

(RFA) (5 U.S.C. 601 *et seq.*), GIPSA has considered the economic impact of this rule on small entities and has determined that its provisions would not have a significant economic impact on a substantial number of small entities.

The rule will affect entities engaged in shipping grain to and from points within the United States and exporting grain from the United States. GIPSA estimates there are approximately 9,500 off-farm storage facilities and 57 export elevators in the United States that could receive official inspection services by GIPSA, delegated States, or designated agencies. Official inspection services are provided by 11 GIPSA field offices, 2 Federal/State offices, 7 GIPSA suboffices, 7 delegated States, and 49 designated agencies. Board appeal inspection services are provided by the Board of Appeals and Review. Under provisions of the Act, it is not mandatory for non-export grain to be officially inspected. Further, most users of the official inspection services and

those entities that perform these services do not meet the requirements for small entities. Even though some users could be considered small entities, this rule relieves regulatory requirements and improves the efficiency of official inspection services. No additional cost is expected to result from this action.

Requiring all reinspections and appeal inspections for grade to include a complete review of all official factors is not needed by applicants or other parties to transactions, or by official inspection personnel. Furthermore, this requirement often reduces the efficiency of providing official inspection services and may cause unnecessary delays in elevator operations. Allowing applicants to specify which official factor(s) are to be redetermined during the reinspection or appeal inspection service will improve the efficiency of the inspection service due to the time required to analyze all official quality factors.

Prior to developing this rule change, GIPSA considered restricting the action

to either appeal inspections or to reinspections. Our analysis was as follows:

1. Restrict Action to Appeal Inspections. GIPSA inspectors, who are assigned to specific GIPSA field offices, are the only ones who can perform appeal inspections. During the period of the analysis, GIPSA had fourteen field offices and less than 200 full-time GIPSA inspectors nationwide. Most domestic inspection services are provided by official agencies and not by GIPSA field offices. Therefore, applicants for service usually opt for a reinspection, rather than requesting an appeal inspection. (See Table 1.) The only applicants for service that would benefit from this alternative are those located at the few export ports where GIPSA does onsite original inspection services. GIPSA believes that restricting the action to only appeal inspections would adversely impact the cost benefits and the flexibility associated with the rule. Table 1 illustrates this point.

TABLE 1.—FULL-GRADE INSPECTION SUMMARY, FY 1994–2001

Year	Original inspections			Reinspections			Appeals GIPSA ²
	OAs ¹	GIPSA ²	Total	OAs ¹	GIPSA ²	Total	
FY 1997	1,828,519	119,907	1,948,426	36,698	4,844	41,542	3,140
FY 1998	1,861,718	117,267	1,918,985	29,012	5,058	34,078	3,443
FY 1999	1,750,211	117,916	1,868,127	26,046	4,529	30,575	3,103
FY 2000	1,717,625	110,114	1,827,739	19,778	4,515	24,293	3,103
FY 2001	1,706,817	102,295	1,809,112	22,073	4,797	26,870	3,105

¹ Total performed by all state and private official agencies.

² Total performed by all GIPSA field offices.

2. Restrict Action to Reinspections. Licensed inspectors employed by State or private official agencies perform most reinspections. GIPSA only performs reinspections at certain export port locations. GIPSA believes that if the action were limited to reinspections, more applicants for service could potentially benefit than limiting the action to appeal inspections. Some applicants, however, might be placed at a competitive disadvantage because their sales contracts require them to request appeal inspections on some or all original inspection services. Additionally, about ten percent of all reinspections are appealed. If the grading procedures for appeals are different from the preceding reinspection, the review inspection process is not similar for all levels of the review inspection process.

The review inspection process should provide all applicants the same opportunity for inspection services. Reinspection services and appeal

inspection services should be similar in scope and effect. For this reason, GIPSA decided to make the regulatory change that would favorably affect both the reinspection process and the appeal inspection process.

The cost savings of the proposed action on the grain industry could be very positive. Although it is impossible to estimate an exact dollar savings, the time spent waiting for inspection results could be reduced by at least 50 percent and could, in certain circumstances, exceed 90 percent. Since grain elevators often “idle” their load-out operations until the results of a reinspection or appeal are known, domestic shippers could save several hundred dollars in operation and demurrage costs on an average 100-car unit train. The savings for exporters could reach \$10,000 for some vessels. For example: If elevator X has a fixed operating cost of \$500 an hour and it takes an average of 30 minutes to perform a reinspection or appeal inspection, then each

reinspection or appeal will cost the elevator an additional \$250 in down time. If the time required to perform the reinspection or appeal is reduced to 15 minutes, the elevator saves \$125 per inspection due to the more efficient inspection service. These savings could be multiplied if the time saved on performing the reinspections or appeals allows the elevator to avoid or limit demurrage (*i.e.*, a fee assessed to the elevator for failing to complete the loading of a unit train or ship within a specified period). Currently, the demurrage for railcars can range up to \$50 per day per car. The demurrage on export vessels can reach \$10,000 a day.

The potential revenue impact of the action on GIPSA and official agencies should not be significant. In the long run, this proposed rule may encourage slightly more reinspection and appeal inspection services because of the increased efficiencies associated with the proposal. However, GIPSA does not believe that its net revenue will