



Prepared Testimony of:

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Hearing on A Review of the U.S. Grain Standards Act

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Introduction

Good morning, Chairman Scott, Ranking Member Davids, and Members of the House Agriculture Committee General Farm Commodities, Risk Management, and Credit Subcommittee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding the reauthorization of the U.S. Grain Standards Act. My name is Dave Walton. I am a soybean farmer from Wilton, Iowa, where I grow soybeans, corn, alfalfa, grass hay, and raise beef cattle and sheep alongside my wife and sons. I serve as Secretary of the American Soybean Association (ASA) and am also a member of the ASA Executive Committee. Our association, founded in 1920, represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state soybean associations representing nearly 500,000 farmers in the 30 primary soybean-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy. We have long been U.S. agriculture's #1 export crop, and a by-the-numbers look demonstrates the value of the soybean industry to our domestic economic health. The U.S. Department of Agriculture (USDA) reported 86 million acres of soy were harvested in 2024, with production of 4.4 billion bushels. Soybean production accounts for more than \$4 billion in wages and over \$80 billion in economic impacts, according to a study by the United Soybean Board (USB)/Soy Checkoff and National Oilseed Processors Association (NOPA). This economic impact does not include secondary soy markets and supporting industries like biofuels, grain elevators, feed mills, ports, rail, refining, barges, etc., which bring the national total economic impact of the soybean value chain to a significant \$124 billion.

Soybeans are the largest agricultural export in the U.S., and robust international trade is a priority of the U.S. soybean industry. In conjunction with our partners at the U.S. Soybean Export Council (USSEC), the World Initiative for Soy in Human Health (ASA-WISHH), USDA, and the Office of the U.S. Trade Representative (USTR), our industry is working actively across the world to open new markets and introduce new customers to the value of high quality, high protein U.S. soy. Opening new markets is just the beginning: Markets require time, attention, and long-term relationship maintenance to ensure that once a market is open to U.S. soybean exports, access remains unhindered.

Market access and relationship maintenance would not be possible if it were not for trusted and reliable grain inspection and marketing efforts undertaken by the Agricultural Marketing Service's (AMS) Federal Grain Inspection Service (FGIS) as authorized by the U.S. Grain Standards Act of 1916 (since amended). The Act authorized FGIS to establish official marketing standards for certain grains and oilseeds, including soybeans, corn, oats, wheat, and sorghum, among others. Prior to export, inspections are carried out by FGIS or by state agencies that have delegated inspection authority by FGIS.

FGIS offers specialized testing in addition to standard grading offered by inspectors. These tests can vary by commodity, and include aflatoxin testing for corn, testing oil content in soybeans, and protein content in wheat. Inspectors also conduct cargo inspections to ensure grain vessels are free from contamination, ensuring U.S. grain reaches its international customers at the same high-quality it was when it left the U.S.

For most soybean farmers, our sole interaction with FGIS, designated or delegated agencies, and the U.S. grain standards are at our local grain elevator. When I deliver my soybeans to the elevator, they are then tested, sorted, and consolidated into larger lots for eventual shipment. The grain standards determine the

price a farmer receives for their soybeans at the elevator, and I know the official grain grades provide our international customers with the knowledge that the commodity they receive has been assessed for quality, purity, moisture, and soundness.

The official standard for U.S. soybeans includes the following:

1. U.S. Grades No. 1 to 4 (1 being highest quality) are based on:
 - a. Test weight (52-60 pounds/bushel)
 - b. Damaged kernels (2-8%)
 - c. Foreign material (1-5%)
 - d. Splits (10-30%)

Additional grading factors can include moisture and oil content for processing into vegetable oil and soybean meal. Grain grades are a true vector for price discovery due to their influence over the marketability for U.S. soybeans and other commodities.

Recently, the industry conducted a set of conversations with stakeholders across the soybean sector (including farmers, inspectors/regulators, exporters, and international buyers) about the value and perception of FGIS and the U.S. grain standards. While the full results from those conversations are still being evaluated, initial feedback shows that the value of the U.S. grain standards and federal inspection is extremely high for the soybean exports value chain and our international customers. A few highlights of these conversations include these themes:

Trust: Global customers consider FGIS the “gold standard” internationally for grain grading. Inspections carry the weight and impartiality of the U.S. government, creating peace of mind for international customers and providing impartiality that private inspections may lack. Customers in export markets trust that when they receive a shipment of U.S. soybeans, they are receiving a high-quality, inspected product because of the services provided by FGIS. Furthermore, this trust is reinforced by the transparent and impartial appeal system available through FGIS. Samples are retained by FGIS for 90 days, allowing any disputes between customers to be resolved by an independent board. U.S. customers can also file complaints and note discrepancies in grades through U.S. embassies throughout the world, further reinforcing the integrity of U.S. grain standards and FGIS’s services with U.S. soy customers

Consistency: The standards established and carried out by FGIS are simple, and customers rely on that simplicity to mitigate risk. The ability for buyers and sellers to effectively hedge risk through futures markets is a key differentiator for U.S. origin soybeans. FGIS’s standards and their simplicity and consistency over time have allowed for the development of extensive futures markets for U.S. products that promote price discovery and liquidity. These markets benefit the entire supply chain, from farmers to end users, and are underwritten by the grade factors developed by FGIS.

FGIS’s quality controls also ensure that when trading partners in Japan place an order for No. 1 soybeans in November, and another order for that same grade soybeans in February, both orders – despite being placed months apart – will comprise of soybeans graded to the grade standard for No. 1 yellow soybeans.

When asked about what would happen should the U.S. grain standards no longer be in place, the most common answer was “chaos.” Ultimately, our strong grain standards, backed by the force and weight of

the U.S. government, are one of the strongest reputational enhancements available to U.S. soybean farmers.

The U.S. soybean industry has a strong relationship with FGIS, and when issues arise, we can address them in a manner that meets the needs of U.S. farmers while maintaining the integrity of the standards. As part of its duties, AMS regularly reviews grain standards to ensure they are able to effectively meet the marketing needs of the grain trade, and groups like ASA regularly engage with AMS when our industry faces issues regarding the standard.

Prior to 2023, USDA maintained “soybeans of other colors,” or SBOC, as an official grade-determining factor under the U.S. Standard for Soybeans. The seed coat of a soybean can naturally vary in color based on a variety of reasons, and the grading standard allowed for a certain percentage of SBOC within the soybean standards. For example, U.S. #1 soybeans could have up to 1% SBOC, U.S. #2 soybeans up to 2%, et cetera.

However, occurrences of SBOC began to rise in 2021, and in 2022 hit levels that had not been seen before in the modern era. This was due to adoption of a new seed variety by many farmers across the U.S. This new variety is extremely popular and has proven to combat herbicide-resistant weeds. An unexpected side effect of this new soybean seed variety was the occasional occurrence of off-color seed coats. In response to rising levels of SBOC, FGIS conducted a study on the functionality of protein and oil content of soybean samples containing amounts of SBOC. The results found no significant differences in the protein or oil content as compared to samples not containing SBOC.¹

However, marketing concerns remained, and FGIS took multiple meetings with industry, solicited feedback, and provided notice and comment on a proposed rule to remove SBOC from the U.S. Standard for Soybeans. In July 2023, a final rule was issued removing SBOC as a grade-determining factor for U.S. soybeans – a win for soybean farmers and an example of industry collaboration. Changing the U.S. Standard for Soybeans benefited farmers, exporters, and international customers by providing additional clarity and ensuring our trading partners knew that no matter what, they were still receiving the soybeans they wanted.

Reauthorization of the U.S. Grain Standards Act is vital for the continued success of U.S. soy in the international marketplace. As industry noted in a letter to the Senate during the 2020 reauthorization process, international buyers place a premium on the U.S. inspection service, which helped U.S. farmers maintain some competitiveness despite the negative impact of tariffs on exports. In 2025, we are again seeing negative tariff impacts on exports, and the value provided by FGIS and our grain inspection system can help keep our exports competitive.

On behalf of U.S. soybean farmers, I thank the subcommittee for their timely attention to the expiring provisions of the U.S. Grain Standards Act. We appreciate the opportunity to share the importance of the federal grain inspection system. ASA looks forward to working with this committee to reauthorize the Grain Standards Act this year.

¹ USDA, Agricultural Marketing Service. (2022). “Study of Soybeans of Other Colors and the Impact on End-Use Functionality in 2021-2022 Market Samples.” (Link: <https://www.ams.usda.gov/sites/default/files/media/FGISSBOCStudy.pdf>)

Thank you again for your attention to this matter, and I look forward to your questions.