

F I N A L   R E P O R T  
QUALITY GRAINS ADVISORY COMMITTEE

February 1990

AUTHORIZATION AND APPOINTMENT

The Quality Grains Advisory Committee was established pursuant to House File 59 as enacted in 1989 by the Seventy-Third General Assembly. The Committee is an advisory committee to develop recommendations to assure that Iowa agricultural producers receive the actual market value of above quality grain when sold to buyers and to establish a market which encourages the development of markets for above standard quality or special quality grains. The Committee is established by the Secretary of Agriculture.

The Legislative Council accepted members selected to the Advisory Committee, including three members each from the Senate and the House of Representatives, and seven members representing associations interested in grain quality. Members of the Advisory Committee are:

Senator Leonard Boswell, Co-chairperson  
Representative Robert Fuller, Co-chairperson  
Senator Jack Hester  
Senator Kenneth Scott  
Representative Bradley Banks  
Representative Jan Svoboda  
Mr. Tim Ennis, National Farm Organization  
Mr. Tom Feldman, Iowa Institute of Cooperation  
Mr. Patrick Delanty, Iowa Soybean Association  
Ms. Denise O'Brien, National Farmers Union  
Ms. Emily Waund, Iowa Farm Bureau Federation  
Ms. Betty Westmoreland, Iowa Corn Growers Association

STUDY COMMITTEE CHARGE

The original charge of the Study Committee provides the following:

The Advisory Committee is established by the Secretary of Agriculture to develop recommendations for legislation to assure that Iowa agricultural producers receive the actual market value of above standard quality or special quality grain when sold to buyers and to encourage the development of

markets for above standard quality or special quality grains. The Advisory Committee shall investigate the feasibility of expanding the special quality grains electronic bulletin board, various methods of assuring the fair market price is paid for grain delivered to buyers in above standard condition, and the impact a quality grain program can have upon Iowa's competitiveness in the marketplace. In its research of grain marketing, the Advisory Committee shall conduct a public hearing in each of Iowa's Congressional districts (6 public hearings). Staffing is provided by the Legislative Service Bureau. Recommendations are to be reported by January 15, 1990.

The Legislative Council amended the charge by granting the Committee one additional public hearing day.

#### ADVISORY COMMITTEE PROCEEDINGS

The Committee held seven public hearings around the state. The hearings were conducted on October 16, 1989, in Stuart and Mitchellville, on November 3, 1989, in Iowa Falls and Tama, on November 10, 1989, in New Hampton and Mount Vernon, and on December 15, 1989, in Ottumwa. The Committee held its final meeting on December 15, 1989, in Ottumwa.

The Advisory Committee received copies of research and study projects, including the following:

Grain Quality: Positioning Ourselves for the Future. The report is dated November 16, 1987, and was prepared by Mr. Cooper Evans and Ms. Krisi Livingston.

Information regarding the Canadian grain system prepared by the Legislative Service Bureau.

Information regarding the Nebraska Wheat Marketing System prepared by the Legislative Service Bureau.

Enhancing the Quality of U.S. Grain for International Trade (Summary). The report, published in 1989, was prepared by the Congress of the United States Office of Technology Assessment.

Excerpts from a U.S. government report entitled Grain Quality in International Trade (A Comparison of Major U.S. Competitors). The report, published in 1989, was prepared by the Congress of the United States Office of Technology Assessment.

Commitment to Grain Quality prepared under the aegis of the North American Export Grain Association.

Where Quality Counts produced by the Commodity Marketing Division, Cargill, Incorporated.

Nutrient Content and Feeding Value of Iowa Corn. The report was prepared in 1989 by the Iowa Corn Growers Association, the Iowa Corn Promotion Board, and Iowa State University Agricultural and Home Economics Experiment Station.

Grain Quality: The State's Role. The report was prepared by Dr. Charles R. Hurburgh, Jr., Agricultural Engineering Department, Iowa State University.

Aflatoxin: Strategies for the Future, prepared by the Iowa Aflatoxin Task Force in 1989.

The Advisory Committee also received testimony from a number of interested persons and discussed issues relating to grain quality at locations in each of Iowa's six Congressional districts.

October 16 Hearing: Stuart

At its first hearing, the Advisory Committee heard testimony relating to problems in mandating that a premium be paid to producers delivering superior quality grains. The Committee heard from several persons stating that farmers who produce number 1 grade quality corn should be given a premium. Members expressed confidence that markets do exist for quality grain and that markets must be further developed.

October 16 Hearing: Mitchellville

At its second hearing the Advisory Committee heard testimony from grain warehouse operators objecting to stated mandated premiums. Mr. Steve Pederson, Director of Marketing, Iowa Department of Agriculture and Land Stewardship, described departmental efforts to expand the market for quality grains. He described progress in developing an electronic bulletin board to link buyers and sellers of premium grains. The Department is authorized to establish a bulletin board pursuant to House File 59 as enacted in 1989 by the General Assembly.

The Committee heard testimony that the United States is losing its market share to other grain exporting countries because the U.S. is not a dependable trader of quality grains.

Mr. Roy Bardole, representing the Iowa Soybean Association, stated support for international level efforts to encourage higher quality standards, but stated that the Association does not support legislation which would make Iowa a marketing island.

November 3 Hearing: Iowa Falls

At the third public hearing, the Advisory Committee heard testimony from Mr. Ron Swanson representing the Iowa Corn Growers Association. Mr. Swanson recommended that any premium structure that is developed should focus upon intrinsic values of grain rather than physical or sanitary characteristics. He expressed reluctance to support a specific premium mandated by law. Mr. Swanson listed several specific recommendations for consideration, including increasing funding for the "Iowa Certificate Program" and for research and development of testing equipment. He also recommended increased promotion of Iowa agriculture and quality Iowa agriculture products to domestic and foreign customers.

The Advisory Committee also heard from persons representing cooperatives and grain elevators. The persons expressed concern about the cost of changing current practices. They expressed doubt that the market size for premium grain is extensive. Mr. Michael Abildtrup, Farmers Cooperative Elevator, related information regarding the high price of shipping identity preserved grain.

Mr. Peter Reed, Agri-Grain Marketing, expressed confidence in the current grain marketing system. He stated that the market for quality grain is growing, but that the market is not developed to a point where a premium is generally paid for No. 1 grade yellow corn. In response to a question by Co-chairperson Boswell, Mr. Reed stated that a controlling interest in Agri-Grain Marketing is held by Cargill.

The Committee heard from several producers stating that the grain grading system should be used as an incentive and as a reward to producers who preserve grain quality. Mr. Steven Lettow stated opposition to using No. 1 grade yellow corn for purposes of blending.

November 3 Hearing: Tama

At the fourth public hearing, the Advisory Committee heard from several persons who stated that the grain marketing system should be reformed to reward production of quality grain. Several persons representing country elevators expressed opposition to the payment of state mandated premiums. Mr. Jerald Kunce, Sully Cooperative Exchange, expressed concern that grain dealers required to purchase grain at a premium would not have markets to resell the grain at premium prices. He encouraged the development of an ethanol industry which would consume off-grade corn.

Mr. Warren Shildroth, Iowa Farm Bureau Federation, supported reform of the grading and pricing system for feed grains, cereal grains, and oilseeds to reflect premiums for quality and to reward producers for high quality grain to the same extent that the

producer is discounted for lower quality grade grains. He stated that problems within the marketing system lie primarily in the pricing system and the trading practices of the grain industry.

November 10 Hearing: New Hampton

At the fifth public hearing, the Committee listened to a number of persons. Mr. Charles Pyatt, Iowa Board Member, American Corn Growers, stated a concern that large grain marketing corporations have a dominant role in farm policy made at the federal level. Mr. Pyatt recommended that Iowa establish a state grades of corn for premium quality grain and for off-grade, damaged, broken, or moldy corn.

Mr. Lanny Jass, representing Harvest States Cooperatives, St. Paul, Minnesota, testified about initiatives sponsored by his association to certify producers and warehouse operators who are under contract to grow and store premium quality corn. Mr. Jass stated that the most important factor in preserving high quality corn is proper drying.

The Committee listened to testimony from Mr. Frank Weiner, Cartersville Elevator. Mr. Weiner stated that blending is often practiced in order to save producers from suffering financial hardship. Mr. Weiner stated that corn deteriorates because of bad management practices by producers. Mr. Weiner recommended that all corn be officially graded at the point of first sale. Several persons representing country elevators voiced concern that the market could not support a mandated premium paid on quality grade corn.

November 10 Hearing: Mount Vernon

At the sixth hearing the Committee heard from persons representing grain or rural elevators expressing caution about state restriction of free market forces. Members of the Committee discussed the idea of establishing an Iowa quality grain logo to identify quality grain produced in the state. The Committee listened to testimony from a producer stating that foreign customers cannot understand why grain produced in Iowa is high quality and grain that they receive is poor quality.

The Committee briefly discussed a statement by Dr. Charles R. Hurburgh, Jr., Professor at Iowa State University. The statement listed several suggestions for legislative action, including support for innovative marketing strategies to bring growers and ultimate end-users in closer contact and to make grading and testing procedures more accurate. The statement expressed the view that periodic inspection of grain testing equipment is an excellent concept to ensure that testing at grain or rural elevators is accurate and fair.

December 13 Hearing: Ottumwa

At the seventh hearing the Committee heard testimony from a number of persons. Mr. Wayne Ryan, President of the Iowa Corn Growers Association, stated that the Association is concerned about the grain handling system. He stated that the most appropriate place for change is at the federal level. He supported incentives developed to reward producers delivering grain determined to be of premium quality and in demand by the marketplace. He stated that the Association endorses the concept of developing an Iowa certificate program to more accurately describe the grain being delivered. He stated that the Association supports research and testing of corn varieties to determine their ability to produce specific quality characteristics and the development of new varieties with improved quality characteristics. He also encouraged the certification and standardization of testing equipment and testing laboratories for nongrade factors of corn.

The Committee heard from Mr. Ken Ludlow representing the Iowa Grain and Feed Association. Mr. Ludlow stated that it is difficult to install a premium priced system into grain merchandising unless the domestic and export buyers define the premium. He noted that the goal of the state should be total equity between domestic and export buyers of grain. He also stated the need for better harvesting practices, developing gentler methods of farm and elevator drying, and promoting structural changes at the elevator level to separately bin and preserve high quality grain.

Other persons testifying before the Committee stated that current federal standards are inadequate, that the state should encourage education of grain management practices, and that there is a need to support public research into improving grain quality. One person commented that it should never be profitable to adulterate grain in the marketing process. According to the person, adulteration takes place because of the current grading system, and the practice of blending. The person stated that grain blended from a variety of grain qualities should not be sold for more than the amount that the separate lots would have commanded if sold separately.

Several person commented that markets for grain cannot be made to exist by legislation. It was noted that improving quality is a never ending process.

December 15 Meeting: Ottumwa

The Committee met at 1:00 p.m. in Ottumwa, following the last public hearing, to discuss Committee action. Committee members spent time reviewing a summary of information including reports and testimony prepared by the Legislative Service Bureau. The Committee discussed a number of proposals and voted upon

recommendations to submit to the Legislative Council and the General Assembly. The Committee approved the drafting of a proposed Committee resolution to petition the federal government to enact and implement legislation to assure that the United States is the world's preeminent supplier of quality grains. The Committee directed the Legislative Service Bureau in consultation with Co-chairpersons Boswell and Fuller to draft recommendations and the resolution.

The Advisory Committee's findings and recommendations are listed are listed in this report.

#### ADVISORY COMMITTEE FINDINGS

The Advisory Committee makes the following findings:

1. Iowa's grain marketing system is permanently integrated within the United States' marketing system. Iowa must take action to ensure that its grains are produced and transported with the highest possible quality. However, the state is not well positioned geographically to independently ensure that its products are delivered free of defects.

Iowa must assume a leadership role to improve the current system which is an interdependent structure composed of producers, local grain dealers and warehouse operators, cooperatives, terminal operators, associations, shippers, export companies, Iowa state agencies, other state governments, the United States government, domestic and foreign buyers, and foreign governments.

2. Three basic perspectives are expressed regarding the issue of providing increased prices to producers delivering quality grains, including the following:

a. Producers expect a premium price to be paid for delivering grain of a higher quality than the market standard.

b. Local grain merchants, including grain dealers and warehouse operators expect that a market for quality grain must be readily available before the merchant may pay a premium for quality grains.

c. Large grain marketing companies assume that the current system is responsive and fair within current grain marketing conditions.

3. Iowa must avoid favoring any one group. This state depends upon warehouse operators and grain merchants just as it depends upon producers. State action should assist persons in improving the current system rather than mandating action which isolates and alienates a necessary component of the state's grain marketing system.

4. The blending of grain performed at the local level is an institutionalized part of business which benefits local grain warehouse operators and dealers. Blending practices also often benefit producers. However, blending reduces quality and the practice, as often performed at terminal ports, increases the risk of adulteration. Adulteration of grain through blending should never be profitable.

5. Grain handling practices cause deterioration in quality. Many handling practices can be improved during production, storage, and transportation.

6. Most complaints relating to quality are received from foreign buyers reporting an unacceptable level of broken grain, foreign material in grain, or grain damage.

7. There are indications that markets exist for grain above standard quality. However, the size of the market is unknown. Delivering high quality or special quality grain is sometimes not cost effective due to handling or transportation costs.

8. Producers are capable of delivering quality grain. However, producers may be reluctant to improve production and storage practices until economic benefits are received from improved on-farm practices.

9. Technology is rapidly evolving to permit measurement of many quality characteristics (e.g., protein content, oil content, starch content, hardness of kernels), and grain users are increasingly demanding special characteristics in the grains they purchase. Substantial premiums can be expected for varieties of grains that contain special characteristics. There is a need to change the existing marketing system to provide producers and small grain dealers and warehouse operators with economic incentives for segregating food grain and preserving quality.

10. Iowa is in an excellent position to produce special quality and superior quality grain for which substantial premiums can be expected.

#### RECOMMENDATIONS

The Quality Grain Advisory Committee makes the following recommendations for consideration by the Legislative Council and the 1990 General Assembly:

1. The state should actively support public research and education programs. The programs should promote practices and strategies designed to improve the production, handling, storage, marketing, and transportation of quality grains. The support should represent a public-private partnership to accomplish the following:

- a. Increase production and consumption of grain-based products, including alternative fuels, livestock and poultry feeds, biodegradable products, and human foods.
- b. Improve grain quality, by developing and measuring better seed varieties, special quality characteristics, and intrinsic value.
- c. Determine the extent and location of market demand for premium grains, including world market demand for grain having specific characteristics or superior quality.

2. Iowa should be identified as a state producing premium quality grains. The Committee has reviewed methods to achieve a high level of identification by state, including providing for shipments of identity preserved grain, establishing an organization to facilitate grain marketing (similar to the Nebraska Wheat Board), or providing for state certification of Iowa produced grains. The Committee recognizes that obstacles exist. Iowa should not be placed in a position of being identified with grains which are delivered in poor quality. The shipment of identity preserved grain is often not cost effective. Organizations created to facilitate the marketing of grains may become politicized or dominated by well organized interests.

The Committee expresses support in principle for the implementation of an "Iowa Certified Quality Grain" program in which the Department of Agriculture and Land Stewardship certifies that the grain sold satisfies quality standards. The standards could include factors not presently contained within federal grain standards, including aflatoxin levels, protein, oil or starch levels, and stress crack levels.

3. The state should encourage increased production and marketing of value-added products, including livestock, alternative fuels, biodegradable products, and foods and fibers designed for direct human consumption.

4. Marketing of grains should be based on practices which ensure quality. These practices include standards and procedures used to judge the quality of grains. The Committee stresses the importance of the federal government's immediate reform of grain standards. Changes in practices include the following:

- a. Standards should incorporate factors not presently included in grade standards, including aflatoxin levels, protein, oil or starch levels, and stress crack levels.
- b. Grain should be purchased on a zero defect basis excluding moisture.

c. Foreign objects and broken grain should be measured separately. There should be a low tolerance for the acceptable level of foreign objects.

d. Blending of grain should be restricted where adulteration of the grain is threatened or the blended grain is sold for a price in excess of the price that the same grain unblended would command.

5. The state should commit more financial resources to its agricultural sector. The Committee notes that agriculture provides the foundation for the state's economic well-being, but has traditionally been underfunded. To illustrate this point, the Committee notes that in 1989, total revenue produced from agriculture in this state equaled more than nine billion dollars while the state appropriated less than twenty million dollars to support the Department of Agriculture and Land Stewardship.

6. The state should establish an ethanol commission to cooperate with the private sector in developing and promoting ethanol as an alternative fuel source.

7. The state should work to harmonize efforts by organizations which facilitate trade between foreign grain buyers and Iowa sellers. The Committee stresses the need to develop a simple line of transmission in which buyers may communicate with a single or unified "voice" representing the state.

8. The state should support a delegation in Washington D.C. representing the state's interest to ensure that federal farm legislation better achieves the objectives contained in this report.

9. The state should encourage risk management strategies among small grain merchants engaged in marketing grains of special qualities or superior quality, including the formation of marketing pools. The state should provide seed capital to assist cooperatives in organizing in order to establish trading relationships with foreign customers interested in purchasing premium quality grains.

10. The Department of Agriculture and Land Stewardship should act with all deliberate speed to implement the electronic bulletin board established in House File 59 enacted last session to ensure installation of a computerized network capable of linking sellers of high quality grains to potential customers.

11. The state should require that grain warehouse and terminal operators complete continuing education classes each year and periodically pass an oral exam related to handling and storage practices designed to maximize the maintenance of grain quality.

12. The state should require that all grain testing and grading equipment meet established standards, and that equipment in operation be inspected and certified periodically.

13. The state should sponsor a convention of grain producing states in order to discuss grain quality issues and to reach a consensus with the goal of initiating coordinated action directed toward improving grain marketing.

14. The state should support Iowa's participation in the Interstate Compact on Agricultural Grain Marketing, including support of efforts by the interstate agricultural grain marketing commission to improve the marketing of grain, preserve the integrity of grain shipments, and to increase the marketing of premium quality grains.

15. The state should support in principle reforms contained in federal legislation introduced on November 11, 1989, by Senator Daschle and Representative Bond to amend the United States Grain Standards Act to improve the competitive position of the United States grain in international and domestic markets, to facilitate the communication of quality characteristics that final buyers of grain desire, to provide certain incentives to producers of high quality grain, and to improve the quality of farmer-owned and federally-owned reserve grains stocks. A copy of the bill is included in the appendix.

16. The 1990 General Assembly should pass a concurrent resolution petitioning the United States government to improve practices, including federal grain standards and procedures for monitoring the handling of grains to ensure their integrity. A copy of the resolution is included in the appendix.

#### APPENDIX

Exhibit "A" -

Public Hearing Attendees

Exhibit "B" -

Senate File 1977 as introduced in the United States Senate on November 11, 1989.

Exhibit "C" -

Proposed Resolution by the Quality Grains Advisory Committee.

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STUART PUBLIC HEARING

NAME	TOWN	BUSINESS
Kenneth Ludlow	Des Moines, Iowa	Iowa Grain & Feed Association
Dawn Carlson	Ames, Iowa	Iowa Institute of Cooperation
Betty Westmoreland	Albert City, Iowa	Iowa Corn Growers
Emily Waund	Sanborn, Iowa	
Tom Feldmann	Ralston, Iowa	West Central Co-op
Neil Dierks	West Des Moines, Iowa	Iowa Corn Growers
Fred Tomlinson	Alleman, Iowa	Avon Grain Company
Roger Garloch	Guthrie Center, Iowa	Farm Bureau Legislature
Darren Weems	West Des Moines, Iowa	Farm Bureau
Tim Ennis	Corning, Iowa	National Farmers Organization
Joe Weisshaar	Creston, Iowa	Iowa Farm Unity
Patrick Delanty	Charter Oak, Iowa	Iowa Soybean Association
Dennis and Pat Eddy	Stuart, Iowa	
Morris A. Smith	Creston, Iowa	National Farmers Organization
Jim Riordan	Waukee, Iowa	State Senator
George Naylor	Churdan, Iowa	

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MITCHELLVILLE PUBLIC HEARING

<u>NAME</u>	<u>TOWN</u>	<u>BUSINESS</u>
Harold DeVries		Jasper Co. Farm Bureau Commodity Committee
Russell Lyon	Toledo, Iowa	Farmer
Norm Harel	Bondurant, Iowa	Bondurant Elevator
Steve Pederson	Des Moines, Iowa	Department of Agriculture and Land Stewardship
Paul Damen	Ankeny, Iowa	International Business Consultant
Roy Bardole		Lax Soybean Assc.
Craig Hetland		Otley Monroe Co-op
Jerry Johnson	Mitchellville, Iowa	Farmer

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IOWA FALLS PUBLIC HEARING

<u>NAME</u>	<u>TOWN</u>	<u>BUSINESS</u>
Bob Determan	Mason City, Iowa	Dist. Rep. Congressman Grandy
Leonard E. Hoffman	Iowa Falls, Iowa	Hoffman Seed Farm
Corny Boersma	W. Des Moines, Iowa	Cargill Corn Milling
Dean R. Ohrt		Lawn Hill
Ray Kracht		Dows Co-op
Jim Meek		Dows Co-op
Tom Kimberly	Collins, Iowa	Sesco Grain
Darrell Bleeker	Steamboat Rock, Iowa	
Larry Abberma	Wellsburg, Iowa	
Jim Power		
Roger Jiesman	Eldora, Iowa	Farm Bureau
Gordon Kolterman	Iowa Falls, Iowa	Owner Co-op
Gene Mitchell	Steamboat Rock, Iowa	Greenbelt Elevator
Chris Burtnett	Iowa Falls, Iowa	Farm Bureau
Jim Johnson	Eldora, Iowa	Extension ISU
Steve Nail	Buckeye, Iowa	Buckeye Co-op
John L. Peterson	Woodstock, Iowa	Woodstock Co-op
Marv Nygeard	Hubbard, Iowa	Farmers Co-op Co.
Ernest H. Kruse	Ackley, Iowa	Greenbelt Elevator
Ron Gates	Roland, Iowa	Heart of Iowa
Vals Peter	Roland, Iowa	Heart of Iowa
Rod Williamson	W. Des Moines	IA Corn Growers Assn.
Patrick H. Vog	Iowa Falls, Iowa	Farmer

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TAMA PUBLIC HEARING

<u>NAME</u>	<u>TOWN</u>	<u>BUSINESS</u>
Rick Petersen	Elberon, Iowa	Franings Western Grain
Larry L. Meyer	Keystone, Iowa	Meyer Feed Service
Nels Wehner	Independence, Iowa	Nels Agri-grain
Chris Herbold	Mingo, Iowa	Sully Co-op
Rick Fopns	Sully, Iowa	Sully Co-op
Orville Boonken	Buckingham, Iowa	Buckingham Co-op
Jerald Kunce	Sully, Iowa	Sully Co-op
Jerry Swanson	Cedar Rapids, Iowa	V.P. sales IANR
Ron DeChristopher	Cedar Rapids, Iowa	Iowa Farmer Today
Richard Martin	Traer, Iowa	Farmers Elevator
Dale Richardson	Hudson, Iowa	Vorrlin Grain
Donna Wenbreen	Malcom, Iowa	
Chuck Svendsen	Lincoln, Iowa	Lincoln Co-op
Warren Schildroth	Reinbeck, Iowa	Farmer
Leroy Hayes	Reinbeck, Iowa	Farmers Co-op
Todd Sage	Gladbrook, Iowa	Tabor Grain
Leonard W. Dostal	Traer, Iowa	Farmer
Maryan Dostal	Traer, Iowa	Farmer's Wife
Barbara J. Cibulor	Chelsea, Iowa	Farmer's Wife
Richard Itala	Tama, Iowa	Wernus Inc.
Lyle Lorensen	Garvin, Iowa	Lorensen & Beale
Darrell Weems	W. Des Moines, Iowa	IFBF

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MOUNT VERNON PUBLIC HEARING

<u>NAME</u>	<u>TOWN</u>	<u>BUSINESS</u>
David Osterberg	Mount Vernon, Iowa	State Representative
Don Rowe	Fredericksburg, Iowa	Fredericksburg Co-op
Gary Schultz	Fredericksburg, Iowa	Fredericksburg Co-op
Ben Westmoreland	Albert City, Iowa	
Gary Lukins	Arlington, Iowa	Arlington Co-op
Verlyn Rutenbeck	Lost Nation, Iowa	Farm
Verne Folkman		Folkman Feed & Grain, Inc

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NEW HAMPTON PUBLIC HEARING

<u>NAME</u>	<u>TOWN</u>	<u>BUSINESS</u>
Larry Kallam	Ames, Iowa	IA Inst. of Co-op
Robert Petersen	Colwell, Iowa	Mgr. Colwell Co-op
James L. Syhlman	West Union, Iowa	West Union Co-op
Keith Cuveiler	Aplington, Iowa	Super Gro of IA
Davison Sittig	New Hampton, Iowa	Mgr. New Hampton Co-op
Cal Whewell	New Hampton, Iowa	New Hampton Co-op
Bob Syver	New Hampton, Iowa	Asst. Mgr.
Glenn Biggo	Rockford, Iowa	Farmers Co-op Exchange
Boo Sauhop	New Hampton, Iowa	Cong. Nagle's Off.
Bob Ballantine	Elma, Iowa	Howard Co. Equity
Dennis Straube	Rudd, Iowa	Mgr. Farmers Co-op
Bruce Popken	Elma, Iowa	Corn Growers
Richard Houge	Mason City, Iowa	Mgr. N. Iowa Co-op
Lanny D. Jass	St. Paul, MN	Harvest States Co-op
Jean Caspers-Simmet	Rochester, MN	Agri News
Mark Meirick	Protivin, Iowa	Farmers Mill
Frank Weiner	Rockwell, Iowa	Cartersville Elevator

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OTTUMWA PUBLIC HEARING

<u>NAME</u>	<u>TOWN</u>	<u>BUSINESS</u>
Ken Ludlow	Des Moines, Iowa	Iowa Grain & Feed Assc.
Larry Clement	Des Moines, Iowa	Iowa Grain & Feed Assc.
Loren Luppas	Eddyville, Iowa	Cargill, Inc.
John R. Whitaker	Hillsboro, Iowa	V.P. Iowa Farmers Union
Steven Hickenbottom	Fairfield, Iowa	Farmer
William Baughman	Pulaski, Iowa	Farmer
Ralph Johnson	Bloomfield, Iowa	Farm Bureau President, Davis County
Bill Waund	Sanborn, Iowa	Farmer
Dale Mueller	Eddyville, Iowa	Cargill
Richard Siegle	Oakville, Iowa	Farmer
Wayne Ryan	Wapello, Iowa	Corn Growers Assc. & Farmer
William C. Lester	Omaha, Nebraska	V.P. Co-op Relation Ag Processing Inc.

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EXHIBIT B101ST CONGRESS  
1ST SESSION**S.** 1977Introduced 11/22/89

## IN THE SENATE OF THE UNITED STATES

Mr Kerre, Mr Luby

Mr. DASCHLE (for himself and Mr. BOND) introduced the following bill: which  
was read twice and referred to the Committee on \_\_\_\_\_

**A BILL**

To amend the United States Grain Standards Act to improve the competitive position of United States grain in international and domestic markets, to facilitate the communication of quality characteristics that final buyers of grain desire, to provide certain incentives to producers of high quality grain, and to improve the quality of farmer-owned and Federally-owned reserve grain stocks, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assem-*  
3 *bled.*

4 SECTION 1. SHORT TITLE: TABLE OF CONTENTS.

5        (a) SHORT TITLE.—This Act may be cited as the  
6 "Grain Quality Incentives Act of 1989".

(b) TABLE OF CONTENTS.—The table of contents is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. References.

#### TITLE I—COORDINATION AND IMPLEMENTATION OF GRAIN QUALITY IMPROVEMENTS

- Sec. 101. Coordination of Federal activities and programs.
- Sec. 102. Benefits and costs associated with improved grain quality.
- Sec. 103. Standardizing unofficial inspections.
- Sec. 104. Report on international harmonization of standards and tests.
- Sec. 105. Sense of Congress cooperative enforcement of Federal grain purity requirements.

#### TITLE II—IMPROVING THE CLEANLINESS OF GRAIN EXPORTS

- Sec. 201. Improving the cleanliness of grain exports.

#### TITLE III—IMPROVING THE PHYSICAL SOUNDNESS AND PURITY OF EXPORT GRAIN

- Sec. 301. Improving the physical soundness and purity of export grain.

#### TITLE IV—EXPORT REQUIREMENTS AND STANDARDS

- Sec. 401. Cargo loading requirements.

#### TITLE V—CLASSIFICATION, GRADES AND STANDARDS DESIGN CRITERIA

- Sec. 501. Classification, grades and standards design criteria.

#### TITLE VI—GRAIN QUALITY RESEARCH AND TESTING

- Sec. 601. Sense of Congress concerning end-use performance research.
- Sec. 602. Sense of Congress concerning cooperation on objective testing.
- Sec. 603. Sense of Congress concerning tests for purity.

#### TITLE VII—VARIETY PERFORMANCE INFORMATION

- Sec. 701. Seed variety registration.
- Sec. 702. Use of variety information.
- Sec. 703. Survey of grain varieties.

#### TITLE VIII—PRICE SUPPORT LOAN INCENTIVES FOR CLEAN GRAIN

- Sec. 801. Quality goals for Commodity Credit Corporation programs.
- Sec. 802. Price support loan incentives for clean grain.

#### TITLE IX—FARMER-OWNED RESERVE QUALITY REQUIREMENTS

- Sec. 901. Commodity Credit Corporation receipt standards for reserve grain.
- Sec. 902. Entry quality standards for all grains.

TITLE X—QUALITY REQUIREMENTS FOR COMMODITY CREDIT  
CORPORATION-OWNED GRAIN

Sec. 1001. Quality requirements for Commodity Credit Corporation-owned grain.

TITLE XI—EXPORT ENHANCEMENT PROGRAM

Sec. 1101. Export enhancement program.

TITLE XII—CROP INSURANCE COVERAGE FOR LOSS OF QUALITY

Sec. 1201. Crop insurance coverage for loss of quality.

TITLE XIII—DISASTER PAYMENTS FOR LOSS OF QUALITY

Sec. 1301. Disaster payments for loss of quality.

TITLE XIV—ASSISTANCE FOR IMPROVEMENTS IN GRAIN QUALITY

Sec. 1401. Authority to assist farmers and elevator operators.

Sec. 1402. Report concerning assistance for improvements in grain.

1 SEC. 2. FINDINGS.

2 Congress finds that—

3 (1) the United States grain production and mar-  
4 keting industry is fundamentally sound and strong,  
5 making the United States a dominant competitor in  
6 world export markets;

7 (2) increasing demand for higher quality grain  
8 on the part of major importers, and greater attention  
9 to quality on the part of major competing exporters  
10 necessitates that the United States improve the qual-  
11 ity of its grain exports in order to maintain a strong  
12 competitive position in world grain markets;

13 (3) buyers want cleaner grain because—

14 (A) ocean freight transportation costs  
15 accrue on nongrain material;

1 (B) duties must often be paid on nongrain  
2 material just as such duties are paid on grain  
3 imports;

4 (C) there may not be markets for screen-  
5 ings;

6 (D) environmental restrictions can compli-  
7 cate and increase the cost of unloading activities  
8 and disposal of screenings;

9 (E) some buyers lack cleaning capabilities;  
10 and

11 (F) cleaner grain maintains its condition  
12 better during storage and shipping;

13 (4) increased automation and continuous flow  
14 processing and manufacturing technology necessitate  
15 greater consistency of performance;

16 (5) increased knowledge and awareness of the  
17 composition and intrinsic characteristics of grain that  
18 have value to end-users are making buyers more  
19 alert to quality differences among suppliers;

20 (6) competing major grain exporters are recog-  
21 nized as providing high quality grain as a result of a  
22 combination of rigid controls on variety release or  
23 mandatory handling and storage requirements, or  
24 centralized control over exports;

1 (7) neither commercial markets nor Federal  
2 price support programs effectively communicate and  
3 reward end-use quality characteristics of grain;

4 (8) the key to improving grain quality in the  
5 United States depends on—

6 (A) the increased knowledge of end-user  
7 performance characteristics by plant breeders,  
8 producers, and marketers;

9 (B) the modification of grain grades and  
10 standards to properly reflect characteristics im-  
11 portant to intermediate and end-users;

12 (C) improvements in the cleanliness and  
13 sanitary condition of United States grain; and

14 (D) quality based incentives through Feder-  
15 al government programs and the marketplace;  
16 and

17 (9) the grain industry has worked diligently  
18 through the advisory council to the Federal Grain In-  
19 spection Service and through a long series of unoffi-  
20 cial grain quality workshop meetings to address  
21 grain quality issues, and such efforts are applauded  
22 and encouraged to continue as a method of assisting  
23 the Secretary of Agriculture in implementing legisla-  
24 tion that will improve the quality of United States

1 grain and improve the competitiveness of the United  
2 States in international trade.

3 **SEC. 3. REFERENCES.**

4 Whenever in this Act an amendment or repeal is ex-  
5 pressed in terms of an amendment to, or repeal of, a sec-  
6 tion or other provision, the reference shall be considered to  
7 be made to a section or other provision of the United  
8 States Grain Standards Act (7 U.S.C. 71 et seq.).

9 **TITLE I—COORDINATION AND IM-**  
10 **PLEMENTATION OF GRAIN QUAL-**  
11 **ITY IMPROVEMENTS**

12 **SEC. 101. COORDINATION OF FEDERAL ACTIVITIES AND PRO-**  
13 **GRAMS.**

14 The Act is amended by adding at the end thereof the  
15 following new section:

16 **"SEC. 22. GRAIN QUALITY COORDINATOR.**

17 **"(a) APPOINTMENT.—**The Secretary shall designate an  
18 individual to serve as the Grain Quality Coordinator (here-  
19 inafter referred to as the 'Coordinator') to carry out the  
20 duties described in subsection (b).

21 **"(b) DUTIES.—**The Coordinator shall be responsible  
22 for—

23 **"(1)** monitoring the activities of the Department  
24 of Agriculture with respect to domestic grain to  
25 insure that such activities are consistent with the pro-

1 provisions of this Act, (and other agricultural Acts) as  
2 such Acts relate to improving grain quality.

3 "(2) serving as the Federal government coordi-  
4 nator with respect to activities effecting domestic  
5 grain, to insure that such activities are consistent  
6 with the goal of improving grain quality;

7 "(3) preparing and submitting, to the Commit-  
8 tee on Agriculture of the House of Representatives  
9 and the Committee on Agriculture, Nutrition, and  
10 Forestry of the Senate, reports concerning—

11 "(A) actions undertaken by the Department  
12 of Agriculture—

13 "(i) to improve the quality of domes-  
14 tic grain; and

15 "(ii) that are inconsistent with the  
16 goal of improving grain quality;

17 "(B) conditions in the production and mar-  
18 keting sectors that discourage the making of im-  
19 provements in grain quality; and

20 "(C) recommendations for legislative or  
21 regulatory changes that may be made to assist  
22 in the correction of problems with domestic  
23 grain."

1 SEC. 102. BENEFITS AND COSTS ASSOCIATED WITH IMPROVED  
2 GRAIN QUALITY.

3 Not later than 180 days after the date of enactment of  
4 this Act, the Secretary of Agriculture shall prepare and  
5 submit, to the Committee on Agriculture of the House of  
6 Representatives and the Committee on Agriculture, Nutri-  
7 tion, and Forestry of the Senate, a report that shall con-  
8 tain—

9 (1) the results of an economic analysis concern-  
10 ing the costs and benefits, including the anticipated  
11 distribution of such costs and benefits, associated  
12 with the improvement in the quality of United States  
13 grain; and

14 (2) an analysis of the extent to which the im-  
15 provement in the quality of grain exported from the  
16 United States can be expected to affect the competi-  
17 tive position of the United States in world grain mar-  
18 kets.

19 SEC. 103. STANDARDIZING UNOFFICIAL INSPECTIONS.

20 (a) IN GENERAL.—The Act is amended by inserting  
21 after section 7B (7 U.S.C. 79b) the following new section:

22 "SEC. 7C. STANDARDIZING UNOFFICIAL INSPECTIONS.

23 "(a) GENERAL MONITORING PROCEDURES.—To insure  
24 that producers are treated uniformly in delivering grain,  
25 and to facilitate the grain price supports program under the  
26 Agricultural Act of 1949 and grain quality marketing in-

1 incentives under this or other Acts, the Administrator shall  
2 develop procedures to be used in the conducting of unoffi-  
3 cial inspections of grain by handlers where such inspec-  
4 tions result in price adjustments for such grain, and shall  
5 develop national guidelines with respect to such inspec-  
6 tions.

7       “(b) TESTING PROCEDURES.—To insure the uniformity  
8 of tests and testing equipment used in unofficial inspec-  
9 tions for the application of grain standards under subsec-  
10 tion (a), the Administrator shall develop procedures for ap-  
11 proving the testing instruments, techniques, calibration of  
12 equipment, and procedures used in such unofficial inspec-  
13 tions.”.

14       (b) UNITED STATES WAREHOUSE ACT.—Section 15 of  
15 the United States Warehouse Act (7 U.S.C. 256) is amend-  
16 ed—

17             (1) by inserting “(a) IN GENERAL.—” before  
18       “Any fungible”; and

19             (2) by adding at the end thereof the following  
20       new subsection:

21       “(b) UNOFFICIAL INSPECTIONS.—Notwithstanding any  
22 other provision of law, in conducting unofficial inspec-  
23 tions, a licensed warehouse shall use grain sampling proce-  
24 dures, testing techniques, and standards approved by the  
25 Federal Grain Inspection Service.”.

1 SEC. 104. REPORT ON INTERNATIONAL HARMONIZATION OF  
2 STANDARDS AND TESTS.

3 (a) IN GENERAL.—Not later than December 31, 1992,  
4 the Secretary of Agriculture shall prepare and submit to  
5 the Committee on Agriculture of the House of Representa-  
6 tives and the Committee on Agriculture, Nutrition, and  
7 Forestry of the Senate, a report, in accordance with subsec-  
8 tion (b), concerning the harmonization of United States  
9 grain standards, tests, and testing equipment with those of  
10 foreign nations.

11 (b) CONTENTS.—The report submitted under subsec-  
12 tion (a) shall contain—

13 (1) an evaluation of the grain standards, tests,  
14 and testing equipment of major grain trading nations;

15 (2) recommendations concerning the practicality  
16 and desirability, considering benefits and costs to the  
17 United States, of achieving a harmonization of grain  
18 standards, tests, and equipment among nations in  
19 order to facilitate trade and improve the competitive  
20 position of the United States; and

21 (3) any other information that the Secretary of  
22 Agriculture determines necessary.

23 SEC. 105. SENSE OF CONGRESS COOPERATIVE ENFORCEMENT OF  
24 FEDERAL GRAIN PURITY REQUIREMENTS.

25 (a) FINDINGS.—Congress finds that the laws and regu-  
26 lations related to the purity and safety of grain that are

1 administered by the Food and Drug Administration and the  
2 Environmental Protection Agency, serve to insure the in-  
3 tegrity of the United States as a supplier of wholesome  
4 grain.

5 (b) SENSE OF CONGRESS.—It is the sense of Congress  
6 that Federal agencies that are responsible for enforcing the  
7 laws and regulations relating to the quality, purity, and  
8 safety of grain marketed both domestically and in foreign  
9 nations, should seek assistance from and cooperate with  
10 the Federal Grain Inspection Service in enforcing such  
11 laws and regulations.

## 12 TITLE II—IMPROVING THE 13 CLEANLINESS OF GRAIN EXPORTS

### 14 SEC. 201. IMPROVING THE CLEANLINESS OF GRAIN EXPORTS.

15 The Act is amended by inserting after section 4 (7  
16 U.S.C. 76) the following new section:

#### 17 "SEC. 4A. IMPROVING THE CLEANLINESS OF GRAIN EXPORTS.

##### 18 "(a) CLEANLINESS.—

19 "(1) IN GENERAL.—Exporters of high quality  
20 grain from the United States shall meet the standards  
21 of cleanliness commonly achieved by competing ex-  
22 porters.

23 "(2) REGULATIONS.—Not later than 120 days  
24 after the date of enactment of this section, the Secre-

1            tary, acting through the Administrator, shall promul-  
2            gate regulations to carry out paragraph (1).

3            "(b) REMOVAL OF FOREIGN MATERIAL.—Not later  
4            than 5 years after the date of enactment of this section, the  
5            Administrator shall enforce limits on easily removable  
6            nongrain material in grain for grades number 1, 2, and 3  
7            that shall be comparable to levels of cleanliness met by  
8            major competing grain exporting nations as determined by  
9            the Administrator.

10           "(c) PHASE IN PERIOD.—The Secretary, acting  
11           through the Administrator, shall phase in the requirements  
12           of this section by—

13                    "(1) in the case of subsection (a), by incremen-  
14                    tally increasing the level of cleanliness required  
15                    compared to foreign nations; and

16                    "(2) in the case of subsection (b), by incremen-  
17                    tally decreasing the limit on nongrain material per-  
18                    mitted in shipments of grades number 1, 2, and 3  
19                    grain."

1 **TITLE III—IMPROVING THE PHYSI-**  
2 **CAL SOUNDNESS AND PURITY OF**  
3 **EXPORT GRAIN**

4 **SEC. 301. IMPROVING THE PHYSICAL SOUNDNESS AND PURITY OF**  
5 **EXPORT GRAIN.**

6 The Act (as amended by section 101) is further  
7 amended by adding at the end thereof the following new  
8 section:

9 **“SEC. 23. IMPROVING THE PHYSICAL SOUNDNESS AND PURITY OF**  
10 **EXPORT GRAIN.**

11 **“(a) QUALITY OF EXPORTED GRAIN.—**The Administra-  
12 tor shall establish procedures that ensure the receipt, by a  
13 foreign purchaser that specifies a certain grade of grain in  
14 a grain purchase contract, of grain under such contract that  
15 is suitably sound and pure considering the contract grade  
16 specification, the end-use performance goals of the pur-  
17 chaser, and the condition of comparable grain being sup-  
18 plied by other grain exporting nations.

19 **“(b) PROCEDURES.—**

20 **“(1) DETERMINATION.—**In carrying out subsec-  
21 tion (a), the Administrator shall make a determina-  
22 tion establishing the adverse conditions that shall  
23 make grain unacceptable for its normal intended uses  
24 in foreign markets or for its classification in a cer-  
25 tain grade.

1           “(2) EVALUATION.—In establishing procedures  
2           for making the determination under paragraph (1),  
3           the Administrator shall evaluate the grade determin-  
4           ing factors and factor limits in existence on the date  
5           of enactment of this section, to determine the suit-  
6           ability of the use of such factors as contract specifi-  
7           cations for end-users. Such evaluation shall include  
8           an assessment of whether changes in factors and  
9           factor limits by themselves, or in combination with a  
10          prohibition of blending, will achieve the require-  
11          ments of subsection (a). Such evaluation shall be  
12          completed not later than December 31, 1991.

13          “(3) ESTABLISHMENT OF FACTORS.—After the  
14          completion of the evaluation conducted under para-  
15          graph (2), the Administrator shall specify grade-de-  
16          termining factors and limits that shall be applicable  
17          under this section to grain that is exported. Such fac-  
18          tors shall permit grain that is exported to be classi-  
19          fied in a manner that is comparable to grains of  
20          other countries that is of similar quality and perform-  
21          ance standards. The Administrator may phase in the  
22          factor limits applicable under this section but such  
23          limits shall be fully implemented not later than 5  
24          years after the date of enactment of this section.

25          “(4) BLENDING.—

1           “(A) IN GENERAL.—The Administrator may  
2           prohibit blending of low quality grain with  
3           grain of other qualities to market such low qual-  
4           ity grain as that of a higher quality if the Ad-  
5           ministrator determines that such action is neces-  
6           sary or practical to ensure that grains marketed  
7           as grades 1, 2, or 3 meet the factor limits es-  
8           tablished under this subsection. High quality  
9           grain may be blended with a lower quality grain  
10          if such grain will be marketed as such a lower  
11          quality. No prohibition on blending shall be  
12          construed to restrict the marketing of such low  
13          quality grain.

14          “(B) IMPLEMENTATION.—If the Administra-  
15          tor prohibits blending under this subsection, the  
16          Administrator shall promulgate such regulations  
17          as are necessary to carry out this section.”

## 18       **TITLE IV—EXPORT REQUIREMENTS** 19                               **AND STANDARDS**

### 20       **SEC. 401. CARGO LOADING REQUIREMENTS.**

21           Section 7 (7 U.S.C. 79) is amended by adding at the  
22       end thereof the following new subsection:

23           “(k) Except as otherwise authorized by the Adminis-  
24       trator, on the request of a purchaser, all grain that is offi-  
25       cially inspected and officially weighed for export shall be

1 loaded aboard the final carrier according to a plan that sta-  
2 tistically assures fairness by favoring neither the buyer nor  
3 the seller in meeting the requirements specified by the de-  
4 livery contract."

5 **TITLE V—CLASSIFICATION, GRADES**  
6 **AND STANDARDS DESIGN CRITERIA**

7 **SEC. 501. CLASSIFICATION, GRADES AND STANDARDS DESIGN CRI-**  
8 **TERIA.**

9 Section 4 (7 U.S.C. 76) is amended by adding at the  
10 end thereof the following new subsection:

11 "(d)(1)(A) The Administrator shall develop and im-  
12 plement a classification, grades and standards design  
13 framework, to structure grain standards established under  
14 this section. Such framework shall be designed to make it  
15 possible to modify standards to accommodate scientific ad-  
16 vances in testing and new knowledge concerning the fac-  
17 tors influencing storability and end-use performance of  
18 grain.

19 "(B) In developing the framework under paragraph  
20 (1), the Administrator shall develop a grain classification  
21 and grading system and establish factor limits for each  
22 grain, within the constraints of existing testing technology,  
23 known factors influencing end-use characteristics and stor-  
24 ability, and practical handling and transportation technolo-  
25 gy.

1           “(C) Not later than December 31, 1991, the Adminis-  
2 trator shall develop a schedule for implementing the classi-  
3 fication, grades, and standards under subparagraph (B),  
4 and such schedule shall be submitted to the Committee on  
5 Agriculture of the House of Representatives and the Com-  
6 mittee on Agriculture, Nutrition, and Forestry of the  
7 Senate.

8           “(D) Implementation of the classes, grades and stand-  
9 ards proposed under this paragraph shall begin immediate-  
10 ly on completion of the report required under subparagraph  
11 (C).

12           “(2) In establishing standards under paragraph (1),  
13 the Administrator shall adopt an economic value based  
14 system of class-determining factors, grade-determining  
15 factors, nongrade-determining factors, and optional factors  
16 that—

17           “(A) define uniform and descriptive terms to  
18 facilitate trade:

19           “(B) provide final and intermediate users with  
20 sufficient information to enable such users to deter-  
21 mine the quality of grain for marketing and end use:  
22 and

23           “(C) enables the market to establish quality im-  
24 provement incentives for grain.

25           “(3) Within the system referred to in paragraph (2)—

1           “(A) class-determining factors shall separate  
2 grain into categories based on differing major end-  
3 uses of such grain;

4           “(B) grade-determining factors shall—

5               “(i) relate to the physical soundness and  
6 purity of the grain (that affect the storability  
7 and end-use propensities of the grain) and the  
8 effect of such on the economic value of such  
9 grain to the end user, and

10               “(ii) be separated into three grade catego-  
11 ries that differentiate between descending levels  
12 of the physical soundness and purity of the  
13 grain, that are generally acceptable to a majority  
14 of major intermediate and end-users, as deter-  
15 mined by the Secretary;

16           “(C) nongrade-determining factors shall relate  
17 to the physical condition, composition and intrinsic  
18 characteristics of the grain which are important to  
19 the major end and intermediate users;

20           “(D) optional factors shall relate to characteris-  
21 tics or conditions of the grain that are important to a  
22 limited number of final and intermediate users, or  
23 that relate to adverse conditions that arise only occa-  
24 sionally or in isolated locations; and

1           “(E) grain shall only be tested and the results  
2           reported for conditions relating to grade-determining  
3           and nongrade-determining factors in official inspec-  
4           tions, and other factors determined in inspections  
5           shall not be reported except when requested or when  
6           the Administrator determines the conditions exists  
7           that warrant the routine testing of optional factors.

8           “(4) The Administrator shall establish a separate  
9           grade designation for grain that includes damage levels,  
10          impurities, or other conditions that make such grain gener-  
11          ally unsuitable for the normal intended uses of such  
12          grain.”.

## 13                   **TITLE VI—GRAIN QUALITY** 14                   **RESEARCH AND TESTING**

### 15          **SEC. 601. SENSE OF CONGRESS CONCERNING END-USE PERFORM-** 16                   **ANCE RESEARCH.**

17          (a) **FINDINGS.**—Congress finds that—

18               (1) research concerning the end-use perform-  
19               ance of grain conducted by the Agricultural Research  
20               Service and land-grant universities is critical to im-  
21               proving the quality and competitiveness of United  
22               States grains in domestic and world markets:

23               (2) the work done by the Agricultural Research  
24               Service wheat quality laboratories has proven valua-  
25               ble to improving the understanding of individuals

1 concerning the relationships between the physical  
2 and chemical properties of wheat and the perform-  
3 ance of such in milling and baking; and

4 (3) research conducted by the Agricultural Re-  
5 search Service and at land-grant universities concern-  
6 ing the composition of corn and soybean varieties  
7 has proven valuable to feed and food users.

8 (b) SENSE OF CONGRESS.—It is the sense of Congress  
9 that the Secretary of Agriculture, and in particular the Ag-  
10 ricultural Research Service and land-grant universities,  
11 should examine their financial priorities and place in-  
12 creased emphasis on grain variety evaluation and the de-  
13 velopment of objective tests for the end-use properties of  
14 grains.

15 SEC. 602. SENSE OF CONGRESS CONCERNING COOPERATION IN OB-  
16 JECTIVE TESTING.

17 (a) FINDING.—Congress finds that the close coopera-  
18 tive relationship that exists between the Federal Grain In-  
19 spection Service, the Agricultural Research Service, and  
20 land grant universities has proven highly beneficial in  
21 identifying grain quality-related characteristics, developing  
22 tests, and designing grain standards.

23 (b) SENSE OF CONGRESS.—It is the sense of Congress  
24 that the cooperative efforts described in subsection (a), in-  
25 cluding the sharing of funds and personnel, should be

1 strongly encouraged, and that the Federal Grain Inspection  
2 Service should continue to utilize the research capabilities  
3 of the Agricultural Research Service and the land-grant  
4 universities in such efforts.

5 **SEC. 603. SENSE OF CONGRESS CONCERNING TESTS FOR PURITY.**

6 (a) **FINDING.**—Congress finds that consumers, both  
7 internationally and domestically, are aware of, and con-  
8 cerned with, the purity of their food supply.

9 (b) **SENSE OF CONGRESS.**—It is the sense of Congress  
10 that in order to assure buyers of the purity of United States  
11 grain, the Federal Grain Inspection Service should, as soon  
12 as practical, implement tests for mycotoxins and pesticide  
13 residues and incorporate the limits on the presence of such  
14 impurities in grain, as established by the Food and Drug  
15 Administration and the Environmental Protection Agency,  
16 into the official grain grade classification system estab-  
17 lished under the United States Grain Standards Act (7  
18 U.S.C. 71 et seq.).

19 **TITLE VII—VARIETY PERFORMANCE**  
20 **INFORMATION**

21 **SEC. 701. SEED VARIETY REGISTRATION.**

22 Section 201(a) of the Federal Seed Act (7 U.S.C.  
23 1571(a)) is amended—

24 (1) in paragraph (10), by striking out the period  
25 and inserting in lieu thereof “; and”; and

1           (2) by adding at the end thereof the following  
2           new paragraph:

3           “(11) Specifications of certain variety and qual-  
4           ity performance characteristics of the seeds, as ap-  
5           proved by the Secretary, including those that are—

6                   “(A) agronomic in nature and most impor-  
7                   tant to producers; and

8                   “(B) physical, compositional, and intrinsic  
9                   in nature and most important to the end-users.”

10 **SEC. 702. USE OF VARIETY INFORMATION**

11           Section 7 (7 U.S.C. 79) (as amended by section 601)  
12           is further amended by adding at the end thereof the follow-  
13           ing new subsection:

14           “(1) If the variety name of a grain is required by a  
15           warehouse for proper classification or separation of grain  
16           by a warehouse, the warehouse receipt for deliveries of  
17           such grain from producers shall state the name of the grain  
18           variety. If producers do not know or provide the variety of  
19           the grain being delivered the designation for classification  
20           purposes may be stated as ‘unknown’. If several varieties  
21           of grain are interplanted or harvested together the designa-  
22           tion for classification purposes may be stated as ‘mixed’.”

23 **SEC. 703. SURVEY OF GRAIN VARIETIES.**

24           The National Agricultural Statistics Service shall peri-  
25           odically compile, prepare and submit, to the Secretary of

1 Agriculture and to the Committee on Agriculture of the  
2 House of Representatives and the Committee on Agricul-  
3 ture, Nutrition, and Forestry of the Senate, a report that  
4 contains data concerning the varieties of major grains pro-  
5 duced in the United States. Such report shall provide data  
6 relating plantings of grains to agronomic performance and  
7 end-use properties of the varieties of such grain.

8 **TITLE VIII—PRICE SUPPORT LOAN**  
9 **INCENTIVES FOR CLEAN GRAIN**

10 **SEC. 801. QUALITY GOALS FOR COMMODITY CREDIT CORPORA-**  
11 **TION PROGRAMS.**

12 The Secretary of Agriculture, in administering the  
13 programs under the Agricultural Act of 1949, or in admin-  
14 istering any other agricultural programs through the Com-  
15 modity Credit Corporation, shall give consideration to the  
16 direct and indirect impact that such programs have on the  
17 quality of crops and livestock produced in the United  
18 States.

19 **SEC. 802. PRICE SUPPORT LOAN INCENTIVES FOR CLEAN GRAIN.**

20 It is the sense of Congress that as part of the price  
21 support and production adjustment programs established  
22 for 1991 and subsequent crop years—

23 (1) grain price support loans should reflect qual-  
24 ity characteristics through a schedule of premiums;

1 (2) a special loan premium should be estab-  
2 lished for clean grain at a level that will sufficiently  
3 reward producers to encourage the marketing of  
4 cleaner grain:

5 (3)(A) grain pledged as collateral for a price  
6 support loan from the Commodity Credit Corpora-  
7 tion should be inspected to determine the condition  
8 and quality of the grain relative to the schedule of  
9 premiums that apply to such loans; and

10 (B) grain pledged as collateral for a price sup-  
11 port loan that has not been inspected for quality  
12 should be ineligible for quality premiums; and

13 (4)(A) any grain forfeited to the Commodity  
14 Credit Corporation under a nonrecourse loan should  
15 be inspected according to approved procedures to de-  
16 termine the condition and quality of the grain; and

17 (B) an adjustment should be made to the loan  
18 proceeds for changes in condition and quality of the  
19 grain.

20 **TITLE IX—FARMER-OWNED RE-**  
21 **SERVE QUALITY REQUIREMENTS**

22 **SEC. 901. COMMODITY CREDIT CORPORATION RECEIVAL STAND-**  
23 **ARDS FOR RESERVE GRAIN.**

24 Section 110(j) of the Agricultural Act of 1949 (7  
25 U.S.C. 1445e(j)) is amended—

1           (1) by inserting "(1)" after the subsection des-  
2           ignation: and

3           (2) by adding at the end thereof the following  
4           new paragraph:

5           "(2) Any grain stored under the producer storage pro-  
6           gram that is forfeited by the producer to the Commodity  
7           Credit Corporation shall be equal to or exceed the quality  
8           of the grain that was pledged by such producer as collater-  
9           al in order to fully satisfy the original storage contract. The  
10          Secretary shall impose discounts for any deterioration in  
11          such quality. Such discounts shall be substantial enough to  
12          discourage the forfeiture of low quality grain."

13          **SEC. 902. ENTRY QUALITY STANDARDS FOR ALL GRAINS.**

14          Section 110 of the Agricultural Act of 1949 (7 U.S.C.  
15          1445e) is amended by adding at the end thereof the follow-  
16          ing new subsection:

17          "(k) In announcing the terms and conditions of the  
18          producer storage program under subsection (c)(1), the Sec-  
19          retary shall set standards concerning the quality of grain  
20          that shall be allowed to be stored under the program, and  
21          such standards shall ensure that only high quality clean  
22          grain shall be stored under such program. The Secretary  
23          shall establish grain maintenance and stock rotation re-  
24          quirements to insure that quality is maintained for the du-  
25          ration of the storage period."

1 **TITLE X—QUALITY REQUIREMENTS**  
2 **FOR COMMODITY CREDIT COR-**  
3 **PORATION OWNED GRAIN**

4 **SEC. 1001. QUALITY REQUIREMENTS FOR COMMODITY CREDIT**  
5 **CORPORATION OWNED GRAIN.**

6 The Act (7 U.S.C. 71 et seq) (as amended by sections  
7 101. and 301) is further amended by adding at the end  
8 thereof the following new section:

9 **"SEC. 24. QUALITY REQUIREMENTS FOR COMMODITY CREDIT**  
10 **CORPORATION OWNED GRAIN.**

11 **"(a) ESTABLISHMENT OF MINIMUM STANDARDS.—**Not-  
12 withstanding any other provision of law, the Secretary,  
13 acting through the Administrator, shall establish minimum  
14 quality standards that shall apply to grain that is to be  
15 stored by the Commodity Credit Corporation for long peri-  
16 ods of time. In establishing such standards, the Secretary  
17 shall take into consideration factors related to the storabi-  
18 lity of grain.

19 **"(b) INSPECTION OF GRAIN ACQUISITIONS.—**The Com-  
20 modity Credit Corporation shall establish and implement a  
21 procedure to monitor the condition of grain stored by such  
22 Corporation to insure that the quality of such grain is  
23 maintained.

24 **"(c) DISPOSAL OF OFF-QUALITY GRAIN.—**Grain that is  
25 acquired by the Commodity Credit Corporation that does

1 not meet the minimum quality grade standards established  
2 under subsection (a), or grain stored by such Corporation  
3 that fails to meet such standards at any time during stor-  
4 age, shall be marketed in such a manner as to insure that it  
5 is not blended into other grain intended to be marketed as  
6 meeting number 1, 2, or 3 grade standards."

## 7 **TITLE XI—EXPORT ENHANCEMENT** 8 **PROGRAM**

### 9 **SEC. 1101. EXPORT ENHANCEMENT PROGRAM.**

10 Section 1127 of the Food Security Act of 1985 (7  
11 U.S.C. 1736v) is amended—

12 (1) in subsection (b)—

13 (A) by striking out "and" at the end of  
14 paragraph (4);

15 (B) by striking out the period at the end of  
16 paragraph (5) and inserting in lieu thereof "  
17 and"; and

18 (C) by adding at the end thereof the fol-  
19 lowing new paragraph:

20 "(6) shall authorize the drafting of export con-  
21 tracts in a manner that would facilitate the export of  
22 high quality grain, as determined under standards es-  
23 tablished by the Administrator of the Federal Grain  
24 Inspection Service under the United States Grain  
25 Standards Act (7 U.S.C. 71 et seq.), that may contain

1 requirements for the payment of bonuses under this  
2 section to exporters."

3 (2) in subsection (h), by striking out "1990"  
4 and inserting in lieu thereof "1995".

5 **TITLE XII—CROP INSURANCE**  
6 **COVERAGE FOR LOSS OF QUALITY**

7 SEC. 1201. CROP INSURANCE COVERAGE FOR LOSS OF QUALITY.

8 Section 508(a) of the Federal Crop Insurance Act (7  
9 U.S.C. 1508(a)) is amended—

10 (1) in the second sentence, by inserting ". or in  
11 the case of grains the loss of the quality of such  
12 commodity," after "insured commodity"; and

13 (2) by inserting after the eight sentence the fol-  
14 lowing new sentence: "Any insurance offered to  
15 grain producers shall make available protection  
16 against loss in the quality of the grain, as determined  
17 by the Corporation in consultation with the Adminis-  
18 trator of the Federal Grain Inspection Service, if  
19 such grain is of sufficiently poor quality, as a result  
20 of any unavoidable causes, to be classified by the  
21 Administrator as unacceptable as grade 3 grain."

1       **TITLE XIII—DISASTER PAYMENTS**  
2               **FOR LOSS OF QUALITY**

3       **SEC. 1301. DISASTER PAYMENTS FOR LOSS OF QUALITY.**

4               Section 105(a) of the Disaster Assistance Act of 1989  
5 (Public Law 101-82; 103 Stat. 572) is amended by adding  
6 at the end thereof the following new sentence: "Such addi-  
7 tional payments shall include payment for the loss of the  
8 quality of grain if such crop of grain is damaged or con-  
9 taminated in excess of factor limitations established for  
10 grade 3 grain under the United States Grain Standards  
11 Act."

12       **TITLE XIV—ASSISTANCE FOR IM-**  
13               **PROVEMENTS IN GRAIN QUALITY**

14       **SEC. 1401. AUTHORITY TO ASSIST FARMERS AND ELEVATOR OP-**  
15               **ERATORS.**

16               The Secretary of Agriculture may provide financial  
17 assistance (including cost sharing, loans and grants) and  
18 technical assistance to grain producers and elevator opera-  
19 tors to assist such producers and operators in installing or  
20 improving grain cleaning, drying or storage equipment. Fi-  
21 nancial assistance may be provided by or through the  
22 Commodity Credit Corporation or other agency adminis-  
23 tered by the Department of Agriculture that provides cost  
24 sharing, loans, or grants.

1 SEC. 1402. REPORT CONCERNING ASSISTANCE FOR IMPROVE-  
2 MENTS IN GRAIN.

3 Not later than June 30, 1991, the Secretary of Agri-  
4 culture shall prepare and submit, to the Committee on Ag-  
5 riculture of the House of Representatives and the Commit-  
6 tee on Agriculture, Nutrition, and Forestry of the Senate, a  
7 report, together with recommendations on program imple-  
8 mentation, that shall contain the results of an investigation  
9 conducted by such Secretary concerning the alternative  
10 forms of financial assistance (including cost sharing, loans,  
11 and grants) and technical assistance that may be provided  
12 to grain producers and operators of grain elevators to assist  
13 such producers and operators in installing or improving  
14 grain cleaning, drying, or storage equipment to improve  
15 the cleanliness and quality of grain produced in the United  
16 States.

1 HOUSE CONCURRENT RESOLUTION NO. 104  
2 BY COMMITTEE ON AGRICULTURE  
3 (SUCCESSOR TO HSB 615)

4 A Concurrent Resolution to urge the Congress of the  
5 United States, the President of the United States,  
6 and the United States Secretary of Agriculture, to  
7 enact and implement legislation to ensure that the  
8 United States is the world's preeminent supplier of  
9 grains.

10 WHEREAS, the state of Iowa is one of the major  
11 agricultural producing regions in the world, having  
12 33,500,000 acres of farmland, generating more than  
13 \$9,000,000,000 annually from the production of  
14 agricultural commodities, and exporting annually  
15 \$2,000,000,000 worth of agricultural products to  
16 foreign markets; and

17 WHEREAS, Iowa and the upper midwest are naturally  
18 suited for consistent, cost-effective production of  
19 high quality grain, with Iowa having more cropland  
20 than 19 other states combined, and ranking first among  
21 all states in the production of corn and soybeans; and

22 WHEREAS, foreign customers at times express  
23 dissatisfaction with the quality of grain received  
24 from the United States; and

25 WHEREAS, premium quality grains deteriorate during  
26 shipment, which can be caused by mishandling, poor  
27 storage, and adulteration through blending of inferior  
28 quality grains; and

29 WHEREAS, grain users are increasingly demanding  
30 special characteristics in the grains they purchase,

1 and competitor nations are becoming increasingly  
2 capable of delivering scheduled shipments of superior  
3 quality grains having specified characteristics  
4 demanded by foreign customers; and

5 WHEREAS, federal grain standards and procedures do  
6 not measure use factors, other than protein or oil  
7 content, economically important to customers, which  
8 result in foreign customers purchasing grains meeting  
9 only minimum grade requirements under their contracts;  
10 NOW THEREFORE,

11 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE  
12 SENATE CONCURRING, That the Congress of the United  
13 States, the President of the United States, and the  
14 United States Secretary of Agriculture enact and  
15 implement legislation to assure the United States'  
16 position as the world's preeminent supplier of quality  
17 grain; and

18 BE IT FURTHER RESOLVED, That federal reforms of  
19 current grain standards provide opportunities for  
20 measurement of as many quality characteristics of  
21 grain as practical and economical, which may include  
22 protein content, oil content, starch content, and  
23 kernel hardness; and

24 BE IT FURTHER RESOLVED, That technical and  
25 financial support be extended to producers through  
26 land grant colleges to assist in developing seeds for  
27 the production of grain to meet end-use demands of  
28 domestic and foreign customers of grains, to  
29 facilitate bulk merchandising of grains, and to  
30 minimize deterioration in grain quality, including

1 breakage and foreign material adulteration caused by  
2 mechanical factors; and

3 BE IT FURTHER RESOLVED, That Congress and the  
4 United States Federal Grain Inspection Service  
5 continue to review the current federal grain standards  
6 and procedures, to better maintain grain integrity and  
7 efficiency within the system which in turn will reward  
8 producers and handlers delivering quality grain,  
9 facilitate commercial transactions between marketers  
10 and foreign customers purchasing quality grains, and  
11 ensure the scheduled delivery of grain of a quality  
12 contracted for as a normal part of conducting business  
13 with United States suppliers; and

14 BE IT FURTHER RESOLVED, That the United States  
15 support uniform procedures and standards for grading  
16 grain quality among all grain exporting nations of the  
17 world; and

18 BE IT FURTHER RESOLVED, That copies of this  
19 resolution be sent by the Chief Clerk of the House of  
20 Representatives, to the President of the United States  
21 Senate, to the Speaker of the United States House of  
22 Representatives, to Iowa's congressional delegation,  
23 to the President of the United States, and to the  
24 United States Secretary of Agriculture.

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1 SENATE CONCURRENT RESOLUTION NO. (11).

2 COMMITTEE ON AGRICULTURE

3 (SUCCESSOR TO SSB 2020)

4 A Concurrent Resolution to urge the Congress of the  
5 United States, the President of the United States,  
6 and the United States Secretary of Agriculture,  
7 to enact and implement legislation to ensure that  
8 the United States is the world's preeminent sup-  
9 plier of grains.

10 WHEREAS, the state of Iowa is one of the major  
11 agricultural producing regions in the world, having  
12 33,500,000 acres of farmland, generating more than  
13 \$9,000,000,000 annually from the production of  
14 agricultural commodities, and exporting annually  
15 \$2,000,000,000 worth of agricultural products to  
16 foreign markets; and

17 WHEREAS, Iowa and the upper midwest are naturally  
18 suited for consistent, cost-effective production of  
19 high quality grain, with Iowa having more cropland  
20 than 19 other states combined, and ranking first among  
21 all states in the production of corn and soybeans; and

22 WHEREAS, foreign customers at times express  
23 dissatisfaction with the quality of grain received  
24 from the United States; and

25 WHEREAS, premium quality grains deteriorate during  
26 shipment, which can be caused by mishandling, poor  
27 storage, and adulteration through blending of inferior  
28 quality grains; and

29 WHEREAS, grain users are increasingly demanding  
30 special characteristics in the grains they purchase,

1 and competitor nations are becoming increasingly  
2 capable of delivering scheduled shipments of superior  
3 quality grains having specified characteristics  
4 demanded by foreign customers; and

5 WHEREAS, federal grain standards and procedures do  
6 not measure use factors, other than protein or oil  
7 content, economically important to customers, which  
8 result in foreign customers purchasing grains meeting  
9 only minimum grade requirements under their contracts;  
10 NOW THEREFORE,

11 BE IT RESOLVED BY THE SENATE, THE HOUSE CONCURRING,  
12 That the Congress of the United States, the President  
13 of the United States, and the United States Secretary  
14 of Agriculture enact and implement legislation to  
15 assure the United States' position as the world's  
16 preeminent supplier of quality grain; and

17 BE IT FURTHER RESOLVED, That federal reforms of  
18 current grain standards provide opportunities for  
19 measurement of as many quality characteristics of  
20 grain as practical and economical, which may include  
21 protein content, oil content, starch content, and  
22 kernel hardness; and

23 BE IT FURTHER RESOLVED, That technical and  
24 financial support be extended to producers through  
25 land grant colleges to assist in developing seeds for  
26 the production of grain to meet end-use demands of  
27 domestic and foreign customers of grains, to  
28 facilitate bulk merchandising of grains, and to  
29 minimize deterioration in grain quality, including  
30 breakage and foreign material adulteration caused by

1 Mechanical factors; and  
2 BE IT FURTHER RESOLVED, That Congress and the  
3 United States Federal Grain Inspection Service  
4 continue to review the current federal grain standards  
5 and procedures, to better maintain grain integrity and  
6 efficiency within the system which in turn will reward  
7 producers and handlers delivering quality grain,  
8 facilitate commercial transactions between marketers  
9 and foreign customers purchasing quality grains, and  
10 ensure the scheduled delivery of grain of a quality  
11 contracted for as a normal part of conducting business  
12 with United States suppliers; and

13 BE IT FURTHER RESOLVED, That copies of this  
14 resolution be sent by the Secretary of the Senate, to  
15 the President of the United States Senate, to the  
16 Speaker of the United States House of Representatives,  
17 to Iowa's congressional delegation, to the President  
18 of the United States, and to the United States  
19 Secretary of Agriculture.

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