

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

2015 REAUTHORIZATION

Background

Congress created the Federal Grain Inspection Service (FGIS) in 1976 via amendments to the United States Grain Standards Act (USGSA). The 1976 amendments required, among other things, that all grain exported from the United States (with certain specific exceptions) be officially inspected and weighed by employees of FGIS or States delegated such authority by FGIS. Certain provisions of the USGSA “sunset” (expire) --(1) FGIS authority to collect user fees to recover its administrative and supervisory costs related to providing - - official inspection and weighing services; (2) a limitation on the Agency’s administrative and supervisory costs; (3) authority for appropriations to cover compliance, international and standardization activities; and (4) authority to establish a Grain Inspection Advisory Committee. In 2005, Congress extended these provisions for 10 years, through September 30, 2015.

During consideration of the reauthorization in 2005, the grain export industry recommended that Congress authorize FGIS to delegate official inspection and weighing services at export locations to private inspection firms operating under direct Agency oversight. Proponents argued that this authority would reduce the cost of official inspections and weighing to make the U.S. more competitive in export markets.

Congress rejected the industry’s proposal and approved a clean 10-year reauthorization of the expiring provision that President Bush signed on September 30, 2005. It is possible that during the reauthorization discussion this year, stakeholders representing exporters will seek changes in the law that could include revoking the authority that allows States to provide grain export inspections on behalf of FGIS.

Another issue that could come up in reauthorization is related to the shutdown of one export facility at the Port of Vancouver during the summer of 2014. FGIS delegated authority to the Washington State Department of Agriculture (WSDA) to provide official weighing and inspection services for exports through ports in that state. Last summer, WSDA determined that the conditions related to a labor dispute at one grain export facility were potentially dangerous for WSDA employees, and WSDA declined to provide official inspection and weighing services for a period of 36 days until the dangerous situation was resolved. Without official inspectors, or a waiver of the official inspection and weighing requirements, the grain exporter was unable to export from that facility.

Key Points:

- Certain authorities in the U.S. Grain Standards Act expire on September 30, 2015. If these authorities lapse, FGIS will not be able to collect user fees to cover administrative and supervisory costs. FGIS would utilize available resources to continue export operations for as long as possible. Supervision of official inspections of domestic grain transactions would be a lower priority.

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- While we understand that some industry groups may advocate for a greater private role in weighing and inspecting exports, we believe this would create uncertainty and unpredictability in the grain markets. In accordance with Congressional guidance, GIPSA undertook a comprehensive study in 2009 of the effect of implementing private contracts at export locations. GIPSA concluded that replacing FGIS and Delegated State inspectors with private companies would create unacceptable risk to the integrity of the official system—from producer to exporter.
- A clean reauthorization of the expiring provisions will enable the Federal Grain Inspection Service to continue its important work to assure the quality and integrity of grain trades, both internationally and domestically.