



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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COMMUNITY AND ECONOMIC  
DEVELOPMENT DIVISION

DECEMBER 28, 1979

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The Honorable Bob Bergland  
The Secretary of Agriculture 42

Dear Mr. Secretary:

Subject: [Improvements Needed in Department of  
Agriculture's Certification that Export  
Shipments of Grain Conform with Phyto-  
sanitary Regulations of Foreign Countries ]  
(CED-80-42)

We recently reviewed the Animal and Plant Health 368  
Inspection Service's (APHIS') policies and procedures for  
issuing phytosanitary certificates on bulk grain exports.  
The certificates attest that the grain, upon inspection, is  
substantially free from injurious insects and that it meets  
the importing country's plant quarantine requirements--that  
is, it does not contain prohibited insects.

Our review, which was made at APHIS' headquarters and  
its field offices at six major export ports, indicated that  
the certificates lacked credibility because APHIS was not  
adequately inspecting the grain and did not have up-to-date  
information on all of the importing countries' requirements.

APHIS officials concurred in our findings and agreed to  
take corrective action.

PHYTOSANITARY CERTIFICATION PROGRAM

The certification program is carried out pursuant to the  
U.S. ratification of the International Plant Protection  
Convention in 1972. The convention provides for international  
cooperation in controlling insects injurious to plant prod-  
ucts; preventing the international spread of insects; and  
issuing phytosanitary certificates on various plant products,  
including grain, attesting that they meet the importing coun-  
try's quarantine requirements. Many countries require a cer-  
tificate for their grain imports, but some do not.

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The Department of Agriculture Organic Act of 1944, as amended (7 U.S.C. 147a(e)), authorizes the Secretary of Agriculture to establish rules, regulations, and means for the inspection of plant products offered for export. The Secretary has delegated this responsibility, including the issuance of phytosanitary certificates, to APHIS through the Assistant Secretary of Agriculture for Marketing and Transportation Services.

#### FOREIGN COMPLAINTS ABOUT INFESTED U.S. GRAIN

Grain exports are important to farmers and grain handlers and to the U.S. balance of trade. In fiscal year 1978, U.S. grain exports were valued at \$14.3 billion, or more than half of the \$27.3 billion in total U.S. agricultural exports. Of our wheat, soybean, and feed grain production, about 60, 55, and 30 percent, respectively, was exported.

Insect infestation has been one of the most prevalent causes of the complaints foreign buyers have filed with the Department about the U.S. grain they receive. The problem, however, may be of even greater magnitude than what these formal complaints indicated. For example, a grain official of one foreign country said that his country had received 17 infested shipments in 1978 but that only one complaint covering one shipment was filed. This official, in a speech before an American farm group, complained that infested cargoes necessitate fumigation, disorganize vessel discharge schedules, delay deliveries to final users, and involve additional costs.

#### IMPROVEMENTS NEEDED IN PHYTOSANITARY CERTIFICATION PROGRAM

A certificate issued by APHIS on an export shipment of bulk grain certifies that the grain, or representative samples, (1) was thoroughly examined, (2) is substantially free from injurious insects, and (3) is believed to conform with the importing country's phytosanitary regulations. APHIS' policies and procedures did not support this certification.

#### Need for adequate bases for issuing phytosanitary certificates on grain

Four of the APHIS port offices we visited did not directly examine any grain. They issued phytosanitary certificates solely on the basis of inspection (grading) certificates

issued by Agriculture's Federal Grain Inspection Service (FGIS) or by delegated State inspection agencies under FGIS supervision. Such inspection certificates, however, do not disclose the presence of insects in the grain unless the number of insects in the grain samples exceeds FGIS tolerances. 671

Under FGIS procedures, grain samples, which are drawn from sublots of the grain stream as it is positioned for transfer into a ship, are examined for insects at frequent intervals. Sublots usually range from 10,000 to 60,000 bushels. These examinations for insects continue throughout the loading of a ship, even when the loading is round the clock. An examination for insects is finally made of a small sample representing the subplot and used to determine the grade of the subplot. The presence or absence of insects is recorded by subplot, along with quality factors, in a loading record maintained for each shipload.

FGIS has established criteria on the number of insects that may be allowed in the samples drawn at intervals or in the final sample without designating the subplot as infested. If the number of insects exceeds the tolerance at any point, the grain would be designated as infested. But because this designation would sharply reduce the value of the grain, the export elevator may return the grain to storage or fumigate it in the ship to avoid having the grain designated as infested.

Upon completion of its inspection, FGIS issues an inspection certificate showing such information as quantity, kind, and grade of grain; name of export elevator; and name of ship. The certificates do not indicate the extent to which insects, if any, were observed in a shipment of grain unless they exceed FGIS tolerances at the final examination. Because the FGIS inspection standards allow a tolerance of insects, grain shipments could be graded as being free from infestation but fail to meet the recipient countries' restrictions for infestation or for specifically prohibited insects.

Although improvements are needed in FGIS' standards for detecting and disclosing the presence of insects in grain exports, APHIS' use of FGIS inspection work would enhance the credibility of phytosanitary certificates. We recommended improvements in FGIS' standards in a November 30, 1979, report to the Congress entitled "Federal Export Grain Inspection And Weighing Programs: Improvements Can Make Them More Effective And Less Costly" (CED-80-15).

The other two APHIS port offices that we visited issued phytosanitary certificates on the basis of their employees' limited examinations of the grain, which required time-consuming visits to export elevators. APHIS, however, had not established specific guidelines on how much grain should be examined, the method by which such grain should be selected, or the infestation criteria to be followed.

The APHIS examiners at these two offices (1) scrutinized a few handfuls of grain already loaded into the ship, (2) scrutinized a composite sample of only a few pounds accumulated from the grain that had been loaded into the ship, and (3) checked the FGIS loading record for notations of insects observed in each subplot that had been loaded and recorded. The first two items did not seem to be a valid basis for determining the nature and extent of infestation in a shipload of grain. Regarding the third item, if the APHIS examiner visited the elevator before loading was completed, particularly during the early phase of loading, he would be unaware of any important developments occurring after his visit.

Our talks with APHIS examiners indicated that the port offices had rarely refused to issue a certificate. In one case, however, we noted that APHIS had "examined" some grain at an early stage of loading a ship and, because no insects were observed, had concluded that the shipment was in compliance with the importing country's phytosanitary regulations. During the later phase of loading, FGIS detected a specifically prohibited insect in its routine grain examination and notified APHIS. Consequently, APHIS did not issue a phytosanitary certificate for the shipload.

In August 1979, we met jointly with APHIS and FGIS to discuss ways of making the phytosanitary certificates on grain meaningful. APHIS acknowledged the need for improvements and agreed to evaluate its policies and procedures, in coordination with FGIS, with the objective of developing a general plan directed at issuing meaningful certificates.

At a meeting in September, APHIS and FGIS jointly presented an outline of a plan to eliminate the deficiencies cited and enhance the credibility of the certificates. Basically, the plan provided for APHIS to take full advantage of grain inspection work done by (or under the supervision of) FGIS.

The agencies anticipated logistical problems at some port locations but expressed confidence that the problems could be resolved. APHIS officials said that implementation of the plan, including the development of detailed instructions, would be completed by the yearend.

Need to maintain correct and up-to-date summaries of foreign phytosanitary regulations

APHIS had assembled and distributed to its certifying officials, exporters, and other interested parties summaries of quarantine import regulations of foreign countries. However, APHIS has not established a systematic procedure for verifying that its summaries are correct and up to date.

According to APHIS, the summaries are (1) based on quarantine regulations, official instructions, and other information officials of foreign countries provide and (2) reviewed and corrected, when possible, by plant protection officials of the countries before being printed and distributed. Each summary states that it was believed to be correct at the time of preparation.

We checked APHIS' summary for one foreign country--a major importer of U.S. grain--with an official of that country's purchasing agency. The official took exception to APHIS' interpretation of his country's import regulations on grain. He said that the grain, upon inspection, was to be completely free, rather than "substantially free," from insects. We verified his view by obtaining phytosanitary information from the Department's agricultural attache stationed in that foreign country.

Need for substantiating certification of fumigation

APHIS port offices sometimes certified that a shipment was fumigated without witnessing or otherwise verifying that the grain was actually treated.

The phytosanitary certificate includes a section for certifying fumigation treatment of the grain. APHIS' manual provides that, if the APHIS examiner is unable to witness the fumigation, reliance can be placed on quarantine officials of States or other reliable agencies. On occasion and if necessary, a notarized statement from a reliable pest control company is acceptable.

We observed that the APHIS port offices, however, had completed fumigation certifications on the basis of notarized letters received from the exporting grain elevators. The notarization merely attests that the notary witnessed the signer's signature. In such cases, APHIS has no assurance that the elevator applied the fumigant or applied it in the stated manner.

Need for control over phytosanitary certificate forms

APHIS had no systematic control over its phytosanitary certificate forms. A grain exporter is responsible for submitting an application to APHIS for a phytosanitary certificate if the destination country requires one. To help expedite this process, APHIS had provided exporters, upon their request, with batches of serially numbered blank certificates. If the exporter submitted for approval a phytosanitary certificate complete except for the examiner's signature, APHIS waived the regular application procedure.

APHIS had not established a control, however, to assure that exporters accounted for all the blank forms issued to them. In such circumstances, it was possible for an exporter to use a form fraudulently by forging an APHIS examiner's signature of approval. APHIS officials acknowledged that this had happened.

CONCLUSIONS

The export of U.S. grain is essential to our national economy as well as to the farm sector. Thus it is important for foreign buyers of U.S. grain and foreign quarantine officials to have confidence in the phytosanitary certificates attesting to the condition of grain exports regarding injurious and prohibited insects.

APHIS has been issuing certificates without adequate information pertaining to inspections and foreign countries' requirements to assure that the grain meets the importing countries' phytosanitary regulations. APHIS should take full advantage of FGIS' inspection work and improve its basis for issuing phytosanitary certificates. Also, it should improve those administrative aspects relating to summaries of foreign phytosanitary regulations, fumigation certifications, and blank certificate forms.

If the plan being developed jointly by APHIS and FGIS is properly implemented and any logistical problems encountered are satisfactorily resolved, the resulting issuance of phytosanitary certificates should be meaningful and encourage credibility with foreign buyers and quarantine officials.

RECOMMENDATIONS TO THE  
SECRETARY OF AGRICULTURE

We recommend that the Secretary of Agriculture direct the Administrator, APHIS, to improve the credibility of phytosanitary certificates on grain exports by

- developing improved policies and procedures for inspecting grain, including the full use of inspection work done by FGIS or its delegated State agencies;
- updating the summaries of foreign phytosanitary regulations periodically to assure that they are correct;
- avoiding inclusion of statements, such as certification of fumigation, if they have not been adequately verified; and
- establishing proper controls to account for all phytosanitary certificate forms that are used, spoiled, or available for use or stop giving exporters blank certificate forms to be used for bulk grain exports.

AGENCY COMMENTS

In commenting on a draft of this report in November 1979, APHIS officials acknowledged our findings and agreed with our recommendations. They said that:

- APHIS and FGIS would jointly issue guidelines to their field offices specifying improved policies and procedures for issuing phytosanitary certificates on grain exports, including full use by APHIS of inspection work done by FGIS or its delegated State agencies. They expected such guidelines to be issued by the end of the year.
- APHIS had not maintained current summaries of foreign phytosanitary regulations because of insufficient staff. However, additional staff would be requested and a higher priority would be assigned to this essential work.

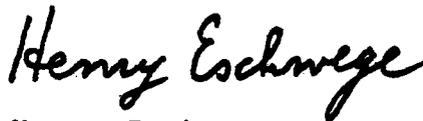
- APHIS would issue an instruction to its field offices clarifying what inspection statements may be added to the phytosanitary certificates on grain and the circumstances deemed appropriate for supporting such statements.
- APHIS would, within a couple months, phase out the practice of giving exporters blank certificate forms for bulk grain exports.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the above committees; the House Committee on Agriculture; the Senate Committee on Agriculture, Nutrition, and Forestry; other interested committees and Members of Congress; the Director, Office of Management and Budget; the Assistant Secretary of Agriculture for Marketing and Transportation Services; the Administrator, Animal and Plant Health Inspection Service; the Administrator, Federal Grain Inspection Service; the Inspector General; and other interested parties.

Sincerely yours,



Henry Eschwege  
Director