

Approved: March 13, 2002
Date

MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 8:30 a.m. on March 5, 2002 in Room 423-S of the Capitol.

All members were present except: Senators Corbin, Downey and Tyson (all excused)

Committee staff present: Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:
Mike Beam, Kansas Livestock Association
Todd Johnson, Kansas Livestock Association
Leslie Kaufman, Kansas Farm Bureau
Greg Foley, Assistant Secretary of the Department of Agriculture

Others attending: See attached list

SCR 1615 - Urging Congress to enact country of origin labeling

Leslie Kaufman, Associate Director, Public Policy Division, Kansas Farm Bureau, testified in support of the adoption of **SCR 1615**. Ms. Kaufman stated the delegates at the 83rd Annual Meeting of Kansas Farm Bureau added policy language to its 2002 state resolutions supporting mandatory country of origin labeling. The American Farm Bureau Federation policy recommends that all agricultural imports be clearly labeled as to country of origin at the retail level. The Farm Bureau further supports aggressive efforts to implement country of origin labeling programs that are both feasible and reasonable to the livestock industry which enhance demand for U. S. Meat products without creating significant industry implementation costs.

Ms. Kaufman stated that amendments to **SCR 1615** should be made in order to ensure the Resolution accurately reflects the current federal legislation presently underway in Washington, D. C. (Attachment 1)

Mike Beam, Governmental Affairs Staff, Kansas Livestock Association (KLA) testified in opposition to **SCR 1615**, stating the KLA is opposed to mandatory country-of-origin labeling legislation. KLA does support voluntary USA labeling for beef when the cattle are born, raised, and processed in the United States.

Mr. Beam stated KLA's primary concern with a mandatory labeling program is the uncertain impact such a program would have on the entire beef industry, primarily as to who will bear the additional costs imposed upon the beef distribution and retailing section at an estimated cost of \$1 billion. The USDA studied this matter in 1999 and concluded country-of-origin labeling could potentially involve far more costs than benefits for the domestic livestock and meat industry. The report further suggested there is no direct or empirical evidence that suggests consumers will pay a premium for U.S. meat, and if they would, how long that premium might persist.

There is a "**Beef:Born and Raised in the USA™**" marketing venture that is certified by USDA and registered by a cattle producer from California. This marketing program is one option for producers who want to verify their cattle as domestic and for retailers who wish to provide their customers with a guaranteed USA product. KLA favors this approach as being more productive and less disruptive than a government imposed requirement. (Attachment 2)

Senator Tim Huelskamp testified in support of **SCR 1615**, stating the Resolution is a simple and common sense resolution, asking Congress to enact country of origin labeling requirements that only allows home-grown U.S. produced and/or raised commodities to be labeled as U. S. in origin.

In 1999 the legislature overwhelmingly passed a law requiring the Attorney General to enforce the labeling of imported foods. However, due to the lack of accurate labeling on products as they enter

CONTINUATION SHEET

Kansas, the Attorney General has yet to enforce this law. Adoption of **SCR 1615** would assist the .

Senator Huelskamp stated that inasmuch as Congress is now in the midst of a conference committee debating the next farm bill, adoption of **SCR 1615** at this time may well have an impact on congressional action. (Attachment 3)

The Committee discussed the issue of voluntary labeling based on certification vs the procedure used for mandatory labeling. The time constraint presently contained in the proposed federal legislation in which to comply with the law; the cost of complying with the legislation and the desire of consumers to know from whence the product comes.

There being no additional conferees, the hearing on **SCR 1615** was closed.

HCR 5014 - Urging Congress to allow interstate marketing of state inspected meat

Todd Johnson, Kansas Livestock Association, testified in support of **HCR 5014**, stating KLA supports federal legislation allowing state inspected meat-processing plants to market their products across state lines. State inspected meat plant operators are frustrated by their inability to market their goods across state lines. The state line hurdle keeps state inspected plants from becoming more successful in that they are unable to expand markets and grow their businesses. (Attachment 4)

Greg Foley, Assistant Secretary, Department of Agriculture, testified in support of **HCR 5014**, stating that state-inspected meat and poultry processing plants in Kansas and across the nation have proven to USDA reviewers that they can meet standards equal to those imposed on federally inspected plants. Supporting interstate shipment is especially important to Kansas because the state-inspected plants produce products that are, in every sense, equal to products from federally inspected plants. Kansas state meat inspection program is doing a good job to ensure that only wholesome products enter commerce.

The National Association of State Departments of Agriculture (NASDA) provided Congress language that reiterates the benefits of a more uniform food safety system and the merits for allowing interstate meat shipment, which is contained in the Senate farm bill (S.1731), and requires USDA to conduct a comprehensive review of state meat inspection programs by September 30, 2003. NASDA and KDA continue to push for broader interstate shipment legislation. (Attachment 5)

Leslie Kaufman, Associate Director, Public Policy Division, Kansas Farm Bureau (KFB) testified in support of **HCR 5014**, stating the KFB adopted a policy at its 83rd Annual meeting, reaffirming its strong support that "State-inspected meat should be allowed to move in interstate commerce". The American Farm Bureau Federal (AFBF) also supports meat and poultry inspected under state programs that are equal to federal inspection and approved by USDA being permitted to move in interstate commerce. Ms. Kaufman stated KFB supports opening interstate markets as it benefits livestock producers, meat processors and rural communities. (Attachment 6)

There being no additional conferees, the hearing on **HCR 5014** was closed.

HB 2768 - Termination of pastureland tenancies

Mike Beam, KLA, testified in support of **HB 2768**, stating the legislation amends the farm tenant termination law to: clarify that pastureland is subject to the act, and sets an earlier termination date for this type of property. **HB 2768** is relevant only in the absence of a written contract between a landowner and tenant. KLA, as a result of the many calls it receives, is aware there is uncertainty how the present law affects the termination of verbal pasture leases. There is a debate that the current statute establishes the "30 days prior to March 1" termination notice applies to all agriculture land. KLA, however, debates that KSA 58-2506 and 58-2506a does not technically cover "pastureland". As a result of this debate, KLA proposed and is supporting **HB 2768** inasuch as it makes the following amendments to current law: (1) provides a distinct and new definition for pastureland; (2) establishes a "30 days prior to January 1" termination notice for pastureland; (3) fixes the termination effective date as January 1 for pastureland; and (4) amends KSA 58-2506a to assure tenants of pastureland an opportunity to be reimbursed for costs associated with fertilizer, herbicides, or pest control substances.

CONTINUATION SHEET

HB 2768 makes no changes in the law regarding cultivated land. The changes contained in **HB 2768** apply to pastureland only. (Attachment 7)

There being no additional conferees to be heard, the hearing was closed.

The meeting adjourned at 9:30 a.m.

The next meeting is scheduled for March 6, 2002.



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

RE: SCR 1615 – Encouraging the United States Congress to enact requirements that only beef, lamb or pork that is exclusively born, raised and slaughtered in the U.S. can be designated as having a United States country of origin.

**Prepared by:
Leslie J. Kaufman, Associate Director
Public Policy Division
Kansas Farm Bureau**

Chairman Schmidt and members of the Senate Agriculture Committee, thank you for the opportunity to express Farm Bureau's support for SCR 1615 requiring that only beef, lamb or pork that is exclusively born, raised and slaughtered in the U.S. can be designated as having a United States country of origin. I am Leslie Kaufman. I serve as the Assistant Director of Public Policy for Kansas Farm Bureau.

This past November, the farmer and rancher delegates at the 83rd Annual Meeting of Kansas Farm Bureau added policy language to their 2002 state resolutions clearly supporting mandatory country of origin labeling.

In January of 2002, agriculture producers representing the Farm Bureau members in all 50 states and Puerto Rico, including Kansas farmers and ranchers, approved policy positions for 2002. AFBF policy recommends that all agricultural imports be clearly labeled as to country of origin at the retail level. New language clarifies that country of origin shall mean that only animals that are born, raised and slaughtered in the U.S. are eligible for a "Made in the USA" label. Additionally, FB supports aggressive efforts to implement country of origin labeling programs that are both feasible and reasonable to the livestock industry which enhance demand for U.S. meat products without creating significant industry implementation costs.

SCR 1615 is consistent with these principals. We would respectfully suggest that some of the references to specific federal legislation contained in SCR 1615 may not accurately reflect the current status of the debate in Washington, DC. We encourage the Committee to consider revising those references and to act favorably on SCR 1615. Thank you.

Kansas Farm Bureau represents grassroots agriculture. Established in advocacy organization supports farm families who earn their living in

Senate Agriculture Committee

Date *March 5, 2002*

Attachment # */*



Since 1894

Testimony

To: Senate Agriculture Committee
Senator Derek Schmidt, Chairman

From: Mike Beam, KLA Governmental Affairs Staff

Subject: Testimony for SCR 1615 - Country of Origin Labeling for Meat

Date: March 5, 2002

Good morning Mr. Chairman and committee members. This hearing provides the Kansas Livestock Association (KLA) the opportunity to provide our perspective about an emotionally charged, controversial issue that is pending in the U.S. Senate/House farm bill conference committee. The Senate recently passed their version of the next farm bill (S.1731), which includes a provision for *mandatory* country-of-origin labeling for beef, lamb, pork, fish and other perishable agricultural commodities. The House bill (H.R. 2646) does not contain a provision for meat labeling.

KLA members, and cattle producers attending the recent National Cattlemen's Beef Association, have studied and debated this issue at great length. Although there are many members who strongly believe federal legislation is warranted, the consensus is to oppose *mandatory* country-of-origin labeling legislation. KLA's policy supports *voluntary* USA labeling for beef when the cattle are born, raised, and processed in this country. We are opposed, however, to a federal law mandating such a labeling program.

Since SCR 1615 states the Kansas legislature urges "Congress to amend the current farm bill to include country of origin labeling requirements," we are opposed to this resolution. If this committee chooses to re-write SCR 1615 to express support for voluntary labeling, we would gladly withdraw our concern for this resolution.

Let's look at specific provisions of the Senate country-of-origin labeling bill:

- Retailers shall inform consumers, at the final point of sale, of the country-of-origin of muscle cuts of beef and ground beef. Processed beef is excluded from this requirement.

Senate Agriculture Committee
Date *March 5, 2002*

- Retailers may designate beef as having a United States country-of-origin only if the meat is “exclusively from an animal that is exclusively born, raised & slaughtered in the United States”.
- The country-of-origin designation may be provided to consumers by a label, stamp, mark, placard or other clear and visible sign on the meat or on the package, display, or bin containing the final point of sale to consumers.
- The country-of-origin labeling requirement does not apply to restaurants, cafeterias, lunchrooms, food stands, taverns, or other types of foodservice establishments.
- USDA may require an entity that prepares, stores, handles, or distributes muscle cuts or ground beef for retail sale to maintain a verifiable record keeping audit trail to ensure compliance with the new labeling law and subsequent regulations.
- Any entity engaged in the business of supplying muscle cuts or ground beef to a retailer shall provide information to the retailer indicating the product’s country of origin.
- USDA shall not use a mandatory identification system to verify the country of origin of meat, but may use a “model certification program(s) in existence” on the effective date of the new law.
- USDA may adopt regulations necessary to carry out this country-of-origin legislation.
- This law would become effective 180 days from the effective date (October 1, 2002) of the bill.

Our primary concern with a mandatory labeling program is the uncertain impact such a program would have on the entire beef industry. Any new requirements imposed upon the beef distribution and retailing sector likely will add new costs to the beef marketing system. What are these costs? Who will bear these costs?

Some have suggested these costs will be close to a \$1 billion for all segments of the industry. Proponents are likely to say these costs are greatly exaggerated. We cannot know for sure, but it is likely that costs for tracking, segregating, preserving identity, and labeling will be passed back to the producer in the form of lower prices or forwarded to consumers at the supermarkets.

When USDA studied this question in 1999, it concluded country-of-origin labeling could potentially involve far more costs than benefits for the domestic

livestock and meat industry. This same report suggested there is no direct or empirical evidence that suggests consumers will pay a premium for U.S. meat, and if they would, how long that premium might persist.

Despite the unknown consequences of a legislative mandated labeling program, we believe there is merit for private market driven labeling initiatives. Attached is a summary of the **Beef: Born and Raised in the USA™** marketing venture that is certified by USDA and registered by a cattle producer from California. This marketing program is one option for producers who want to verify their cattle as domestic and for retailers who wish to provide their customers with a guaranteed USA product. This approach is more productive and less disruptive than a government imposed requirement.

I hope I have been able to explain our reasons for opposing the pending federal labeling legislation and why we have concerns for SCR 1615. I'd be happy to respond to any questions or comments from committee members.

Thank you!

**THE LABEL
FOR OUR
U. S. CATTLE
AND BEEF**



**...BECAUSE YOU
ASKED FOR IT !**

Certification System Tracks and Verifies Cattle Born & Raised in the USA™

A Born & Raised in the USA™ certificate verifies the U.S. origin of cattle and accompanies them from birth to final processing. Procedures are in place to track split bunches of cattle and changes in ownership. All sellers, beginning with the original cattle producer, must certify that the cattle they represent have been Born & Raised in the United States of America™, under their care and control since birth or purchase.

At final processing, cattle will be inspected by the USDA, and the certificate pertaining to those cattle returned to the B&R-USA office, where it will be recorded and filed with the USDA.

The enrollment fee is fifty cents per head, plus the cost of an ear tag exhibiting the logo, if needed. Participation is voluntary. For animals to qualify, certification must be maintained from birth.

Licensing for Auction Yards, Feed Yards, Packers, Wholesalers, and Retailers of Born & Raised in the USA™ Beef

Agents or dealers of live cattle -- auction yards, video auctions, feed yards -- will be licensed at \$100.00 per year. If they own B&R-USA cattle, the accompanying certificate will be transferred, as usual, at the next change of ownership.

Sellers of beef or beef products -- packers, processors, wholesalers, restaurants, grocery stores -- will be licensed annually for \$50.00 plus 2/10 of one cent per pound (20 cents per hundred weight), based on the number of pounds sold during the previous year.

Packers, for example, may use the label on B&R-USA product, boxes, invoices, etc. Restaurants may use the logo for promotion on menus and in advertising. Grocery stores may promote the label in ads and place it on verified Born & Raised in the USA™ beef in their meat cases.

Copies of all licenses will be filed with the USDA.

So . . . What Are They Saying?

"Carolyn Carey does what the rest of the U.S. beef industry just talks about ... starts her own Born & Raised in the USA™ beef certification program ... in less than six months." *Steve Kay, Cattle Buyers Weekly, July 23, 2001*

"Carey's label carries meaning and it can be picked up by ranchers and retailers immediately." *Ali Bay, Capital Press, California Edition, July 20, 2001*

"Western Video Market is proud to support the Born & Raised in the USA™ program. We see it as a benefit to U.S. cattle producers and a way to promote U.S. ranch raised beef." *Andy Peek, Western Video Market, Cottonwood, CA*

"We are proud to be the first store in the nation ... in the world! ... to sell meat with a real USA label on it." *Ray and Peggy Page, Page's Market, Cedarville, CA*

"NCBA applauds Carolyn Carey's efforts. This is a private sector initiative to provide consumers with the information they want -- and quality minded producers with the kind of brand equity they deserve." *Chuck Lambert, National Cattlemen's Beef Association, Washington, DC*

"Thank you, Carolyn! You have slipped through all the political loopholes and made it possible for us to label our U.S. beef all the way to the consumer." *Tony and Brenda Richards, Ranchers, Murphy, ID*

"Carolyn, I applaud you for your efforts and common sense approach You should be an inspiration to those in the beef industry who prefer regulatory activity." *John Nalivka, Sterling Marketing, Inc., Vale, OR*



TOPEKA

SENATE CHAMBER

Tim Huelskamp
 Senator, 38th District
 P.O. Box 379, Fowler, KS 67844
 (620) 646-5413 thuelska@ink.org
 (810) 821-2712 (fax)

State Capitol-128-S
 Topeka, KS 66612-1504
 (785) 296-7359 (800) 432-3924

Committee Assignments

INFORMATION TECHNOLOGY, CHAIRMAN
 AGRICULTURE, VICE CHAIRMAN
 ELECTIONS & LOCAL GOVERNMENT
 NATURAL RESOURCES
 REAPPORTIONMENT
 WAYS & MEANS

SENATE AGRICULTURE COMMITTEE

Testimony on Senate Concurrent Resolution 1615

March 5, 2002

Mr. Chairman and members of the Senate Agriculture Committee: It is a pleasure to testify this morning on behalf of SCR 1615.

It is a simple and common sense resolution. It asks Congress to enact country of origin labeling requirements that would only allow home-grown U.S. produced and/or raised commodities to be labeled as U.S. in origin.

In 1999 the Kansas House, Senate and Governor overwhelmingly passed a law requiring the Attorney General to enforce the labeling of imported foods. However, due to the lack of accurate labeling on products as they enter Kansas, the Attorney General has yet to enforce this law. This labeling requirement would assist the Attorney General in enforcing our own laws and thus heighten consumer assurance about product quality and safety.

Although I often take a dim view toward resolutions, I believe this one is different – it can have an impact. As we all know, our U.S. Congress is right now in the midst of a conference committee debating the next farm bill. Although country-of-origin labeling was added in the Senate Agriculture Committee, the conference committee has yet to make recommendations on the topic. Additionally, some are suggesting country of original labeling that is something much less than American produced or raised.

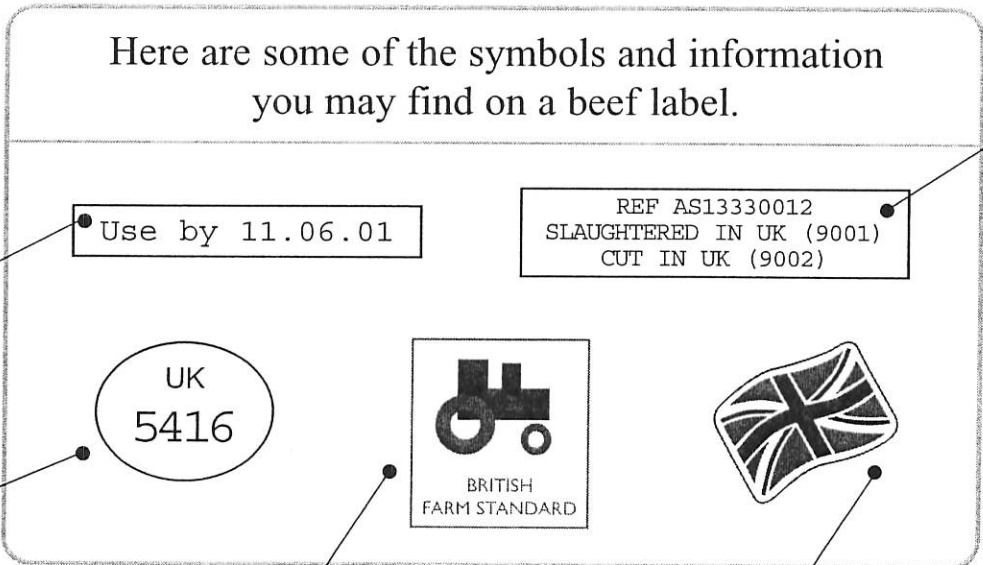
In summary, SCR 1615 reflects what our consumers and producers expect of country of origin labeling. I ask you to support this resolution and help move it quickly through the legislative process. I will be happy to stand for questions, Mr. Chairman.

Senate Agriculture Committee
 Date *March 5, 2002*

Attachment # *3-1 thru 3-6*

BSE & BEEF

What do the symbols on beef labels mean?



1 The Use-by date
Do not use any food beyond this date.

2 The Health Mark
This shows that beef has been produced in licensed premises. Labels may not have a Health Mark even if the product meets all the legal specifications. If animals in the UK have been exposed to diseases, such as foot and mouth, the Health Mark will be a circle rather than oval to stop it being exported. The meat is as safe to eat as those with an oval Health Mark (as shown here).

3 The National Farmers Union's British Farm Standard symbol
Fresh beef carrying this symbol has been produced according to the standards of the Assured British Meat schemes. This symbol does not guarantee (by law) that the meat is a British product.

4 Flags
If there is a country's flag on the label of raw beef, by law this means that the beef must come from an animal born, raised and slaughtered in that particular country – unless the wording on the label suggests otherwise.

5 Compulsory labelling information
By law, all fresh or frozen beef and veal labels must include the following information:

- A reference number or code – this means that the beef can be traced all the way back to the original group of animals.
- The country where the cattle were slaughtered.
- The licence number of the slaughterhouse.
- The country where the meat was cut.
- The licence number (or numbers) of the cutting plant.

From 1 January 2002, beef labels must also show the country where the animal was born and raised. If the animal was born, raised and slaughtered in one country, such as the UK, the label could say 'Origin UK'. Beef from outside the EU must show the country of slaughter and say 'Origin Non-EU'.

Main Identity

From: "Tim Huelskamp" <thuelska@ink.org>
To: <thuelska@ink.org>
Sent: Monday, March 04, 2002 9:57 PM
Subject: Imported Meat Products

USDA Relies On Foreign Inspections Meat Plants Abroad Fail Sanitation Checks

By Joby Warrick
 Washington Post Staff Writer
 Monday, February 25, 2002; Page A01

HERMOSILLO, Mexico -- For years, this city's Carnes Valmo packing plant sold raw beef to U.S. consumers based on an untested assumption: a belief that the plant and its Mexican overseers could guarantee the meat was wholesome and safe.

The arrangement worked until U.S. inspectors paid a rare visit to the plant in May 1999. Greeted by filth and flies, the visitors cut off trade at once -- or thought they did.

"Shanks and briskets [were] contaminated with feces," a U.S. Department of Agriculture official later wrote of his tour of the plant floor. In the refrigerator, he wrote, "A disease-condemned carcass was observed ready for boning and distribution in commerce."

But even before the U.S. team left for home, Mexican officials went to work to restore Carnes Valmo's right to sell meat to Americans. Over the following months the plant regained its export license, switched owners and changed its name, yet the USDA never returned. Instead, the agency relied on Mexico as the primary enforcer of U.S. sanitation laws -- a standard flunked by five out of 10 Mexican plants visited by U.S. inspectors that spring.

Three months ago, the Bush administration ordered increased scrutiny of Mexican beef after uncovering evidence of more problems. But the Carnes Valmo incident exposes a blind spot at USDA, the agency that bears new food safety responsibilities in the wake of Sept. 11. In protecting nearly 4 billion pounds of meat imported each year, the USDA increasingly relies on foreign governments -- including ones that have repeatedly failed to get the job done.

The USDA once based its own inspectors overseas, but it now operates under trade agreements and universal standards that seek to make a meat inspection in Mexico or Brazil equivalent to a "USDA-inspected" stamp at home. The agency may inspect foreign meatpackers, but on average it visits a foreign plant only once every three to five years. Even when it discovers serious flaws, it rarely returns to ensure that problems are fixed, according to agency records and interviews with dozens of inspectors and food-safety experts.

Whether anyone has gotten sick from tainted imported meat is impossible to say, for this reason: Under a policy supported by U.S. meatpackers and the USDA, retailers are allowed to mix imported meat with domestic brands and disclose nothing to consumers about the meats' origins.

"When you get results like these, there must be follow-up -- or else it's just 'catch me if you can,'" said Ben Cohen, senior attorney for the Washington-based Center for Science in the Public Interest, which tracks USDA overseas audits.

The USDA says imported meat is safe -- safer, in fact, than many domestic foods, because it undergoes two inspections: one in the host country and another random check at the U.S. border. "It's inspected once, twice -- sometimes even three times, since a great majority of the meat goes on for further processing in USDA-inspected establishments in the United States," said John C. Prucha, a veterinarian and the assistant deputy administrator for program coordination at the USDA's Food

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Safety and Inspection Service.

These assurances are countered by inspection reports and interviews with former overseas inspectors. They suggest the current system cannot guarantee protection against common food-borne diseases, let alone a deliberate attack on the food supply.

"During this time of biological terrorism, it should not escape us that we receive large quantities of raw, frozen beef from underdeveloped countries," said Stanley Johnson, a veterinarian and USDA supervisor who audited Latin American meat plants in the mid-1990s.

Since Sept. 11, the Bush administration has moved to bolster defenses against bioterrorism attacks on food and agriculture, including contamination of imported meat. Agriculture Secretary Ann M. Veneman, speaking last month to USDA workers, said the administration would "do everything we can do protect the food supply," from hiring additional border inspectors to installing X-ray machines to check for tampering.

The USDA contends that imported meat is safe under the existing system, and the additional safeguards will make it even safer. The agency's 2003 budget plan provides no additional funds to increase in-country inspections of the 1,200 foreign plants that supply nearly 10 percent of the red meat Americans consume.

"Our system is the model for the world -- and the most stringent in the world," said Elsa A. Murano, the USDA's undersecretary for food safety.

But Murano, a biologist who has traveled extensively in Latin America, acknowledged that several countries have struggled to meet U.S. standards because they lack access to technology and training. Even before the attacks, senior USDA officials were looking for ways to plug gaps in foreign inspections after an internal audit found "material weaknesses" in oversight.

The USDA's inspector general, in a June 2000 report, faulted the agency for allowing some countries to skimp on certain requirements, including mandatory testing for dangerous chemicals and food-borne bacteria. The report said a third of the countries supplying meat to the United States that year had not fully complied with regulations that U.S. meatpackers must meet.

The inspector general's report and other agency records also are critical of the USDA's response in dealing with friendly governments after serious sanitation problems are found. In 1999, the USDA rejected a request by its own inspectors for emergency action after half of the Mexican meat plants visited that year were cited for serious sanitation problems.

The problems have drawn criticism from members of Congress as well as consumer groups. Last year, Rep. Marcy Kaptur (D-Ohio) asked President Bush to press Mexican President Vicente Fox for improvements in Mexican meat production.

"USDA's inspection data from Mexican plants should serve as an urgent call for immediate action," Kaptur wrote. A year after her Feb. 14, 2001, letter, the administration had not responded.

Mexican Plants Fail

Perhaps more than any other country, Mexico has struggled to comply with the USDA's 1997 upgrades in meat-safety standards. More than 30 percent of the plants inspected by U.S. officials in the last three years have failed outright. The most spectacular failure was Carnes Valmo, which flunked virtually every category.

The low-slung complex on the outskirts of Sonora's dusty capital of Hermosillo slaughters both cattle and hogs, which share a smelly, fly-infested stockyard. One year after the USDA inspection, the company was bought and renamed, Carnes Genpro. Victor Villa Garcia, Genpro's general director, said the new owners invested heavily to improve conditions and refocused their marketing effort toward Asia. The company no longer sells meat to the United States.

According to USDA records, Carnes Valmo's violations started when workers failed to perform a mandatory sanitation check at the start of slaughter. The problems continued to the final cooler, where the U.S. visitors found the carcass with septicemia, a bacterial blood infection, marked for boning and packing.

The audit noted "paint and viscera containers, condensation from dirty surfaces dripping into the exposed product. . . . Work

boots contact (carcasses)." The plant was cited for using company-paid employees to perform the work of government inspectors.

Similar deficiencies were observed at other plants in May 1999 and in a second round of November inspections. Auditors expressed frustration over the inability of some plant officials to make improvements. "Even after the auditor pointed out the unacceptable situation, the contaminated product still was not reconditioned properly," one official wrote.

Poor results in the second audit prompted the urgent request for a review of all 37 Mexican plants licensed to export meat to the United States. Audit team leader Gary D. Bolstad cited the "nature, extent and degree" of the sanitation problems, many of which had been documented in previous visits.

In the end, the USDA not only decided against authorizing the special review, but also declined to send any inspectors to Mexico until November 2000.

"We didn't get around to it for almost a year," acknowledged Prucha, the USDA official. "It was a matter of priorities. We were looking at all our countries, not just Mexico."

In recent interviews, Mexican agriculture officials defended the safety and quality of meat exports, while conceding that some processors lacked technical sophistication. They predicted rapid industry improvements as cross-border trade expands under the North American Free Trade Agreement. NAFTA already has ignited a succession of acquisitions and mergers involving large U.S. meatpackers in Mexico.

"The meat trade had been decreasing here, but with NAFTA there are real possibilities for the future," said Leocadio Luis Aguayo Aguilar, a cattleman and Sonora's state agriculture secretary.

Recognizing an opportunity apparently has not translated into reforms. This past November, USDA officials visited Mexico again and failed three plants, prompting the Bush administration to order a reinspection of all Mexican meat at the U.S. border, at least through May.

"We want to trust, but we must also verify," said the USDA's Murano.

French Foie Gross

Developing countries such as Mexico are not the only ones struggling to meet U.S. standards. Some of wealthiest and oldest U.S. trading partners have similar trouble.

At almost precisely the same time U.S. auditors were documenting sanitation problems in Mexico, other officials were flagging failures in French meatpacking plants. Inspectors found serious problems at 13 of 19 French companies inspected in the spring of 1999. Seven plants failed outright and were temporarily barred from exporting meat.

Like their Mexican counterparts, French companies also were cited for fecal contamination and for allowing dirty water to drip onto raw products -- two problems most likely to spread bacteria.

In many French plants, "personal hygiene . . . left much to be desired," the USDA reports said. Employees at seven plants were accused of not washing their hands after touching contaminated meat or using lavatories.

It was also in France that inspectors encountered violations of humane-slaughter laws designed to minimize animals' pain and suffering. Although U.S. regulations require that livestock are first "stunned" or rendered insensible to pain before being butchered, U.S. auditors found three plants that were stunning improperly or not at all.

In one factory that produced foie gras, ducks and geese had been butchered without stunning for two months because of broken equipment, the report said.

In the case of the French, however, there was no hint in USDA documents of further reviews or sanctions. There was no suggestion, for example, that U.S. auditors might look for problems at 17 other French plants that weren't inspected that year.

This apparent disconnect between policy and practice was the primary target of the 2000 report by USDA Inspector General Roger C. Viadero. He concluded that the USDA was failing to enforce its own rules, extending a welcome to imports and countries that had not been able or willing to meet U.S. standards.

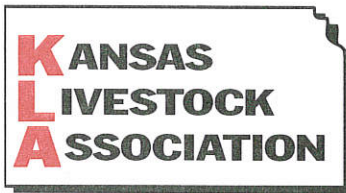
Viadero found that 19 out of 36 U.S. trading partners had exported meat to the United States, even though their meat-sanitation programs fell short in key areas, such as testing for chemical residues. Six countries were approved before the USDA had physically arrived to conduct inspections.

The inspector general found no evidence that the agency's policies had allowed unsanitary meat to enter the country. But USDA records showed that seven plants that failed inspection had continued exporting meat to the United States anyway, the result of a breakdown in record-keeping and communication, Viadero wrote. Those plants shipped nearly 5 million pounds of red meat and poultry to U.S. ports before the problem was caught.

To Stanley Johnson, the former overseas auditor and USDA meat inspector, the government's discovery of the 5 million pounds amounts to a lucky near-miss.

"Some countries will only be good as we require them to be," Johnson said. "That's why it's important -- why it's critical -- that we send them the strongest possible message."

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To: The Senate Agriculture Committee
Senator Derek Schmidt, Chairman

From: Todd Johnson, Kansas Livestock Association

Subject: Support of HCR 5014 -
Interstate Marketing of State Inspected Meat

Date: March 5, 2002

For nearly 20 years the Kansas Livestock Association (KLA) has supported federal legislation allowing state inspected meat-processing plants to market their products across state lines. Last year KLA testified before the House Agricultural Committee in support of this proposal and today, KLA again encourages your support for the provisions of HCR 5014.

State inspected meat plant operators have continually expressed their frustration to us about their inability to market their goods across state lines. This is especially frustrating to plants located near our states' borders, which have close access to new marketing opportunities, but are not allowed to enter them.

Today, several of these small plants have developed specialty products. The current federal law, however, substantially restricts their ability to expand markets and grow their businesses. In most situations these plants are located in rural communities. These communities could certainly benefit from a thriving and growing local packing plant or processor who is innovative and aggressive in their product development and marketing efforts.

Unfortunately, the state line is the hurdle that keeps the state inspected plants from becoming more successful.

In closing, we support HCR 5014. Thank you for considering this resolution and for your support on this issue.

Senate Agriculture Committee
Date *March 5, 2002*

Attachment # *1*

STATE OF KANSAS

BILL GRAVES, GOVERNOR

Jamie Clover Adams, Secretary of Agriculture

109 SW 9th Street

Topeka, Kansas 66612-1280

(785) 296-3556

FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

Senate Agriculture Committee

March 5, 2002

Testimony Regarding HCR 5041

Greg Foley

Kansas Department of Agriculture

Good morning Chairman Schmidt and members of the committee. I am Greg Foley, Kansas' assistant secretary of agriculture. Thank you for allowing me to offer testimony today regarding House Concurrent Resolution 5041.

State-inspected meat and poultry processing plants in Kansas and across the nation have proven to USDA reviewers that they can meet standards equal to those imposed on federally inspected plants. Therefore, it is only fair that our plant owners be permitted to market their products anywhere in the United States.

Over the past few years, KDA has encouraged the Kansas congressional delegation, and former USDA Secretary Glickman, to enact legislation permitting interstate shipment of state-inspected meat and poultry products. We use every opportunity available, including working through our national professional organizations, to convey our sentiment on this issue. Supporting interstate shipment is especially important to Kansas because our state-inspected plants produce products that are, in every sense, equal to products from federally inspected plants. Also, our state meat inspection program is doing a good job to ensure that only wholesome products enter commerce.

The National Association of State Departments of Agriculture provided Congress language that reiterates the benefits of a more uniform food safety system and the merits for allowing interstate meat shipment. The provision, which is contained in the Senate farm bill (S. 1731), requires USDA to conduct a comprehensive review of state meat inspection programs by September 30, 2003. This is one of the first regulatory benchmarks that must be completed

Senate Agriculture Committee

Date *March 5, 2002*

Attachment # *5-1 thru 5-2*

before interstate shipment can actually begin. NASDA and KDA will continue to push for broader interstate shipment legislation that has remain stalled over disagreements about USDA's authority to set and enforce pathogen reduction standards.

Thank you for your support of HCR 5041 regarding interstate shipment of state-inspected meat.



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

**RE: HCR 5014 – Urges the U.S. Congress to allow
interstate marketing of state inspected meat.**

**March 5, 2002
Topeka, Kansas**

**Prepared by:
Leslie Kaufman, Associate Director
Public Policy Division
Kansas Farm Bureau**

Chairman Schmidt and members of the Senate Committee on Agriculture, we certainly appreciate this opportunity to express Farm Bureau's strong support for HCR 5014 that urges the U.S. Congress to allow interstate marketing of state inspected meat.

My name is Leslie Kaufman and I serve the farm and ranch members of Kansas Farm Bureau as the Associate Director of the Public Policy Division.

Member adopted policy reaffirmed at the 83rd Annual Meeting of Kansas Farm Bureau in Wichita, this past November includes the following statements:

- *"We strongly support the state Meat and Poultry Inspection Program administered by the Kansas Department of Agriculture."*
- *"State-inspected meat should be allowed to move in interstate commerce."*

The American Farm Bureau Federation also supports meat and poultry inspected under state programs that are equal to federal inspection and approved by USDA being permitted to move in interstate commerce.

Senate Agriculture Committee

Date *March 5, 2002*

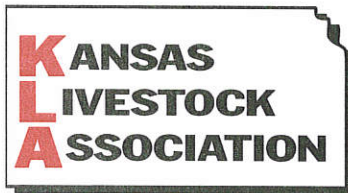
Attachment #

6-1 thru 6-2

The Federal Wholesale Meat Act of 1967 allows states to have state meat inspection programs that meet or exceed federal inspection standards of the USDA for wholesomeness, cleanliness and food safety. Kansas currently operates a quality state meat and poultry inspection program that meets or exceeds federal requirements. Thus, it makes little sense to exclude state-inspected meat, which is equal to or exceeds federal requirements, from interstate markets.

Opening interstate markets will benefit livestock producers, meat processors and rural communities. Developing and marketing value-added product can increase by allowing net farm incomes. As such, we encourage the committee to act favorably on HCR 5014. Thank you.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.



Since 1894

TESTIMONY

To: Senate Agriculture Committee
Senator Derek Schmidt, Chairman

From: Mike Beam, KLA Governmental Affairs Staff

Subject: HB 2768 - Amendments to Farm Tenant Termination Statutes

Date: March 5, 2002

The Kansas Livestock Association (KLA) requested the introduction of HB 2768. This legislation amends the farm tenant termination law to (1) clarify that pastureland is subject to the act, and (2) set forth an earlier termination date for this type of property.

I must first stress that this law, and the proposed amendments provided by HB 2768, are only relevant in the absence of a written contract between a landowner and tenant. In addition, despite this law and our proposed changes, KLA strongly urges landowners and tenants to formalize all lease agreements with basic written contracts that include a provision for the renewal or termination of such agreement.

Despite this recommendation, we recognize there are many verbal farm lease arrangements across Kansas. In these situations, landowners wishing to terminate a lease, frequently look to KSA 58-2506 and 58-2506a for determining the appropriate procedure for a termination notice and the legal termination effective date.

As our office frequently fields calls from landowners and tenants, it has become apparent there is uncertainty how the law affects the termination of verbal pasture leases. Some argue the current statute establishing the "30 days prior to March 1" termination notice date applies to all agriculture land. It's our conclusion, however, that KSA 58-2506 and 58-2506a does not technically cover pastureland.

Senate Agriculture Committee
Date *March 5, 2002*

A 1987 *Trotter v. Wells Petroleum Corp.* case concluded that native pastureland does not qualify as a "growing crop." This case has raised the bar of uncertainty of how KSA 58-2506 and 58-2506a applies to the appropriate and legal termination notice for verbal pasture lease arrangements.

After several discussions by one of our policy groups, we have concluded the law should be clarified. We are proposing and supporting HB 2768 as it makes the following amendments to current law:

- Provides a distinct and new definition for "pastureland."
- Establishes a "30 days prior to January 1" termination notice for pastureland.
- Fixes the termination effective date as January 1 for pastureland.
- Amends KSA 58-2506a to assure tenants of pastureland an opportunity to be reimbursed for costs associated with fertilizer, herbicides, or pest control substances.

It should be noted that HB 2768 makes no changes in the law regarding cultivated land. It is our intention to suggest these changes for pastureland only, which we believe are unclear and necessary.

I should mention several House members had concerns with this bill when it was debated on the House floor. Some believe the termination date should be the same for pasture and crop land. If this committee shares these concerns, we are willing to work with you on this issue.

Thank you for considering this legislation. I'd be happy to respond to any questions or comments.