ATTACHMENT I
2/12/87



There are several reasons which I believe have precipitated our grain quality complaints. First, our grain industry has evolved from being a solely domestic supplier to also being a major exporter. When we supplied grain for domestic use only, the end users (millers) cleaned the grain of the bugs, dirt, damaged kernels and trash it contained from harvest, handling and transport. Our millers, of course, still clean our grain. Our complaints have not come from them, but from our foreign customers. Our domestic system has never developed a cleaning stage to accomodate foreign buyers. Some of our competitors have instituted cleaning steps in their countries, such as Canada, where the government's wheat board cleans the grain at the export terminal. So it is no wonder that our customers would like for us to follow suit.

There have been other changes in American agriculture which can affect quality. When our exports were stronger, grain moved much faster from the farm to internal elevators to export terminals to the customer countries. As exports have declined, grain may be stored for up to several years before being used. This increased storage time makes it very difficult to maintain the grain's quality.

Also, our system of rapid grain handling necessitates grain being dropped long distances into warehouses, onto rail cars and onto ships. Every time the grain is moved, the number of broken and damaged kernels increases, and dust is created. As former Secretary of Agriculture John R. Block has said, "We all look around for someone to blame for any quality problems, when really they result from our system as a whole."

We should also keep in mind some other facts regarding this situation. The Foreign Agriculture Service reports that there were 45 total grain quality complaints received in 1986. Of those, 16 pertained to wheat. Of those 16, 6 were related to protein content. However, the Federal Grain Inspection Service (FGIS) and FAS found none of the complaints to be valid. In 1985, 74 complaints were registered. That is the year that FGIS went to foreign countries looking for complaints and includes both formal

and informal complaints. Of those 74, one was substantiated. In 1984, three out of 21 complaints were substantiated.

Documented samples and grades prove that our customers are "getting what they pay for". They are shipped grain of at least, often better, quality than they pay for. During the economic times of the past few years, and with other countries dramatically increasing their competitiveness and production, it is not wonder that some of our customers would just as soon buy elsewhere. They can likely do so at a lesser cost. Perhaps quality is less of a problem than some would like us to think.

However, I am definitely not saying that we cannot or should not improve our quality. We can, should, and must. Quality is particularly critical with the prolonged storage situation we have. The grain industry has developed a number of suggestions for improving quality. Several positive changes are already in motion. As a result of FGIS changes in regulations which go into effect on May 1, 1987, and the new federal law, to a large extent, the situation is being addressed. A bottom line is, how clean do we as a country want to make our grain, at what cost, who will pay, and will we be rewarded economically for paying the cost.

People have become more aware of quality in the past few years and are finding ways to clean grain which are economically advantageous to them. For instance, the Vice-Chairman screens corn on her farm and feeds the cleanings to livestock, thus marketing a cleaner product and economically using the screenings. A number of country elevators are making cleaning grain work for them as well. During our recent tour of export facilities at the Port of Houston, we learned that many exporters are cleaning the grain and marketing the dust and foreign material separately. This is good news, but we must also keep in mind that not every farmer or elevator is in a position to be able to market screenings successfully.

My main message is that good quality grain is in the best interest of the grain warehouseman. Letting grain go out of condition, allowing its quality to deteriorate, or adulterating the grain in any way would mean financial ruin for a grain firm.

We simply must deliver the best product possible. Maintaining quality is more necessary to a warehouseman than to the producer, because the warehouseman is responsible for the harvested grain, often, for a longer period of time. And it is a matter of pride to a warehouseman, as it is to the farmer. Even if someone were less than honest enough to be tempted to add something to grain, it is foolish to do so for economic reasons. Adulterating grain simply is not a practice in our industry. My members greatly resent the very few in the industry whose practices give the whole industry a negative image. So, we are pleased to support this bill which would punish anyone--at whatever stage in the marketing of grain--who would adulterate the product.

I would be happy to attempt to respond to any questions you may have.

FOR IMMEDIATE RELEASE -

FEBRUARY 12, 1987

Kansas Legislators Tour Texas Gulf Grain Exporting, Topeka.... A group of forty Kansas legislators and other agricultural officials toured export facilities at the Texas Gulf from February 5 - 7, 1987. The purposes of the trip were to visit the facilities in Houston and Galveston, and to meet with leaders of grain exporting firms and the Federal Grain Inspection Service (FGIS) concerning exports and grain quality. The Port of Houston is the second largest port in the export of wheat in the nation. While there, the group visited the Cargill and Public Elevator facilities in Houston and the Union Equity facilities at Galveston and Deer Park. In addition to meeting with officials of the exporting firms and FGIS employees, the group also met with a representative of the International Longshoreman's Union.

The Legislator's group toured facilities with state-of-the-art grain handling capabilities, including some of the world's most sophisticated dust collection and grain cleaning equipment. They learned from the exporters that USDA's Export Enhancement Program is succeeding in helping to make sales of grain to foreign customers. The group saw ships being loaded with spring wheat bound for Pakistan and Venezuela, sales made under the Export Enhancement Program. More good news is that the longshoreman;s union port officials and others are working to lower the cost of shipping in order to make purchases of U.S. grain more attractive to foreign buyers. Shipping costs have been lowered by approximately one-third (1/3) since two years ago in response to the decrease in sales.

Regarding grain quality, the exporters said that the new standards which FGIS will impose as a result of the Grain Quality Improvement Act of 1986, will help increase U.S. grain quality. It is hoped but not certain that those changes will result in increased sales to foreign countries. The new regulations will require additional insect control and dust restriction measures, which will be very costly. This cost will ultimately be passed on to producers who will benefit if increased sales result.

When asked if additives such as dirt, sand or other materials are ever added by the grain industry, the exporters emphatically answered no. While such activity might have been done by a few exporters at one time, according to Jim Pugh, Executive Director of the Houston Port Authority, it has definitely not happened since the FGIS came into being and samples and grades all grain being shipped. FGIS is responsible for making sure the grain is properly loaded and

that nothing is added. The exporters said that their business is highly competitive and it is vital to them to do the best job possible for the customer in order to generate more sales. Also, grain moves in and out of the Port of Houston very rapidly. Exporters must receive into their elevators the quality of grain specified by the buyer. In order to meet the buyers specifications, wheat from Kansas is often blended with wheat from Oklahoma or Texas. Buyers specify the test weight, protein content, grade and percent of foreign material they want in the grain. Exporters must ship grain of that quality or better to the buyer.

In response to questions about why a farmer might harvest No. 1 hard red winter wheat which does not arrive in a foreign port as No. 1, there are several potential reasons -:

- * As exports have slowed, grain has been stored for long periods of time. Wheat shipped months or years after it is harvested will deteriorate in quality.
- * Our system of rapid grain handling is necessary because of the billions of bushels shipped, but involves grain being dropped long distances in warehouses and onto ships, increasing broken and damaged kernels.

Senate Ag. Committee Chairman Jim Allen, Ottawa, said "We were pleased to hear that there is some increase in exports and that the Export Enhancement Program is working. We observed that good quality grain is being shipped and is graded by both the companies and the FGIS as it goes out to the ships.

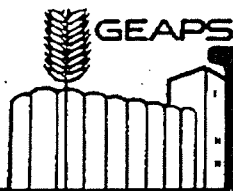
In summing up the trip, House Agriculture Committee Chairman Clifford Campbell, Beloit, said "We come down here concerned that exporters might be contaminating our grain and we learned that they are concerned that we will send dirty grain to them from the farm".

The tour was coordinated and organized by the Kansas Grain and Feed Dealers Association. Kansas Cooperative Council and Kansas State University Cooperative Extension Service. The tour leader was Robert Schoeff of the Kansas State University Department of Grain Science and Industry. Participating in the tour were:

Chairman of the Senate Agriculture Committee and Mrs. Jim Allen, Ottawa; Vice-Chairman of the Senate Agriculture Committee and Mrs. Don Montgomery, Sabetha; Senator Francis Gordon, Highland; Senator Dan Thiessen,, Independence; Chairman of the House Agriculture Committee and Mrs. Clifford Campbell, Beloit; Vice-Chairman of the House Agriculture Committee, Susan Roenbaugh and President of the State Board of Agriculture Jake Roenbaugh, Lewis; Representative and Mrs. Max Moomaw, Dighton; Representative and Mrs. Gene Shore, Johnson; Representative and Mrs. Don Sallee, Troy; Representative and Mrs. Gayle Mollenkamp, Russell Springs; Representative Don Rezac, Onaga; Representative George Teagarden, LeCyne; Representative Bill Bryant, Washington; Representative Jack Beauchamp, Ottawa, State Secretary of Agriculture Same Brownback; Acting Director of the State

Grain Inspection Department, Gary Bothwell; Jeff Dillon, Congressman Slattery's office, Topeka; Rainey Gilliland, Research Analyst, Legislative Research Department; Larry Steckline, Mid-America Agriculture Network; Dr. Charles Deyoe, Head, Department of Grain Science and Industry; Dr. Roger Johnson, Assistant Director, International Grains Program; Joe Leiber, Executive Vice-President, Kansas Cooperative Council; and representing KGFDA, Board member and Mrs. ~~and~~ Shane Brady, Mathew Brady, Edmund; Executive Vice President Tom R. Tunnell; Director of Governmental Relations, Chris Wilson; and Director of Membership Services Mike Torrey.

ATTN:
Chris
Wilson



IN-GRAIN

Volume 7, Number 2 Official Newsletter of the Grain Elevator and Processing Society February 1987

FGIS Launches Flurry of Regulatory Activity in Response to Grain Quality Improvement Act

The Federal Grain Inspection Service made it clear last month that it is moving rapidly to enact rules to interpret the Grain Quality Improvement Act passed in the last session of Congress. Areas to be affected include grain dust, dockage and foreign material, and insect tolerances; along with proposed changes in the fumigation handbook and the Cu-Sum loading plan.

FGIS officials met January 8 with representatives of farm and trade groups, previewing several proposals planned for release later in the month. Among those present were GEAPS' representative Jerry Cotter, Grades and Weights committee chairman and South Texas chapter member; and GEAPS members Arvid Hawk, Minneapolis chapter; Maynard Huddleston, Mid-Atlantic chapter; and Max Spencer, Non-chapter member.

At press-time, proposed rulemaking was expected to be published in the *Federal Register* by February 1. Follow-

ing are highlights from planned activity in areas which most affect GEAPS members.

Reintroduction of Dust

FGIS Administrator Kirk Miller — allowing that legislative intent was to *exclude* interior facilities from prohibitions — told the meeting that *all facilities* are included in FGIS proposed regulations, due to the “very clear” language in the Act. While holding the strict interpretation, he said, FGIS will be looking for ways to minimize the impact on interior facilities. Miller may request that FGIS mandate the strict interpretation at export facilities, but not in the interior.

Miller is seeking administrative approval for a compromise which would provide that dust removed from grain and at rest in a facility cannot be introduced to the grain at export locations or at those interior locations where it is now removed and placed at rest. At interior locations where dust is removed from the stream and reintroduced before coming to rest, that practice may continue.

“Unless some relief can be gained,” Cotter predicts, “the economic impact on the grain handling industry will be significant. Additional costs — perhaps as much as several hundred million dollars — in operational expenditures for equipment modification and disposal of dust will have to be absorbed.”

Regulations

The Grain Quality Improvement Act affects all grain handling facilities — not just those using official inspection and weighing services. As of May 1, 1987, FGIS will amend its regulations, adding a new section as follows:

800.61 Prohibited Grain Handling Practices

a) Prohibited Practices

1. Cannot add or recombine dockage, foreign material or dust.
2. Cannot blend different kinds of grain or add back broken kernels of one type of grain to another type of grain (this includes dust). Export facilities will have until December 31, 1987 to comply.

b) Exemptions

1. Administrator may grant exemptions from above on case-by-case basis after request from domestic end user.

c) Exceptions

1. Blending different qualities of the same grain.
2. Insect or fungi control.
3. Marketing dockage and foreign material.
4. IP material. (*IDENTITY PRESERVED*)
5. Dust suppressants.

800.162 will be amended by adding:

(b) Corn and sorghum will have broken corn, broken kernels and foreign material reported in the remarks section of all certificates. They will not be grading factors.

(d) Dockage and foreign material for all other grains not now reported in 1/10 percents will be shown in the remarks section of all certificates in 1/10 percents.

(to next page)

Senate Ag Committee Members Take Issue With Inclusion of All Elevators Under GQIA

In a December 16 letter to Secretary of Agriculture Richard Lyng, six Republican members of the Senate Agriculture Committee stated that it was “clearly not the intent of the conferees” to have the Grain Quality Improvement Act prohibit recombination of dust at “all elevators.” Rather, they wrote, their intent was for the prohibition to apply only to export elevators. The letter concludes by urging USDA to “implement the grain quality provisions in a manner that reflects the intent of Congress and thereby avoid any unintended effect on thousands of interior elevators.”

ON THE INSIDE

- FGIS Revises Fumigation Handbook ... see “Government Affairs,” page 4.
- Suspect Atmospheric Problems? Turn to page 6 for tips.
- “What’s New/Why Don’t They ... I Did” honorees announced on page 3.
- Call for Presentations for 1988 Conference — see insert.

FGIS Launches Regulatory Activity

(from previous page)

Standards

Gail Jackson, FGIS director of standardization, reported that foreign material and broken kernels in corn and sorghum would be redefined as follows:

Corn

Broken Corn: All material passing through a 12/64" round-hole sieve and going over an 8/64" round-hole sieve.

Foreign Material: All material through an 8/64" round-hole sieve, plus hand-picked FM on corn passing over a 12/64" round-hole sieve.

Sorghum

Broken Kernels: All material passing through a 5/64" triangular sieve and over a 2-1/2/64" round-hole sieve.

Foreign Material: All material other than sorghum passing over a 5/64" triangular sieve, plus FM over a #6 riddle.

Insects

FGIS is tightening tolerances, with the goal of 0 tolerance by 1992. Tolerances will be the same for all grains, and all insects will have equal weight against the tolerance.

"Sample grade" will be assessed when the grain contains 10 or more live or dead insects per 1,000 grams. This provision is primarily targeted for export locations which utilize in-transit insect control programs. For wheat, "Sample Grade" will

Timetable For FGIS Regulatory and Procedural Actions

Docket	Proposal	Comment Period	Final	Effective Date
Grain Standards (Standard Format)	10/86	3/87	3/87	5/87
Barley Standards	11/86	12/86		
Grain Handling Practices (Parts 800 & 810)	1/87	3/87		
*Weighing Provisions & Procedures (Additives)	11/84	1/85	1/87	2/87
Insect Infestation	1/87	3/87	4/87	5/88
Optimal Grain Grading (Request for Public Comment)	1/87	3/87	5/87	(Report to Congress)
Cu-Sum Plan (Request for Public Comment)	6/87	8/87	11/87	12/87

*Must be published final before the "Grain Handling Practices" can be proposed.

be assessed when more than 32 insect-damaged kernels are present in 100 grams.

Tolerances are proposed as follows: Effective May 1, 1988, stationary lots will be graded "Infested" for three or more live insects. Moving lots will be so graded with three or more live insects in the barge or in 60,000 bushels. Sample size must be at least 500 grams per 2,000 bushels. In or around the lot, "Infested" will apply for three or more live insects.

Effective May 1, 1990, the three-insect limit will be reduced to two; in 1992 the number will drop to one (e.g., "0" tolerance).

GEAPS Executive Vice President John Healy notes that, "A zero tolerance will have a significant impact on grain handling operations — both in terms of increased cost for insect control and flexibility for shipping."

Cu-Sum

FGIS plans to publish in the *Federal Register* this summer proposed revisions to the Cu-Sum. The proposed plan would:

1. Revise some break points. Most significant changes would be in moisture and BCFM for corn; moisture, FM and splits in soybeans.

2. Limit review inspections to one in the same area. Only reinspection or an appeal would be allowed at the location of the original inspection. The next level of review would be a Board Appeal. This

provision would be applied to interior locations, as well.

3. Average review inspections with the original result if the review inspection does not indicate a material error. If a material error is indicated, the review inspection will stand alone. A material error will be defined as plus or minus two standard deviations.

4. Adopt an absolute limit for all factors.


5. Define off-grade grain as all grain in the material portion sequence, back to a zero Cu-Sum.

Protein

Protein will go under the Cu-Sum for lots requiring a minimum or maximum. A starting value of .1, breakpoint of .3 and absolute limit of .2 will be used. The plan may include a range limit, but FGIS is still studying this requirement.

Average and ordinary protein will not be under the Cu-Sum, but will have a range limit applied. A statement will be shown on the certificate if the range is exceeded.

A timetable for the regulatory and procedural actions proposed by FGIS appears adjacent to this article. All individuals and companies are requested to respond to the proposed regulations as soon as possible. The GEAPS Grades and Weights committee is reviewing the proposals and will comment on behalf of the membership.



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Testimony on HB 2173
House Agriculture Committee
February 12, 1987
Presented by Joe Lieber
Kansas Cooperative Council

Mr. Chairman and members of the Committee: I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council.

The Kansas Cooperative Council supports the intent of HB 2173.

Even though we feel that the problem of dirty grain has been exaggerated, **this** bill would serve notice that the State of Kansas will not tolerate the adding of foreign materials to grain.

It is my understanding that this bill parallels existing Federal law and there is still some discussion on whether grain dust can be added back in.

It was the grain industry's interpretation of the Federal law that it could be added back if it had not been stored. If this problem can be resolved we heartily support House bill 2173.

ATTACHMENT II
2/12/87



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE

RE: H.B. 2173 - Classifying the Crime of Adding Dockage
or Foreign Material to Grain

February 12, 1987
Topeka, Kansas

Presented by:
Paul E. Fleener, Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

We are **very supportive** of the thrust of H.B. 2173. We first want to thank the 26 House members who have co-sponsored and introduced H.B. 2173. Secondly, we want to thank this committee for conducting hearings today on this measure which speaks to the quality of grain produced in and sold within and from this state.

Grain quality, grain grading, and inspection services on our grains have been and continue to be of **vital** interest to Farm Bureau members throughout this state and nation. Our organization has spent a great deal of time and effort seeking improvement in grain quality standards at the federal level. We urge the Kansas Legislature to go ahead and take the steps proposed in H.B. 2173, so that the State of Kansas is on record in the grain quality area.

The number one goal of my organization is improving net farm income for farmers and ranchers.

We told the Federal Grain Inspection Service (FGIS) our concerns about dockage and foreign material at a meeting in Denver, Colorado in January of 1986. We had an opportunity in

July, 1986 to address a Joint Subcommittee hearing of the House Agriculture Committee held in Urbana, Illinois. The Subcommittees on Department Operations, Research and Foreign Agriculture, and Wheat, Soybeans and Feed Grains met to review grain quality issues and the federal grain quality standards.

Our urgings, from our testimony in Denver and our testimony in Urbana were favorably received. Most of them were acted on by the U.S. House of Representatives and the U.S. Senate in the development of the Grain Quality Improvement Act of 1986. Some things remain to be done. We will continue our efforts in Washington as well as here in Topeka to assure customers and potential customers that it is our desire to provide clean, quality grains to them.

We told the Congress and we would share with you as well, the term "dockage" should be eliminated from grain standards. It is used **only** in the United States. It is **not** understood by our customers or potential customers.

We believe there should be a tighter definition of "foreign materials." The definition is one which, for wheat, says: **"All matter other than wheat which remains in the sample after the removal of dockage and shrunken and broken kernels."** There is no similar definition for corn. There is a separate definition for "foreign material" as relates to soybeans and we would be happy to share that definition with the Committee. Federal regulations also contain a definition for "dockage." It applies only to wheat, and says this: **"All matter other than wheat which can be**

removed readily from a test portion of the original sample by use of an approved device in accordance with procedures prescribed in the Grain Inspection Handbook. Also underdeveloped, shriveled, and small pieces of wheat kernels removed in properly separating the material other than wheat and which cannot be recovered by properly rescreening or recleaning."

If the sponsors of the bill and this committee deem it appropriate there may be merit in redefining, beginning on line 37, the term foreign material. I think we should clearly indicate that foreign material, of course, means dirt, rock, sand and sticks. It ought also to include or incorporate the federal definition as promulgated by the Secretary of Agriculture. We repeat, the term "dockage" should be removed, though, perhaps while the federal government is still using it, it is appropriate for H.B. 2173.

Mr. Chairman, and Members of the Committee, a market price for a quality product is what our farmers want and something we believe our buyers, present and potential, would provide if all of us are clear in what we mean by grain quality ... if we have understandable grain standards, grading procedures, and inspection practices. We appreciate the opportunity to speak in **support of** H.B. 2173. We would be pleased to respond to any questions.

STATEMENT
OF
IVAN W. WYATT, PRESIDENT, KANSAS FARMERS UNION

BEFORE
THE HOUSE COMMITTEE ON AGRICULTURE

ON
HB-2127

(INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING)

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

AGAIN, WE RISE IN SUPPORT OF THE INTERESTS OF THE GRAIN FARMERS OF THE STATE OF KANSAS. HOWEVER, THESE INTERESTS AND CONCERNS ARE NOT JUST A STATE ISSUE ISOLATED TO THE STATE OF KANSAS. THEY ARE NATIONAL ISSUES, AND MORE LIKELY INTERNATIONAL ISSUES, Pitting the MULTI-NATIONAL CORPORATIONS AGAINST THE GRAIN PRODUCING STATES OF THIS NATION, THEIR ECONOMIES AND THE FINANCIAL WELL BEING OF THEIR CITIZENS.

IT'S A WELL DOCUMENTED FACT THAT THERE HAS BEEN SERIOUS PROBLEMS IN THE HANDLING AND MARKETING OF THIS STATE AND THIS NATION'S GRAIN AS IT MOVES INTO THE EXPORT MARKETS.

FOR WELL OVER A DECADE, WE HAVE SEEN A SHOW OF HAND-WRINGING BY FEDERAL BUREAUCRATS, BUT LITTLE ELSE.

A RECENT EXAMPLE. THE AUGUST 3RD EDITION OF THE "KANSAS CITY STAR" CARRIED A 3 PAGE STORY THAT STATED, "THE FIRST LOAD OF U.S. SOYBEANS EXPORTED TO CHINA SINCE 1983, A SALE SO SIGNIFICANT THAT ONE SHIPPER BOOSTED HE WAS 'SELLING COAL TO NEWCASTLE', WHEN IN FACT IT WAS THE BEGINNING OF A POLITICAL DISASTER."

POURING FROM THOSE SHIPS IN CHINA CAME A STINKING BLACK RIVER OF WET, MOLDING SOYBEANS THAT CHINESE MILLERS REFUSED TO ACCEPT.

WHEN USDA OFFICIALS IN WASHINGTON WERE CONTACTED, "CALLING FOR AN URGENT NEED OF HIGH-LEVEL INTERVENTION", THEIR RESPONSE WAS THAT THEY HAD STUDIED THE CONTRACTS, AND HAD CHECKED THEM AGAINST FEDERAL STANDARDS, AND THAT "THE BEANS WERE FINE."

I KNOW IT IS HARD TO BELIEVE THESE THINGS CONTINUE TO HAPPEN. AS LONG AS HUGE AMOUNTS OF POLITICAL ACTION FUNDS FROM THE GRAIN TRADE CONTINUE TO POUR INTO POLITICAL CAMPAIGN COFFERS, WE WILL CONTINUE TO SEE SPOILED AND DIRTY GRAIN POUR FROM SHIPS INTO OUR FOREIGN MARKETS.

THE STATE OF KANSAS CANNOT STAND ALONE TO RECTIFY SUCH ABUSES. FIRST, WE HAVEN'T EVEN TRIED. SECONDLY, THE STATE ALONE CANNOT FORCE SUCH CHANGES. A GROUP OF DETERMINED STATES WORKING TOGETHER COULD POSSIBLY BRING ABOUT NEEDED CHANGES.

I DON'T SEE THIS COMPACT AS AN IMMEDIATE SOLUTION. HOWEVER, JUST THE FACT THAT THE GRAIN PRODUCING STATES ARE WILLING TO FORM A MULTI-STATE COMPACT DEALING WITH THE PROBLEMS OF THE MARKETING OF U.S. GRAINS, WILL SEND A STRONG MESSAGE THAT AT LAST THE STATES ARE WILLING TO EXERCISE SOME OF THEIR STATES RIGHTS.

WE CAN TALK ABOUT ECONOMIC DEVELOPMENT.

WE CAN TALK ABOUT THE PROMOTION OF GRAIN SALES THROUGH FARMER CHECK-OFF FUNDS, UNTIL WE'RE ALL BLUE IN THE FACE.

IF WE CONTINUE TO SIT BACK AND REFUSE TO DEAL IN A REALISTIC MANNER WITH A VERY REAL PROBLEM, AND IF WE CONTINUE TO SIT BACK AND REFUSE TO PASS LEGISLATION SUCH AS HB-2127, WE ARE INSULTING THE INTELLIGENCE OF THE PEOPLE WE REPRESENT AND MAKE A MOCKERY OF THE ELECTIVE SYSTEM OF GOVERNMENT.

I URGE YOUR SUPPORT OF HB-2127.