

July 14, 2014

The Honorable Thomas J. Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
Washington, DC 20250

Dear Secretary Vilsack:

Many of the undersigned organizations representing agricultural producers, grain handlers and exporters wrote to you on October 18, 2013 (copy of letter attached) expressing, in the strongest possible terms, our concerns over the periodic disruptions in Official grain inspection and weighing services provided by the Federal Grain Inspection Service's (FGIS) designated agencies in the Pacific Northwest.

During a subsequent meeting last October with Grain Inspection, Packers and Stockyards Administrator Larry Mitchell and his colleagues, attended by representatives of many of our organizations, we strongly urged that contingency plans be developed to ensure that FGIS respond immediately and effectively if there were any future disruptions in Official inspection service from WSDA.

Our expanded stakeholder interest group now understands that on July 1, 2014, the designated agency – the Washington State Department of Agriculture – provided written notification that it was withdrawing Official grain inspection services at the Port of Vancouver, WA, effective July 7, 2014. Based upon this unprecedented development, we urge you to direct that FGIS take immediate action to provide such Official inspection services utilizing either its own personnel or the personnel of another FGIS-designated agency authorized to perform such Official services at grain export facilities.

As noted in the previous correspondence, the U.S. Grain Standards Act (P.L. 113-36) vests in FGIS the sole responsibility to provide Official inspection and weighing services. Further, the Statute prohibits the export of U.S. grains and oilseeds unless Officially inspected and weighed by Official personnel in accordance with the Grain Standards. In addition, such exports are required to be accompanied by Official certificates showing the Official grade designation and certified weight – unless such a requirement is waived by the Secretary of Agriculture and the grain is not sold or exported by grade. Thus, Congress has vested in FGIS the responsibility and obligation to provide vibrant and reliable Official inspection and weighing services to facilitate efficient and cost-effective marketing of U.S. grains and oilseeds to foreign markets, upon which U.S. agriculture and the American economy depend for economic growth and jobs.

To our knowledge, this latest announcement by a designated State agency declining to provide Official services is unprecedented. We believe WSDA's actions create an extremely troubling precedent that will cause irreparable damage to the integrity and reliability of the nation's Official grain inspection system. This development already has created uncertainty within the U.S. grain export industry regarding potential future disruptions of Official services at facilities

operating at other U.S. export ports. The disruptions that already have occurred have put at risk the United States' reputation as a reliable supplier of grains and oilseeds to foreign customers. In the absence of WSDA's reliable performance of its duties, FGIS must intervene and make the necessary arrangements to provide the mandatory Official services.

American farmers, grain handlers and exporters, as well as our foreign customers, depend upon accurate, timely and cost-effective delivery of mandated impartial third-party Official inspection services administered by FGIS and its designated and delegated agencies. The U.S. Official grain inspection and weighing system is widely recognized around the world for its impartial, consistent, reliable and timely measurement and certification of quality attributes and weights. The availability of accurate FGIS inspection results also is essential to determining grain value and market price discovery. Further, Official export inspections provide transparency and market information to the entire value chain that contribute to an efficient marketplace, while supporting food security and sustainable supplies. As much as 50 percent of total utilization of U.S. wheat and soybeans (either as raw commodities or value-added products like meat, milk and eggs), as well as up to one-third of U.S. feed grains are directly supported by the industry user-fee funded service USDA is mandated to maintain and administer.

To this point, confidence that the U.S. Official grain inspection system will function in a continuous and consistent manner – and not be subject to unwarranted disruptions – has been instrumental in facilitating the ability of U.S. farmers and agribusinesses to reliably serve foreign customers and remain competitive in world markets. It has been a model of integrity. But the recent decision by WSDA, and the subsequent inaction to this point of FGIS to fulfill its mandate to provide Official inspection services, risks sullyng that hard-earned reputation, to the long-lasting detriment of U.S. agriculture. It also sends a dangerous signal to any third-party that might wish to disrupt U.S. grain export trade.

Given the gravity of this situation, we urge USDA to immediately take all actions necessary to fulfill FGIS's statutory obligation to restore Official inspection and weighing services at grain export elevator facilities in the event of a disruption in such service, either by immediately replacing absent inspectors with FGIS Official personnel or those from available qualified providers, including other designated or delegated Official agencies.

We appreciate your prompt consideration of this request, and look forward to your timely response.

Sincerely,

Agricultural Retailers Association
American Farm Bureau Federation
American Soybean Association
Idaho Grain Producers
Minnesota Grain and Feed Association
Montana Grain Growers Association
National Association of Wheat Growers
National Corn Growers Association
National Grain and Feed Association
National Oilseed Processors Association

North American Export Grain Association
North Dakota Grain Dealers Association
North Dakota Grain Growers Association
Oregon Wheat Growers League
South Dakota Grain and Feed Association
South Dakota Wheat Inc.
Transportation, Elevator and Grain Merchants Association
Pacific Northwest Grain and Feed Association
U.S. Grains Council
U.S. Soybean Export Council
U.S. Wheat Associates
Washington Association of Wheat Growers

cc: The Honorable Krysta Harden, Deputy Secretary of Agriculture
The Honorable Edward Avalos, Undersecretary, Marketing and Regulatory Programs
The Honorable Michael Scuse, Undersecretary, Farm and Foreign Agricultural Services
The Honorable Phil Karsting, Administrator, Foreign Agricultural Service
The Honorable Larry Mitchell, GIPSA Administrator
The Honorable Randall D. Jones, Deputy Administrator, FGIS