

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Vice-Chairman Tim Huelskamp at 8:30 a.m. on February 4, 2004 in Room 423-S of the Capitol.

All members were present except:

Senator Derek Schmidt- excused
Senator Dwayne Umbarger- excused

Committee staff present:

Raney Gilliland, Legislative Research
Lisa Montgomery, Office of the Revisor of Statutes
Robert Myers, Committee Secretary

Conferees appearing before the committee:

Lisa Montgomery - Office of the Revisor of Statutes
George Teagarden - Livestock Commissioner, Kansas Animal Health Department
Constantine Cotsoradis - Manager, Kansas Department of Agriculture Agricultural Commodities Assurance Program
Malcolm Moore - Region VI Director, Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America
Mike Beam - Sr. Vice President, Kansas Livestock Association
E.M. Sumner - Program Manager, Kansas Department of Agriculture Meat and Poultry Inspection Program

Others attending:

See Attached List.

Vice-Chairman Huelskamp oversaw the proceedings of the meeting, due to the excused absence of Chairman Schmidt.

Lisa Montgomery appeared before the committee, on behalf of Senator Salmans, in order to request the introduction of a bill regarding commercial manure haulers. The bill would amend some definitions that were changed in 2003 that had placed small businesses under the regulation of the Kansas Corporation Commission (KCC). The changed definitions within the bill would alter the requirements placed upon small businesses by the KCC, thus better enabling them to stay in operation.

Senator Tyson moved to introduce the bill as requested, seconded by Senator Taddiken. The motion carried.

George Teagarden appeared before the committee in order to give a briefing on Bovine Spongiform Encephalopathy (BSE). His briefing was aided by both a Microsoft PowerPoint presentation and a chronology of events regarding the case of BSE in the United States, as constructed by the United States Department of Agriculture (Attachments 1 and 2). He reported first on the specifics of the disease itself, indicating its affiliation with an entire family of known Transmissible Spongiform Encephalopathies (TSEs). He further pointed out that BSE does not affect all cattle, giving the statistic that although there were 180,000 cases in England in the 1980's, there was never more than one infected animal per herd. The human health risk posed by BSE was indicated as being extremely low, resulting only from the consumption of central nerve and/or distal ileum tissue from an infected animal.

George Teagarden continued his briefing on BSE with a focus on the specifics of the case that had been discovered in Washington, as well as the subsequent investigation that followed. Testing on the infected animal took place following notice of its troubled mobility while walking off of a trailer at a slaughter plant. Mr. Teagarden indicated that eighty-one cows have been targeted by the investigation that followed, encompassing the entire Canadian birth herd of the infected animal. Furthermore, he provided statistics regarding the number of annual Canadian cattle imports into Kansas since 1997.

George Teagarden further continued his briefing on BSE with a focus on the restrictions that have been

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implemented in the United States since the discovery of the infected cow. Some examples noted were the prohibition of the slaughter of non-ambulatory cattle, the prohibition of "air injection" stunning, and the ban on the feeding of plate waste to ruminants. Mr. Teagarden closed his briefing with an overview of the effects of the case on both consumer confidence and trade, indicating that although the consumption of red meat in the United States has maintained a flat rate despite its discovery, many foreign markets have since refused American beef.

Constantine Cotsoradis appeared before the committee in order to give a briefing on prohibited material inspections and the interim BSE Rule implemented by the Food and Drug Administration. He started out by clarifying to the committee that both the United States and Kansas departments of agriculture deal with the detection of BSE, whereas the Food and Drug Administration focuses on its prevention. Mr. Cotsoradis then focused on the background of BSE prevention, noting first the 1997 FDA ban on feeding mammalian tissue to cattle and other ruminants. He did note however that there are several exemptions to this ban. Aside from the prohibition of certain feed ingredients, he pointed out that the current Code of Federal Regulations also requires the maintenance of adequate records, the prevention of commingling feed containing prohibited materials with other feed, and the labeling of feed containing prohibited materials. Mr. Cotsoradis pointed out that in 2003 there was a 99% compliance rate to these requirements.

Constantine Cotsoradis continued his briefing on prohibited material inspections and the interim BSE Rule implemented by the Food and Drug Administration with an overview of the steps that have been taken to enhance the current food safety program. The following are the few steps that he mentioned: DNA analysis of feed samples, enforcement of a zero-tolerance policy with regard to feed ban compliance, inspection of noncommercial facilities having more than 4,500 cattle in order to ensure feed ban compliance, development and distribution of a prohibited material fact sheet, and the use of test strips to detect prohibited materials in feed.

Constantine Cotsoradis further continued his briefing by identifying changes being made to the FDA Feed Ban. He stated that the FDA plans to publish an interim rule to remove the existing exemptions from the feed ban, as well as stating that those manufacturers that handle both prohibited and nonprohibited materials will be required to use dedicated production lines, thus preventing opportunities for cross-contamination (Attachment 3).

Malcolm Moore appeared before the committee in order to present a list of emergency measures that Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA) would like to see done in order to protect the health of U.S. cattle, to ensure the economic viability of the U.S. cattle industry, and to maintain consumer confidence in U.S. beef. Mr. Moore particularly stressed the importance of efforts being made to immediately implement the country of origin labeling (COOL) system, thus enabling differentiation between foreign and U.S. cattle (Attachment 4).

Mike Beam appeared before the committee in order to present on BSE's impact on the producers and businesses affiliated with the beef industry. He stressed that although consumer confidence within the United States is at an all-time high rate of approximately 90%, there has been a very negative impact on the exportation of U.S. cattle and beef. Mr. Beam submitted with his testimony a document that had been distributed to the attendees of the National Cattlemen's Beef Association Annual Convention (Attachment 5). The document consists of the following sections:

- BSE Response Plan: The Basics
- Animal I.D. Overview
- BSE Research Program
- Consumer Confidence Overview
- 13 Point Marketing/Communications/Research Action Plan
- BSE Regulatory Overview
- Trade Implications Overview

E. M. Sumner appeared before the committee in order to respond to a question posed by Senator Huelskamp regarding what type of protocol is followed for BSE testing in state-inspected plants. Mr.

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Sumner reported that, although there is no official policy in place, it has always been the practice to hold any carcass that has been the subject of diagnostic testing until results are received. He further reported that it takes an average of ten to fourteen days to receive the results of a BSE test. He stated that the Kansas Department of Agriculture recommends in instances of diagnostic testing that the carcass be cut up and frozen until the results are ready.

The next meeting is scheduled for Tuesday, February 10, 2004.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 2-4-2004

NAME	REPRESENTING
George Teagarden	KAHD
KEVIN VARVER	USDA
CV Cotsoradis	KDA
Mike Beem	Ks LUSTK Assn.
Leslie Kaufman	Ks Co-op Council
Joel Johnson	KLA
Susha Holstin	PMAK
Eric King	K-FED
Ken RAHJES	Ks DAIRY Assn.
BRAD HARRELSON	KFB
Malcolm Moore	R-CALF
Wanda Kinney	KCA-
Jesse McCurry	Commerce
Allis D'Amico	Ks Livestock Assoc.
Ken Seab	Avia Law Firm

Bovine Spongiform
Encephalopathy -BSE--
Washington State 2004

George Teagarden
Livestock Commissioner
Kansas Animal Health Department

Bovine Spongiform
Encephalopathy (BSE)

- Progressive neurological disease of cattle, always fatal
- Family of Transmissible Spongiform Encephalopathies (TSEs)
- TSEs - CJD, vCJD, CWD, Scrapie, Mink Encephalopathy, Cats

BSE --- The Disease

- First recognized in England in 1986
- Prion disease – malformed protein
- Can't be absorbed by body, grows in CNS, kills cells --- brain tissue looks like sponge
- Most cattle infected during first 6 months of life
- Long incubation period 3 yrs – 6 yrs - longer

BSE --- The Disease

- How is BSE Transmitted ??? – By eating contaminated feed
- Contaminated Feed – BSE infected animal rendered into feed and fed to another bovine
- On rare occasions – cow to calf
- In England – even with massive doses in feed in the 1980's --- >180,000 total cases, but most 1 case / herd

BSE Linked to variant CJD

- CJD human prion disease
- Occurs 1 in a million worldwide
- Typically – 70 yr old
- In England in mid- 1990's, "new variant" CJD discovered
- vCJD strikes 20 – 30 year olds
- 1996- vCJD linked to BSE
- 150 cases worldwide

BSE

- Rare disease of cattle
- Extremely low human health risk
- Only risk is from eating central nerve and distal ileum tissue from infected animal
- Prion has never been isolated in muscle tissue
- Not all cattle are susceptible
- Not all humans are susceptible

Past Regulatory Actions to Exclude BSE from United States

- 1989 – Live animals and most ruminant products from England banned
- 1990 – Began surveillance program
- 1997 – FDA Feed Ban – mammalian to ruminant feed ban
- 1997 – expand live animal / ruminant product ban to all of Europe
- 2000 – Complete ban on European rendered protein
- Canadian import ban - May 2003

The BSE Case in the Northwest

- Index cow calves 30 November 2003
- Stumbles in parlor, owner decides to sell her
- To local slaughter plant 09 December 03
- Walks off trailer, but not very mobile, plant decides to include her in "Downer" Cow surveillance

BSE Case ---

- Sample arrives NVSL 10 December 03
- Presumptive Positive 22 December 03
- Press conference 23 December 03 – as news has leaked to the media
- Weybridge, England Reference Lab Confirms case on 25 December 03

The Investigation

- 81 Cows
- Consumer Confidence
- Trade

81 Cows-- Birth Herd – Exposed to the Same Feed

- Index cow – Canadian, DNA confirmed
- 81 Cows cross border 04 September 2001
- Trader holds for about 6 weeks (original story) --- Truth – 81 cows sold to multiple herds
- Culling Rate >25% / year , How many Left ??????

81 Cows

- Inventory multiple large dairies throughout the Northwest
- Looked at >40,000 Holstein heads in less than 10 days
- Found 28 of the 81..... At most 35 or so alive
- In each herd- took Birth Herd animals and any other we couldn't exclude --- just in case one of the 81 had lost an ear tag
- Euthanized / tested / land filled after lab results

81 Cows

- Close to an endpoint --- next week to 10 days
- Complex investigation --- large dairies have thousands of movements
- Cattle cross border with ear tags read, never read on subsequent movements

Total Depopulation Numbers

- Mabton (index herd) - 131
- Sunnyside (bull calf premise) - 449
- Mattawa - 39
- Connell - 15 Boardman, OR - 20
- Quincy - 18 Burley, ID - 7
- Tenino - 4 Moxee - 15 Othello - 3
- 242 negative test, 10 results pending

Canadian Imports / Dairy

- 1997 - 205
- 1998 - 1748
- 1999 - 481
- 2000 - 1529
- 2001 - 3029
- 2002 - 879
- 2003 - ---- Total 7880

Additional Restrictions

- Non-ambulatory cattle prohibited from slaughter
- BSE tested animals held until neg results
- Specified risk materials expanded
 - >30 months; skulls, brain, trigeminal ganglia, eyes, vertebral columns, spinal cords, dorsal root ganglia - prohibited in human food
 - All cattle; also distal ileum & tonsils

Additional Restrictions Cont.

- Prohibit "air injection" stunning
- Prohibit mechanically separated meat for human consumption
- Advanced Meat Recovery, tighter restrictions, more sampling to prevent SRM from entering human food

Just Announced Restrictions

- Additional ban of bovine derived dietary supplements and cosmetics
- Ban on mammalian blood and blood products fed to ruminants
- Ban on feeding of poultry litter
- Ban on plate waste fed to ruminants
- Feed manufacturing restrictions
 - prevent cross contamination

National Animal Identification System

- Sec Veneman put priority on development and implementation
 - Premises Identification
 - Individual Animal Identification

Consumer Confidence

- Germany – 1 case – 70% drop
- Japan – 1 case – 70% drop
- Public not good at risk analysis
- In US, plan in place – industry and government – Message – Beef is Safe
- Consumption is flat in US
- Cattle prices stabilize and start to recover

Trade

- US Beef excluded from many markets
- Japanese delegation already visited - \$2 B
- Mexicans, others ???
- Borders can't be opened until investigation completed--- Direct effect of ID system
- Review safeguards in place --- especially Feed ban
- Rebuild Surveillance system-- where will the downer cows go ????
- Enact new measures....



George Teagarden

CASE OF BSE IN THE UNITED STATES CHRONOLOGY OF EVENTS

[Back to BSE Information and Resources](#)

December 9, 2003	A non-ambulatory dairy cow believed to be about 4-1/2 years old arrives at Verns Moses Lake Meats, a slaughter plant in Moses Lake, WA; the animal's condition is attributed to complications from calving. Consistent with USDA's standard testing protocols for BSE, samples are taken from the animal and all potential high-risk material (central nervous system tissue) is diverted out of the human food supply and into rendering.
December 11	Samples from the animal arrive at USDA's National Veterinary Services Laboratories (NVSL) in Ames, IA. Because the animal had no neurological signs at slaughter, it was not considered to be a higher priority for BSE and the samples were placed in the normal queue for testing.
December 22	Preliminary test results are positive for BSE; NVSL conducts further testing.
December 23	Further test results are positive for BSE. Secretary Veneman announces a "presumptive positive" case for BSE. A sample from the animal is hand-carried to the United Kingdom for final confirmatory testing at the BSE world reference laboratory in Weybridge, England.
	APHIS' epidemiological investigation begins. Quarantine placed on herd in Mabton, WA, in which the index animal had last resided.
December 23	USDA's Food Safety and Inspection Service initiates a Class II recall of meat (10,410 pounds) from the group of 20 animals slaughtered on December 9 at Verns Moses Lake Meats.
	USDA determines disposition of three calves from index animal: one died

	<p>shortly after birth in October 2001. One is a yearling heifer and is in the index herd in Mabton, WA, which is under State quarantine. The third is the most recently born calf, a bull calf, and is in a herd in Sunnyside, WA, which is placed under State quarantine.</p>
December 25	<p>UK world reference laboratory confirms USDA diagnosis of BSE.</p> <p>Traceback of index animal continues. It is believed likely that the index animal was purchased into Mabton herd from a dairy cattle finishing farm in Mattawa, WA. The other, less likely, possibility is that it came from an area livestock market.</p>
December 27	<p>USDA's traceback investigation indicates that the affected cow was likely imported from Canada in 2001 and that she was likely 6-1/2 years old, rather than 4-1/2 years old as the last owner's records had indicated. Investigative efforts continue and involve Canadian officials.</p> <p>USDA team departs Washington for Japan to pursue trade talks.</p>
December 28	<p>USDA's Food Safety and Inspection Service (FSIS) determines that two tertiary cosignees (the customers of Willamette Valley Meats) of the recalled beef products had limited further distribution to four other states, including Alaska, Montana, Hawaii and Idaho, as well as the U.S. territory of Guam. These areas are in addition to the primary distribution in Oregon and Washington, with some product shipped to Nevada and California. FSIS continues to traceback the distribution of any recalled meat to ensure compliance with the recall.</p> <p>Traceback of the index animal continues. USDA is also continuing to trace the 73 other cows that came in the same shipment.</p>
December 29	<p>USDA determines that records obtained from the owner of the index animal correspond with Canada's records indicating that this animal was approximately 6 1/2 years old at the time of slaughter. USDA is working with Canada to</p>

	<p>conduct DNA tests to verify that the correct animal has been identified.</p> <p>Tracebacks of the index animal, along with the 73 other cows from the same shipment, continues. USDA identifies 8 additional cows from the same herd in Canada as the index cow that may have entered the United States. USDA begins tracing these animals.</p> <p>FSIS determines that the recalled meat products were distributed to 42 locations from Interstate Meats and Willamette Valley Meats, with at least 80 percent of the products distributed to stores in Oregon and Washington. FSIS is verifying that these 42 distributors, along with the original distributors, are complying with requirements to notify their customers.</p>
December 30	<p>Agriculture Secretary Ann Veneman announces additional safeguards to bolster the U.S. protection system against BSE and to further protect public health:</p> <ul style="list-style-type: none"> • downer cattle and specified risk material and tissues will immediately be banned from the human food chain skull, brain, trigeminal ganglia, eyes, vertebral column, spinal cord and dorsal root ganglia of cattle over 30 months of age and a portion of the small intestine of cattle of all ages are now considered specified risk materials and are prohibited from entering the human food supply • any normal cattle, if they are targeted for BSE surveillance testing at slaughter, will no longer be marked as "inspected and passed" until confirmation is received that the animals have, in fact, tested negative for BSE • dorsal root ganglia, clusters of nerve cells connected to the spinal cord along the vertebrae column, in addition to already-prohibited spinal cord tissue, will be prohibited in products labeled as "meat" • the air-injection stunning of cattle will be prohibited

	<ul style="list-style-type: none"> • mechanically separated meat in human food will be prohibited • a verifiable system of national animal identification will be immediately implemented (See USDA's 12/30/03 press release for more specifics) <p>Traceback of the index animal continues. USDA continues working closely with Canadian officials to conduct DNA testing of the index cow.</p> <p>Through the traceback of the index animal, USDA determines that 82 cattle (including the positive cow) were cleared for shipment into the United States. USDA is verifying the actual number that entered the United States and the location of each animal. Initial information from Canada suggested only 74 of the 82 cattle on the health certificate were shipped to the United States. However, since USDA cannot rule out the possibility that the other eight also came across the border, USDA is looking at import/export records, as well as on-farm records, for all remaining 81 cattle.</p>
<p>December 31</p>	<p>USDA continues to work with Canadian officials to verify the traceback of the index animal. USDA is working with Canada to conduct DNA tests in both countries. Testing is expected to begin this evening and results could be available as early as next week.</p> <p>Through the traceback investigation, USDA learns that the Canadian health certificate, dated August 28, 2001, lists 82 eartag numbers from cattle that were part of a herd dispersal in Alberta, Canada. One of those eartag numbers matches that number on the BSE-positive cow. Nine of the 82 are part of the index herd in Washington State. Currently, USDA has information that suggests that 81 of the 82 animals crossed the border into the United States. However, since USDA cannot rule out the possibility that all the animals came into the United States, USDA is looking at import/export records, as well as on-farm records, for all</p>

	<p>remaining 72 cattle.</p> <p>USDA appoints an international team of experts to review the Department's investigation and make national recommendations following the completion of the epidemiological investigation. The team will be similar to the group that conducted such a review in Canada.</p>
<p>January 2</p>	<p>USDA confirms that 81 of the 82 animals listed on the Canadian health certificate, which includes the eartag number for the index cow, entered the United States through Oroville, WA, on September 4, 2001.</p> <p>USDA has 11 of the 82 cattle definitely accounted for including:</p> <ul style="list-style-type: none"> • One is the index cow • Nine are those known to be in the index herd • One animal is on the Mattawa premises • Also, USDA believes one animal may still be in Canada <p>Tracebacks of the other 70 animals continue. USDA has good leads on the whereabouts of many of these animals.</p> <p>USDA announces that three facilities are under hold orders during the epidemiological investigation. The first facility is the index herd, while the second is a nearby facility that has the index cow's recently born bull calf. The third facility is a dairy operation in Mattawa where one animal from the original herd of 82 is located.</p> <p>USDA and Canadian officials continue DNA tests to determine the identification of the index animal. Two USDA epidemiologists are in Canada to assist with the testing, while two Canadian epidemiologists are in the United States to assist with the DNA testing.</p> <p>USDA is working closely with industry to reposition its efforts to collect samples of high-risk animals for BSE surveillance testing on farms, at rendering facilities, and other locations.</p>

<p>January 5</p>	<p>USDA announces the decision to depopulate the bull calf operation in Sunnyside, Washington, that includes a calf born to the heifer infected with BSE prior to the heifer's slaughter this past December. There are approximately 450 cattle on the premises, and operations will proceed this week but will likely be dependent on weather conditions in the Mabton area. The calves will be transported to a currently unused slaughter facility.</p> <p>USDA will have animal care experts on hand at both the farm where the calves will be loaded and at the slaughter facility to ensure humane treatment of the animals. The animals will be euthanized according to American Veterinary Medical Association animal welfare euthanasia guidelines. No products from any of the slaughtered animals will enter the human food chain, nor will products be rendered.</p> <p>A USDA team departs Washington for Mexico to pursue trade talks.</p> <p>USDA and Canadian officials continue DNA tests to determine the identification of the index animal. Test results are expected sometime this week.</p> <p>USDA has 11 of the 82 cattle that were listed on the Canadian health certificate, including the index cow, definitely accounted for. USDA believes that one of the animals is still in Canada. Tracebacks of the other 70 animals continue. USDA has good leads on the whereabouts of many of these animals.</p>
<p>January 6</p>	<p>USDA announces that DNA evidence now helps to verify—with a high degree of certainty—that the BSE positive cow found in Washington State originated from a dairy farm in Alberta, Canada.</p> <p>USDA depopulates the bull calf operation outside Sunnyside, WA. Approximately 450 calves are transported from the farm to a designated slaughter facility and euthanized according to American Veterinary Medical Association humane</p>

	<p>guidelines. USDA officials secure the animal carcasses overnight.</p> <p>Other elements of the investigation, including animal tracebacks, continue on both sides of the border and may provide additional information. This includes the cattle feed investigation in Canada as well as the additional DNA testing.</p>
January 7	<p>USDA disposes of the carcasses of the depopulated calves by landfill. None of the carcasses entered the human food supply chain or were rendered.</p> <p>USDA locates another animal that came into the United States with the index cow, which is also located in a Mattawa, WA dairy herd. USDA has 12 of the 82 cattle listed on the Canadian health certificate definitely accounted for including:</p> <ul style="list-style-type: none"> • The index cow • Nine known to be in the index herd • Two animals on a Mattawa premises <p>USDA also believes that one of the animals listed on the health certificate remained in Canada and did not enter the United States.</p> <p>Tracebacks of the other 69 animals that entered the United States continues. USDA has good leads on the whereabouts of many of these animals.</p> <p>A Japanese delegation arrives in the United States to participate in trade talks.</p>
January 8	<p>USDA finishes disposal of the carcasses of the depopulated calves by landfill. None of the carcasses entered the human food supply or were rendered.</p> <p>USDA's Food Safety and Inspection Service (FSIS) has submitted three rules and one notice for publication in the Federal Register on Monday, January 12, 2003. The rules and notice are:</p> <ul style="list-style-type: none"> • An interim final rule declaring that the Specified Risk Materials, the skull, brain, trigeminal ganglia, eyes, vertebral column, spinal cord and dorsal root ganglia of cattle 30 months of age or older, and the small intestine of all cattle are specified risk materials, and prohibited in the food supply. (Tonsils were already excluded). <p>These prohibitions will be effective</p>

	<p>immediately upon publication in the Federal Register. · An interim final rule expanding on the prohibition of central nervous system tissues in advanced meat recovery products. · A final rule to prohibit air injection stunning. · A notice announcing that FSIS inspectors will not mark ambulatory cattle that have been targeted for BSE surveillance testing as "inspected and passed" until negative test results are obtained.</p>
January 9	<p>USDA announces it will begin accepting license applications for BSE tests. Heretofore, USDA's Center for Veterinary Biologics has been accepting and reviewing data from companies that have various rapid tests, but has not formally accepted applications for licensing. USDA announces it will soon begin to remove a limited number of cows from the index herd in Mabton, Washington. At this time, USDA will most likely remove approximately 130 animals from this herd that contains approximately 4,000 dairy cows. To summarize results thus far from the epidemiological investigation: Of the 81 cows that came from Canada with the positive cow:</p> <ul style="list-style-type: none"> · One is the positive cow · Two are under a hold order at a premises in Mattawa · USDA believes 7 may have gone to another dairy and is working to determine if those animals are still there · Nine are in the index herd · Potentially some of the remaining cows that came in that shipment are on the index premises, but at this time the identity of these animals has not been confirmed.
January 10	<p>USDA personnel begin a selective depopulation of the index herd. Nine animals from the index herd are transported, humanely euthanized, and sampled.</p>
January 12	<p>FSIS' new rules on product holding, specified risk material, advanced meat recovery, and air injection stunning become effective. USDA has traced a third animal to the herd in Mattawa, Washington. Two animals were previously traced to this herd. The three animals in the Mattawa herd will be removed. JA</p>

	<p>declaration of extraordinary emergency, signed by Secretary Veneman, is published in the Federal Register. This declaration of extraordinary emergency authorizes the Secretary to (1) hold, seize, treat, apply other remedial actions to, destroy (including preventative slaughter), or otherwise dispose of, any animal, article, facility, or means of conveyance if the Secretary determines the action is necessary to prevent the dissemination of BSE and (2) prohibit or restrict the movement or use within the State of Washington, or any portion of the State of Washington, of any animal or article, means of conveyance, or facility if the Secretary determines that the prohibition or restriction is necessary to prevent the dissemination of BSE.</p>
January 13	<p>USDA has confirmed that one animal has gone to a dairy in Quincy, Washington. USDA believes that as many as seven animals may have been sent to this facility; we are working to confirm how many may remain at this facility. The State has placed a hold on this facility in order to aid the investigation. Selective depopulation of the index herd continues. USDA plans to transport, humanely euthanize, and test approximately 130 animals in the index herd.</p>
January 14	<p>Selective depopulation of the index herd continues. To date, 89 animals from the index premises have been euthanized and tested. Results of the tests will be reported as soon as they are available.</p>
January 15	<p>USDA's investigation on the 81 cows that came from Canada continues. Five additional animals have been located at a facility located in Connell, Washington. The State has placed a hold on the facility in order to facilitate the investigation. In total, 19 of the 81 cows that came from Canada have been located. Selective depopulation of the index herd, which began on Saturday, January 10, is expected to be completed today. USDA plans to transport, humanely euthanize, and test a total of 129 animals in the index herd. To date, 119 animals from the index premises have been euthanized and</p>

	<p>tested. To date, 28 samples have completed testing; results have been negative.</p>
January 16	<p>USDA locates 3 animals that are part of a group of 17 heifers originally dispersed from the Canadian source herd in August 2001. The 3 animals were mentioned by Canada's chief veterinarian during the January 6, 2004, technical conference call with USDA's Dr. Ron DeHaven. The 17 animals are separate from the 81 animals that arrived in the United States from Canada along with the index animal. The 3 animals were found at the Quincy, Washington, dairy where 1 of the 81 animals has also been located.</p> <p>APHIS continues to work to determine whether the remaining 14 animals entered the United States. Delegations from Mexico and Canada meet with USDA officials in Washington, D.C. to discuss issues related to BSE.</p>
January 17	<p>USDA begins selective depopulation operations on the facility in Mattawa.</p>
January 18	<p>USDA's investigation on the 81 cows that came from Canada continues. Three additional animals are located at a facility in Tenino, Washington, and one additional animal is found in Connell, Washington. Washington State places a hold on the Tenino facility in order to facilitate the ongoing investigation. In total, 23 of the 81 cows that came from Canada have been located. USDA completes the selective depopulation of 129 animals from the index herd. To date, 30 samples from the index herd have completed testing; results have been negative for BSE.</p>
January 19	<p>USDA completes selective depopulation operations on the facility in Mattawa, Washington. To date, USDA has transported and sampled a total of 39 animals from this facility. To date, 121 samples taken from the depopulated index herd have completed testing; results have been negative for BSE.</p>
January 20	<p>USDA personnel locate another animal that is part of a group of 17 heifers</p>

originally dispersed from the Canadian source herd in August 2001. The animal was found at a Boardman, Oregon, facility. It is not unusual for an epidemiological investigation to cover multiple States. These 17 animals were mentioned by Dr. Brian Evans, Chief Veterinary Officer for Canada, in the January 6, 2004, technical briefing and are not part of the original 81 animals. APHIS investigators have now located four from this group of 17. Three others were located at the Quincy facility. Investigators are still determining whether the remaining 13 animals entered the United States. Selective depopulation operations on the facility in Mattawa and the index herd have been completed. USDA has transported and sampled a total of 39 animals from the Mattawa facility and 131 animals from the index premises. To date, 129 samples from the index herd have completed testing; results have been negative for BSE. Results from the Mattawa herd are not yet available. Senior U.S. government officials continue talks with trading partners and this week are meeting with officials in Japan, the Philippines, Hong Kong and South Korea to discuss BSE related issues.

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Contacts, Questions to vic.powell@usda.gov



KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**Testimony for Informational Hearing
on Prohibited Material Inspections and FDA's Interim BSE Rule**

to

The Senate Agriculture Labor Committee

**by Constantine Cotsoradis, Manager
Agricultural Commodities Assurance Program
Kansas Department of Agriculture**

February 4, 2004

Good morning, Chairman Schmidt and members of the committee. I am here on behalf of the Kansas Department of Agriculture to offer information on our agency's efforts to prevent bovine spongiform encephalopathy (BSE).

Background

Beginning in 1997, the Food and Drug Administration banned feeding mammalian tissue to cattle and other ruminants. The feed ban is to prevent BSE, which is believed to be spread to ruminants through feed products that contain infected bovine protein. The current Code of Federal Regulations has several exemptions to the ban. Protein from a pure equine or porcine source, as well as certain cattle products (e.g., blood and milk), may be fed to cattle and other ruminants.

In addition to prohibiting certain feed ingredients, the CFR also requires feed manufacturers using prohibited materials to:

- keep adequate records;
- prevent feed containing prohibited materials from commingling with feed containing nonprohibited materials; and
- label feed containing prohibited materials with a statement reading "do not feed to cattle or other ruminants" and to include the statement with all bulk feed containing prohibited materials.

109 SW 9TH ST., TOPEKA, KS 66612-2180

Voice (785) 296-3556

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*Senate Agriculture
February 4, 2004
Attachment 3*

KDA began conducting prohibited material inspections in August 1998 (fiscal year 1999) under contract for FDA. During the first year, prohibited material inspections were done separately from good manufacturing practices inspections and, later, as part of GMP inspections. FDA again began assigning separate prohibited material inspections to KDA in fiscal year 2003.

Current Program

From the beginning, KDA has recognized the importance of the feed ban and has gone beyond just contracting with FDA to enforce it. We have devoted financial and staff resources to provide the best prevention program possible. Following are just a few of the steps we have taken to enhance our food safety program:

- Purchased complex scientific instruments to analyze feed samples for compliance with the feed ban.
- Issued a notice to feed manufacturers that KDA would enforce a zero-tolerance policy with respect to feed ban compliance.
- Inspected all noncommercial facilities having 4,500 or more head of cattle (facilities likely to manufacture their own feed) to ensure that they understood and were complying with the feed ban.
- Developed and distributed a prohibited material fact sheet.
- We were among the first to start using test strips to detect prohibited materials in feed (faster than the PCR technology).

Changes in the FDA Feed Ban

In response to the detection of BSE in Washington state, FDA plans to publish an interim rule to remove exemptions from the feed ban. The interim rule, once published, will ban blood, poultry litter and plate waste. Additionally, feed manufacturers that handle both prohibited and nonprohibited materials will be required to have dedicated production lines to prevent opportunities for cross-contamination. Currently, these firms need only to have a documented adequate flush-out procedure.

There will be a 90-day comment period after the interim rule is published. We will begin enforcing the new feed ban once the interim rule is published, and we will adopt the new CFR by reference should it become law.

Summary

KDA has worked with FDA from the very beginning of the feed ban, and we will continue these efforts. However, we have not been content to do only those inspections specified by FDA. KDA has long recognized the importance of protecting the feed supply as the first step in protecting human health. We devote a tremendous amount of resources, both financial and

staffing, to this program. We do it because the public relies on us to ensure that the food they serve to their families is safe. We also do it because cattle producers and all related industries depend on consumer confidence for a strong market.

Thank you for this opportunity to appear before you. I will answer any questions at the appropriate time.

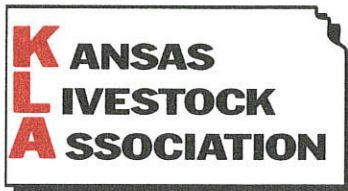
**Emergency Measures to Protect the Health of the U.S. Cattle Herd;
Ensure the Economic Viability of the U.S. Cattle Industry; and to
Maintain Consumer Confidence in USA Beef**

Malcolm Moore

1. Immediately cease all imports of ruminants, ruminant products and raw and manufactured feed into the United States, including ongoing Canadian imports, until the following conditions are met:
 - a. The investigation of the BSE infected Canadian cow slaughtered in Washington State is complete and all available facts and circumstances surrounding this case are fully understood, including the source of the BSE contaminant.
 - b. The United States affirmatively verifies that all countries exporting to the U. S. have fully implemented all the BSE measures implemented in the United States; verifies that all these measures have been in place for at least as long as the U.S.; and verifies that these measures have been enforced at least as rigorously as the U.S.
 - c. The countries that have continued exporting to the United States while simultaneously prohibiting U.S. imports remove their restrictions for beef born, raised, and slaughtered in the United States.
2. Seek emergency funding to indemnify U.S. cattle producers who suffered financial losses as a result of the BSE-infected cow imported from Canada.
3. Establish a permanent insurance or indemnification program for U.S. cattle producers to protect them from losses in the event of a future disease outbreak.
4. Instruct the USDA to cancel its pending proposed rule which calls for the re-opening of the U.S. border to Canadian cattle and beef. The USDA should be further instructed not to reissue its proposal to re-open the border until Canada can meet the criteria of a BSE Free or BSE Provisionally Free country in accordance with the standards established by the World Organization for Animal Health (OIE).
5. Support the cattle industry's efforts to immediately implement mandatory country of origin labeling (COOL) so U.S. cattle producers can differentiate their cattle from foreign cattle and both U.S. and international consumers can choose to purchase beef produced exclusively in the United States.

Attachment

Senate Agriculture
February 4, 2004
Attachment 4



Since 1894

MEMORANDUM

To: Senate Agriculture Committee
From: Mike Beam, Sr. Vice President
Subj: General update on BSE-related issues
Date: February 4, 2004

There are a number of questions, issues, and concerns in the minds of beef cattle producers and animal health officials since the finding of a positive BSE cow in the United States on December 23, 2003. I've attached a document distributed last week to attendees of the National Cattlemen's Beef Association Annual Convention. These reports provide a timely synopsis and overview of:

- Industry response and implementation of issues management team to worldwide media.
- The National Cattlemen's Beef Association response to USDA's announcement regarding the implementation of a national animal identification program.
- BSE research funded by beef industry.
- Consumer confidence tracking prior to, and after, December 23, 2003.
- Industry marketing/communications/research action plan.
- BSE regulatory review, including changes in feed ban regulations.
- Trade implications of BSE in the United States.

KLA appreciates this committee's interest and concern with BSE's impact on our producers and the countless number of businesses affiliated with the beef industry. Our staff is willing to respond to any questions and will attempt to provide additional information as requested.

Thank you.

*Senate Agriculture
February 4, 2004
Attachment 5*

BSE RESPONSE PLAN: THE BASICS

Issue management, research, promotion and information programs are funded by the \$1-per-head beef checkoff through Cattlemen's Beef Board; policy programs are funded through National Cattlemen's Beef Association (NCBA) dues

Key Elements of Plan

- ✓ Response Steps & Timeline: blueprint for what needs to happen and when
- ✓ Response Teams: who is responsible for what
- ✓ State Organizations: coordination with the national effort

Objectives

- ✓ Speak with one voice
- ✓ Maintain consumer confidence in the safety of U.S. beef
- ✓ Repair any damage to the cattle and beef market both domestically and internationally as quickly as possible
- ✓ Ensure that all possible steps are taken to protect the health of the U.S. cattle herd and prevent the spread of BSE

The Consumer Messages

- ✓ U.S. beef is safe
- ✓ Trade decisions must be based on scientific facts
- ✓ The system worked

The Plan in Action: Dec. 23, 2003

3:30 p.m. (EST)	<ul style="list-style-type: none"> ✓ NCBA learns of the BSE-positive dairy cow in Washington State ✓ Emergency staff meeting activates BSE response plan ✓ NCBA contacts USDA agencies and FDA ✓ Issues Management Team updates talking points, advisories ✓ "Dark" Web site is activated (www.bseinfo.org)
5:30 p.m. (EST)	<ul style="list-style-type: none"> ✓ USDA news conference: Agriculture Secretary Ann Veneman announces case of BSE in U.S. ✓ NCBA holds news conference with 120 media 15 minutes after the USDA news conference
7:30 p.m. (EST)	<ul style="list-style-type: none"> ✓ NCBA holds teleconference with state affiliates and beef councils to ensure coordinated state/national crisis response plan ✓ NCBA issues first advisory to states, producer leaders, trade & allied industry organizations
24 Hour's Time	<ul style="list-style-type: none"> ✓ More than 150 media interviews by national staff

Industry's Voice Heard Early and Often

- ✓ During the first week, USDA sources were quoted most frequently, followed by NCBA sources, according to independent media analysis company CARMA
- ✓ Hundreds of interviews conducted by national and state staff since Dec. 23
- ✓ The key industry messages were heard
- ✓ Checkoff-funded video footage showing representative cattle operations is distributed national broadcast and cable stations; NCBA calls on broadcasters to stop using the old and misleading footage

Resumption of Trade Is a Top Priority

- ✓ Trade bans must be based on science and this is not currently the case
- ✓ NCBA called on the Bush Administration to make resumption of beef exports the top trade priority
- ✓ The Meat Export Federation has worked diligently around the globe to communicate the facts and science

Policy Successes Resulting from NCBA Action

- ✓ "Test and hold" program on carcasses being tested for BSE
- ✓ Stepped-up the timeline for an animal ID program
- ✓ Extension on the comment period for reopening the Canadian border to live cattle trade

Proactive Marketing/Communications Efforts

- ✓ Jan 6: Beef Board Executive Committee approved activation of a \$1 million issues-management crisis fund and recommended that the Beef Promotion Operating Committee approve a proposal to fund an additional \$320,000 for the crisis-response program
- ✓ Super bowl radio promotion
- ✓ Television ad schedules adjusted
- ✓ Retailer and foodservice communications
- ✓ Retail (supermarket) featuring
- ✓ Enhanced public relations and issues management

Consumer Confidence Remains High (% of U.S. consumers that confident that U.S. beef is safe from BSE)

- ✓ September 2003: 88%
- ✓ December 30, 2003: 89%
- ✓ January 7, 2004: 89%
- ✓ January 15, 2004: 90%

ANIMAL ID OVERVIEW

With the global emergence of animal health diseases such as BSE and FMD, there is a need and urgency to establish a national animal identification system to help contain and trace these diseases should they occur in the United States.

Protection of the U.S. cattle herd is the number one reason for the development of such a system. Other potential uses are secondary. The international investigation of the BSE incident in Canada and the recent discovery of the one cow in the state of Washington clearly emphasize the benefit of such a system to the U.S. beef industry.

NCBA's Involvement:

NCBA is serving as a catalyst and coordinator in the development and implementation of a national animal identification system.

- NCBA leadership and individual members have been actively involved in representing beef cattle producers in the development of USDA's 'U.S. Animal Identification Plan' (USAIP).
- The animal ID data collection standards and procedures incorporated in the USDA's USAIP were developed as industry standards by NCBA's Animal Identification Subcommittee.
- NCBA's Executive Committee unanimously adopted a resolution December 29, 2003, to provide full support for USDA's announcement of aggressively moving forward in developing a National Animal Identification System.
- NCBA recognizes the producer information and education needs associated with the implementation the National Animal Identification System. NCBA will aggressively take the lead in initiating a comprehensive producer Animal ID educational program designed to assist producers during the transition and implementation phases of the USAIP.
- NCBA will continue to provide input, leadership and support for USAIP.

NCBA Supports the Following Criteria:

- The system should be a partnership between industry, state and national governments.
- Producers must be protected from unauthorized use of information maintained through a national animal identification system.
- The system must be globally compatible and able to share information with other countries.
- Information must be readily accessible to both state and national governments should an animal health disease occur.
- Government access should be limited to information related to animal health disease occurrences.
- The U.S. breeding herd should be the focus of a national animal identification system.
- Costs to producers must be minimal.
- The ID system adopted should be designed to achieve the intended objectives, yet is workable for all scales of production without posing an unnecessary cost burden on the industry's smaller producers.

BSE RESEARCH PROGRAM

In 2002, the beef industry established a BSE Scientific Working Group that was charged with not only reviewing our current scientific knowledge on BSE but also to identify voids in our knowledge base. The information developed by this group served as the foundation for establishing TSE/BSE research priorities for the beef industry as well as a science-based check sheet for continually evaluating as well as strengthening the U.S. firewalls that have minimized the risk of BSE entering our U.S. cattle population.

America's beef producers have funded the following TSE/BSE related projects:

Project Title: PrP genotype diversity in U.S. cattle
Principal Investigator: Don Knowles, Research Leader & Professor; Katherine O'Rourke, Research Microbiologist
Washington State University
Objectives: To identify the major PrP alleles in US cattle representing the major beef and dairy breeds. Determine the allelic and genotype frequencies from a sample of bulls in each breed.

Project Title: Enzymatic Rendering for Prion-Free Animal Products
Principal Investigator: Jason C.H. Shih; North Carolina State University
Objectives: Development of a potential enzymatic process capable of inactivating infectious prion particles (PrP^{Sc}) in contaminated tissues.

Project Title: Development of Ultra-Sensitive Assays for Prion Phenotypes in Biofluids and Tissues
Principal Investigator: Ira S. Krull and Norman Chiu; Northeastern University
Objectives: The development of ultra-sensitive micro-titer based immunoassays for the infectious agent responsible for CWD antibody that has been labeled with DNA fragment.

Project Title: Improving sensitivity, precision, and repeatability of the GFAP-ELISA for detecting CNS contamination in AMR-Generated tissues.
Principal Investigator: Keith Belk; Colorado State University
Objectives: This proposed study will be conducted to compare three methods (CSU f-GFAP-ELISA; R-Biopharm GFAP-ELISA; USDA Eastern Laboratory IHC procedure) for detecting CNS tissue in AMR-generated comminuted beef.

Project Title: Sensory Testing of Beef Products after a Prion (BSE or Chronic Wasting Disease) Inactivation, High Pressure Treatment
Principal Investigator: Richard Meyer and Paul Brown; Tacoma, Washington
Objectives: Establish conditions for a commercially practical high pressure TSE infectivity inactivation of processed meat products; and 2) examine the relationship between particles.

Project Title: Can PrP^{CWD} be detected in Muscle of Deer, Elk or Cattle?
Principal Investigator: Elizabeth Williams; University of Wisconsin
Objectives: Determine PrP^{CWD} is detectable in muscle of Deer, Elk and Cattle.

Project Title: PrP Genetics and Expression in Whitetail Deer
Principal Investigator: Judd M Aiken; University of Wisconsin
Objectives: The process by which (CWD) is transmitted within the cervid species is poorly understood – Determine the level of heterogeneity in the prion protein of cervids by direct sequence analysis of this gene.

Project Title: CWD in White-tailed Deer in Wyoming: Interaction with Livestock, Movement Patterns and Evaluation of Ante-Mortem Diagnostic Tests
Principal Investigator: Walter Cook; WY Game and Parks
Objectives: Describe patterns of white-tailed deer movement in the Platte River corridor of Wyoming, and to determine how these deer interact with livestock.

Project Title: Development of a Diagnostic Assay for Chronic Wasting Disease
Principal Investigator: Richard Rubenstein; NY Institute for Basic Research
Objectives: Develop an ante-mortem and/or post-mortem test for CWD.

Project Title: Update on the Scientific Literature Review on Cause and Transmission of TSE's, with Particular Reference to BSE
Principal Investigator: Ron Weiss; University of Wisconsin
Objectives: Recent scientific literature will be searched, using several databases, to obtain articles relevant to the topics covered in the original review on BSE.

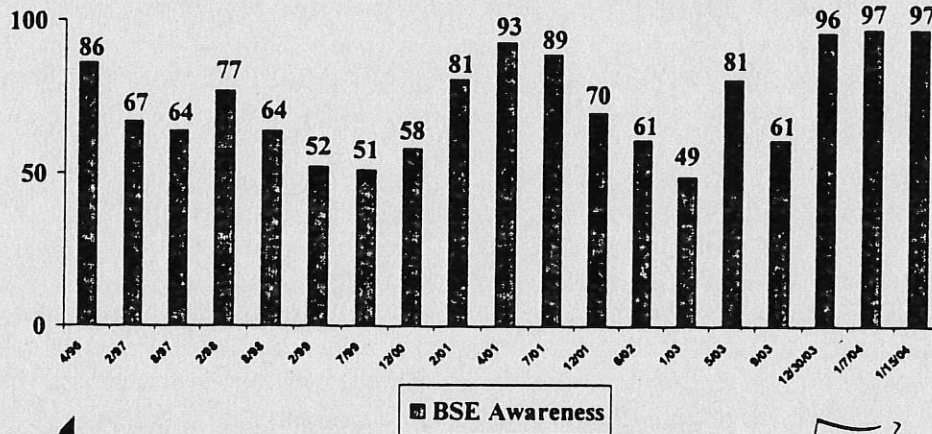
Project Title: Mobility of infectious prion proteins in soil
Principal Investigator: Joel Pederson; University of Wisconsin
Objectives: Understanding the movement of PrP^{SC} in soils is essential for evaluating the risk posed by its presence in the environment.

Project Title: Role of Deer Behavior in the Transmission of Chronic Wasting Disease across a South Central Wisconsin Landscape
Principal Investigator: Nancy E. Mathews; University of Wisconsin
Objectives: 1) Determine the daily movement patterns and amount of temporal and spatial overlap of does, within and among social groups of deer; 2) Assess potential rates of contact among does by season; 3) Determine the seasonal movements and dispersal rates of all sex and age classes of deer; 4) Determine the spatial and temporal overlap of deer with domestic livestock; 5) Compare movements and behavior of deer known to be infected with CWD to those known to be disease free.

CONSUMER CONFIDENCE OVERVIEW

Food Safety Tracking BSE

Percent of respondents that saw, heard, read about
Mad Cow Disease in the past month

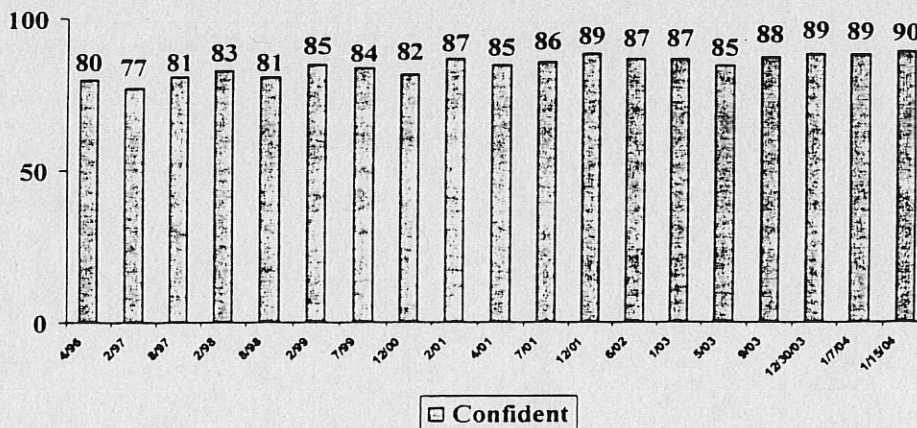


SOURCE: NCBA/Wirthlin Worldwide - April 1996 - July 2001; NCBA/IPSOS-Reid - Dec. 2001 - Jan. 2004
MARGIN OF ERROR: plus/minus 3.2 percent



Food Safety Tracking BSE

Percent of respondents who say they are confident
that U.S. beef is safe from Mad Cow Disease



SOURCE: NCBA/Wirthlin Worldwide - April 1996 - July 2001; NCBA/IPSOS-Reid - Dec. 2001 - Jan. 2004
MARGIN OF ERROR: plus/minus 3.2 percent



13 Point Marketing/Communications/Research Action Plan

1. Super Bowl radio promotion (CRN); Live DJ "reads"; Week of 1/26/04.
2. One week network radio buy 1/26/04; to coordinate with radio promotion.
3. Move scheduled national TV to the weeks of 1/26, 2/2, 2/9 to coordinate with Super Bowl radio promotion.
4. NCBA letter "tipped into" leading weekly channel publications *Nation's Restaurant News*, *Supermarket News*, (perhaps banner ads on meatingplace.com).
5. Consumer P.R. for ARAMARK beef products at Super Bowl: 3,000 10 oz. ribeye steaks; 8,000 lbs. of brisket; 261 gallons of beef chili; 4,000 hamburgers; 15,000 foot long beef hotdogs.
6. Encourage retail featuring before the Super Bowl, during Super Bowl week, and the following two weeks after the Super Bowl.
7. Consumer tracking research.
8. Possible issues/reassurance advertising; *Wall Street Journal*, *USA Today*, etc.
9. Proactive messages on Internet – to "combat" excessive negative noise.
10. Rapid response and outreach with media (primarily radio); 3rd party spokesperson placement.
11. Wal-Mart demos for breakfast sausage – planned for 2/8/04.
12. In store Wal-Mart demos of Cheeseburger Fries to be determined.
13. Strategic message development for future "unforeseen" situations.

BSE REGULATORY OVERVIEW

Food Safety and Inspection Service

In light of BSE, FSIS has taken a wide range of regulatory actions to further protect public health. These actions include:

Product Holding Notice:

- FSIS will no longer pass and apply the mark of inspection to the carcasses and parts from cattle that are selected for BSE testing by APHIS until the sample is determined to be negative.
- This applies to the entire carcass and the specified risk materials. FSIS is currently discussing the disposition of blood and hides from these animals.

Specified Risk Materials and Non-ambulatory Disabled Cattle:

- Designates brain, skull, eyes, trigeminal ganglia, spinal cord, vertebral column (excluding the vertebrae of the tail, the transverse processes of the thoracic and lumbar vertebrae, and the wings of the sacrum), and dorsal root ganglia (DRG) of cattle 30 months of age or older as specified risk materials (SRM) and inedible.
- Designates the tonsils and distal ileum from all cattle as SRMs and inedible.
- Requires that all non-ambulatory disabled cattle presented for slaughter be condemned as unfit for human consumption.
- Allows for head meat, cheek meat, and tongue to be used for human food
- Allows for bone-in beef to be produced from vertebrae of the tail, the transverse processes of the thoracic and lumbar vertebrae, and the wings of the sacrum because they do not contain spinal cord or DRG.
- Requires the removal of the entire small intestine to assure complete removal of the distal ileum.
- Plants must develop, implement and maintain written procedures for the removal, segregation, and disposition of SRMs.
 - Control procedures must be addressed in the HACCP plan, as a Sanitation SOP, or in a pre-requisite program.
 - Daily records on the implementation of these procedures must be maintained.
 - FSIS will develop a compliance guide for small and very small establishments to implement these requirements.
- Age determination will be conducted via 2 methods:
 - Documentation that identifies the age of the animal (birth certificate, cattle passport, or some other form of identification) when it is presented for slaughter - if the establishment has documentation, then the FSIS inspector will examine those records and determine if they are accurate and reliable.
 - If they determine they are so, then that will be sufficient as verification of age.
 - If they determine the records to be inaccurate, the inspector will verify age through dentition.
- Dentition – the inspector will conduct an examination of the dentition of the animal to determine whether at least one of the second set of permanent incisors has erupted.
 - If at least one tooth of the second set have erupted, they will determine it to be 30 months or older.

- If the establishment does not have documentation, dental examination will be the means to determine age.
- Non-ambulatory disabled cattle – defined as “livestock that cannot rise from a recumbent position or that cannot walk, including, but not limited to, those with broken appendages, severed tendons or ligaments, nerve paralysis, fractured vertebral column, or metabolic conditions.
 - Includes non-ambulatory cattle due to an acute injury in route to the slaughter facility, such as a broken leg, as well as livestock that are non-ambulatory due to an underlying pathological condition.
 - All non-ambulatory disabled cattle will be excluded from the human food supply.

In the FSIS regulations, SRMs and non-ambulatory cattle are determined to be unfit for human consumption or adulterated under Section 1(m)(3) of the Federal Meat Inspection Act (21 USC 601(m)(3)). Specifically:

The term "adulterated" shall apply to any carcass, part thereof, meat or meat food product under one or more of the following circumstances: if it consists in whole or in part of any filthy, putrid, or decomposed substance or is for any other reason unsound, unhealthful, unwholesome, or otherwise unfit for human food.

Advanced Meat Recovery:

- Advanced Meat Recovery (AMR) is a technology that removes muscle tissue from the bone of beef carcasses under high pressure without incorporating bone material. AMR product can be labeled as “meat.” FSIS has previously established and enforced regulations that prohibit spinal cord from being included in products labeled as “meat.”
- The interim final rule expands that prohibition to include dorsal root ganglia, clusters of nerve cells connected to the spinal cord along the vertebral column, in addition to spinal cord tissue. In addition, because the vertebral column and skull in cattle 30 months and older will be considered inedible, they cannot be used for AMR.

Air-injection Stunners:

- The interim final rule bans the practice of air-injection stunning.
- Air injection stunning devices are those stunning devices that inject a jet of air into the brain at the end of the cylinder stroke to accomplish an irreversible stun.

Food and Drug Administration

FDA is examining what additional measures could be taken to bolster BSE prevention. Key issues under consideration include efforts to strengthen the current feed ban through expanded enforcement and risk reduction, including:

- Elimination of some or all Specified Risk Materials (SRM) from the livestock rendered feed supply.
- Removal of the dead, down and disabled category of cattle from rendering systems that produce livestock feed by-products.
- Elimination of all or some of the uses for blood and blood products, plate waste and poultry litter as cattle feed.
- Expanded testing of feeds and ingredients within the U.S. and at ports of entry.

TRADE IMPLICATIONS OVERVIEW

Impact on the Domestic Market:

- The cash fed-cattle market dropped from \$91 to \$78 the week of the incident. This 14.3 percent one-week decline in value on an annualized basis translates into a \$5.5 billion decline in the equity of the cow-calf sector of the industry (calculated based on \$38.3 billion in 2002 gross sales). Considering that 20 percent of the U.S. farm economy is derived from the sale of cattle and calves, this represents a significant shock to the U.S. farm economy.
 - 2001 GROSS INCOME of Cattle and Calves: \$40.8 billion
 - 2002 \$38.3 billion
 - Jan 1, 2002 TOTAL VALUE of Cattle & Calves: \$72.3 billion
 - Jan 1, 2003 \$69.8 billion
- A 14.3 percent (annualized) reduction in the \$69.8 billion value of US cattle and calves would translate into a \$10 billion loss in equity.
- It is estimated that the US produced 26.3 billion pounds of beef in 2003. This \$0.13/lb one-week live basis reduction in price (\$0.20 cents/lb in the meat) would translate into a \$5.26 billion (annualized) reduction in the value of US beef production.

Impact on Our Export Markets:

- As is the standard international response, almost all U.S. export markets placed a temporary ban against U.S. beef, effectively eliminating 90 percent of what is expected to be a record \$3.8-\$3.9 billion market in 2003. (Only Canada, the EU and Cuban markets remained open as of 1/5/04.) Cattle-Fax estimates that the loss of export markets cost U.S. cattlemen an estimated \$11 to \$13 per cwt.
- The industry's most immediate concern, however, is the 44,000 metric tons of U.S. beef that was in transit to our top six export markets on December 23, 2003. The value of this product was estimated to be \$200 million. It appeared unlikely that all of this product will be accepted despite the fact that there is no scientific justification for halting this trade. Some ships were returning to the United States. The economic loss for the U.S. beef export industry will be serious.
- In 2002, a study commissioned by USMEF indicated that the "additional" value of the US beef export program generated more than an additional \$1.2 billion in revenue over what would have been obtained solely in the domestic market.

Further Explanation Regarding the "Value" of U.S. Beef Exports

Probably the strongest argument for a healthy U.S. beef export program is that we tend to export those cuts and products that are not generally consumed in the US with two of the best examples being tongues to Japan and livers to Russia. During 2002, the average value of U.S. beef (not including variety meats) exports was \$1.38 per pound and that of imports was \$1.13 per pound. ***So far during Jan-Sep 2003, this difference has more than doubled to \$0.53 per pound.*** This differentiation in value strongly suggests that the U.S. should continue its emphasis on exporting beef.

In a report titled "Methodology and Results of the Value of Beef Exports Analysis" in July 2002, the U.S. Meat Export Federation attempted to further quantify the value of the U.S. beef export program using data for 2000. This report included the following table:

Item	U.S. Value (\$/kg)	International Value (\$/kg)	Exported Volume	Total Extra Value (Mln \$)	International Markets
Short Ribs	1.33-2.09	4.00-10.00	121,395	\$388	China, Japan, Korea, Taiwan
Tongue	0.22	9.92	35,310	328	Japan
Outside Skirt	2.09	3.50-6.00	50,516	166	Japan, Korea, Mexico
Short Plate	0.96	1.74-2.65	162,690	63	China, Japan, Middle East
Chuck Eye Roll	2.62-2.68	3.50-6.00	71,223	43	Japan, Korea, SE Asia
Intestine	0.10	0.90-1.70	31,814	35	Japan, Korea
Tripe	0.10	0.50-3.00	38,520	35	Poland, China
Rib finger	1.33	2.94-3.80	13,883	27	Korea, Taiwan
Chuck Flap Tail	1.25-1.30	3.46-6.17	9,548	26	Japan, Taiwan
Rib Eye Roll	8.18-9.23	11.00	18,212	23	Caribbean, Japan
All Items			921,558	\$1,212	

Source: USMEF Estimates

This report merits closer study considering that U.S. beef and beef variety meat exports in 2000 were a record \$3.6 billion and 2003 exports are likely to meet or exceed this level. The study determined that "the value of exports was \$9.66/cwt. on a live basis for the price elasticity with respect to supply plus \$2.79/cwt. live given higher international prices for certain cuts" for a total value of \$12.45/cwt.

Impacts in the Short-Term:

- Cattle-Fax estimates that the temporary loss of foreign markets means the domestic market will have to absorb approximately 45 million pounds per week, or reduce slaughter levels. January 2002 weekly slaughter levels averaged 695,000 head, or 530 million pounds.
- Some of the negative price implications stemming from this increase in domestic supply can be buffered by a reduction in the demand for imported beef.
- Reduced inventories of market ready cattle though most of 2003 brought average carcass weights down from 758 lbs in 2002 to 740 in 2003. Weights were down almost 30 pounds through most of the second half of 2003! The loss of our export market will undoubtedly mean that the current inventory of market ready cattle will grow, marketings will be delayed and, as a result, these carcass weights will soon begin to increase.