

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on February 16, 2005, in Room 423-S of the Capitol.

All members were present except:

- Representative Frank Miller- excused
- Representative Judy Showalter- excused
- Representative Jerry Williams- excused

Committee staff present:

- Raney Gilliland, Kansas Legislative Research Department
- Gordon Self, Revisor of Statutes Office
- Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

- Adrian Polansky, Secretary, Kansas Department of Agriculture
- Don Teske, Kansas Farmers Union (read by Vernon Deines)
- Doran Junek, Executive Director, Kansas Cattlemen's Association
- Gary Rieck, farmer-stockman, Burlingame, Kansas
- Wanda Kinney, Kansas Cattlemen's Association, and President, Kansas Agri-Women
- Brad Harrelson, State Policy Director, Governmental Relations, Kansas Farm Bureau
- Don Hineman, Past President, Kansas Livestock Association

Others attending:

See attached list.

Minutes of the February 7 meeting were distributed. Members were asked to notify the committee secretary of any corrections or additions prior to Friday, February 18, or the minutes will be considered approved as presented.

Hearing and action on HCR 5005 - Concurrent Resolution urging USDA to delay the lifting of the ban on importation of Canadian beef

Chairman Johnson opened the hearing on **HCR 5005**. Raney Gilliland reviewed the history of BSE in Canada and Washington State and the objective of the resolution urging USDA to delay the lifting of the ban on importation of Canadian cattle and beef.

Adrian Polansky, Secretary, Kansas Department of Agriculture, offered neutral testimony on **HCR 5005** urging USDA to delay lifting its ban on Canadian cattle and beef until the United States fully regains its worldwide market share for beef. He reported that a second requirement of the resolution involving enhanced investigation and surveillance has already been accomplished and USDA should be issuing a final report later this month. He reported that last week U.S. Secretary of Agriculture, Mike Johanns, announced that he will delay USDA's BSE Minimal-Risk Regions Rule to allow beef from animals over 30 months of age to come into the United States from Canada. The United States has been importing beef from Canada from cattle under 30 months of age since August, 2003.

The Secretary stated that in the short run, there may be some benefit to keeping our border closed to Canadian cattle, but we could be putting ourselves at a disadvantage in the long run. He noted that since the border closed in May, 2003, Canada has expanded its slaughter capacity to make up for its inability to export cattle to the United States. If we continue to keep our border closed, they will continue to build more processing facilities until there is no benefit to sending cattle to the United States for feeding and processing.

Secretary Polansky sees our greatest challenge being regaining our world market share. Our biggest overseas market is Japan. He reported that he and Governor Sebelius have strongly urged Secretary Johanns to try to closely tie the reopening of our border to Canadian cattle to resumed beef exports to Japan to minimize the impact on our livestock producers. He believes that should continue to be our goal. (Attachment 1)

CONTINUATION SHEET

MINUTES OF THE House Agriculture Committee at 3:30 p.m. on February 16, 2005, in Room 423-S of the Capitol.

Don Teske, Kansas Farmers Union, submitted written testimony, read by Vernon Deines, in support of **HCR 5005**. He stated that to reopen the Canadian border before USDA is convinced there is not a threat to American consumers will threaten the confidence Americans have shown for safety in our food supply. Also, to reopen the Canadian border before our markets are opened overseas, especially to Japan, is irresponsible as it will affect the balance of supply and demand. (Attachment 2)

Doran Junek, Executive Director, Kansas Cattlemen's Association, testified in support of **HCR 5005**. He shared the association's concerns for reopening the border with Canada to live cattle on March 7, 2005. He said the economic damage that will occur if a case of BSE should show up would be catastrophic to United States producers and the economy. Additionally, the estimate of 2 million head of live cattle imports will be disastrous to the market in the United States. (Attachment 3)

Gary Rieck, farmer-stockman, Burlingame, Kansas, appeared in support of **HCR 5005**. He expressed concern over balance of trade issues if the Canadian border is reopened to live cattle. He supports Japan's model of testing all cattle for BSE and related the Harvard Center for Risk Analysis's recommendation to get rid of all risk material from all cattle 30 months of age and up and not to put the meat in anything. (Attachment 4)

Wanda Kinney, Kansas Cattlemen's Association, and President, Kansas Agri-Women, testified in support of **HCR 5005** urging the USDA to delay the lifting of the United States ban on cattle imports from Canada. She also supports Country of Origin Labeling. (Attachment 5)

Brad Harrelson, State Policy Director, Governmental Relations, Kansas Farm Bureau, appeared in opposition to **HCR 5005**, as written. KFB supports the use of sound science as a basis for reopening our markets to ensure continued consumer confidence. **HCR 5005**, as written, seeks actions designed to avoid short-term economic harm to U.S. cattle producers, while ignoring the damaging long-term economic effect of protectionist trade policies. He asked that consideration be given to Representative Larkin's amendment. (Attachment 6)

Don Hineman, Past President, Kansas Livestock Association, testified in opposition to **HCR 5005**, but in support of the compromise reached with Representative Larkin. He asked the committee's support of the amended resolution that highlights the importance of science-based trade decisions while balancing the need to ensure BSE safety measures are being followed. He said the rest of the world is watching the way in which we treat Canada. We cannot expect other countries to base their trade decisions on sound science when we aren't doing the same with respect to Canada. (Attachment 7)

There being no other conferees, Chairman Johnson closed the hearing on **HCR 5005** and opened the floor for discussion.

Representative Bruce Larkin and Gordon Self, Revisor of Statutes, explained a compromise amendment to HCR 5005. It was explained that the amendment would eliminate language dealing with potential health risks; would itemize criteria to be met prior to the USDA implementing the BSE Minimal-Risk Regions Rule; and would encourage the administration to seek an immediate agreement to re-establishing beef and beef by-product trade with Japan, Korea, and Mexico, and apply economic sanctions if necessary. (Attachment 8) In addition, Representative Larkin proposed sending copies of HCR 5005, as amended, to the Kansas Congressional delegation. Representative Larkin moved his amendment. Seconded by Representative Feuerborn, the motion carried.

Representative Feuerborn moved to recommend HCR 5005, as amended, favorable for adoption. Seconded by Representative Svaty, the motion carried. Representative Light requested that his no vote be recorded.

Discussion and action on HB 2103 - Standards and requirements of commercial weighing and measuring devices

Chairman Johnson opened discussion on **HB 2103**. Raney Gilliland reviewed the bill for the committee.

CONTINUATION SHEET

MINUTES OF THE House Agriculture Committee at 3:30 p.m. on February 16, 2005, in Room 423-S of the Capitol.

Discussion and possible action on **HB 2103** was deferred awaiting preparation of an amendment.

Discussion and action on HB 2053 - Premises registration and animal identification and tracking system

Chairman Johnson opened discussion on **HB 2053**.

Gordon Self, Revisor of Statutes, briefed the committee on **HB 2053** and noted that there were several technical changes that needed to be made to make language in the bill consistent. Representative Freeborn moved to make the necessary technical changes. Seconded by Representative Svaty, the motion carried.

Representative Powell moved to amend **HB 2053** to delete language in three sections of statute dealing with county payment or appraisal of diseased animals or the payment of fees associated with animals capable of communicating infectious or contagious diseases. The amendment would make the State of Kansas the responsible party unless payment or indemnity for such animals may be obtained from the United States government. (Attachment 9) George Teagarden, Kansas Livestock Commissioner, had no objection to the amendment, noting that USDA usually pays in these instances. It was noted that the title of the bill may need to be revised. Seconded by Representative Feuerborn, the motion carried.

Representative Knox moved to recommend **HB 2053**, as amended, favorable for passage. The motion was seconded by Representative Feuerborn. The motion carried.

The meeting adjourned at 4:30 p.m. The next meeting is scheduled for February 21, 2005.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 16, 2005

NAME	REPRESENTING
Wendy Williams	KAPA
Wendy Jones	KAPA
Jeff Williams	KARA / KGFA
Marsha Strahm	CWA
Travis Hirst	TAL
Emil T. Mushkoush	Ks Farmers Union
Chris Wilson	Ks Dairy Ass'n
Allie Dennis	Ks Livestock Assoc.
Matt Teagarden	Kansas Livestock Assn.
Don Hineman	Kansas Livestock Assoc.
John G. Swartz	KLA
Jim Gray	Bayer Crop Science
Jack Dutra	KARA
Chris Deines	Rep Johnson's Intern
Take Plgge	Larkin Intern
Dennis Bedore	KGFA -
Debra Duncan	KAH D
George Teagarden	KAH D
Tim Tyson	KDA

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 16, 2005

NAME	REPRESENTING
Carole Jordan	KDA
BRAD HARRELSON	KFB
Ed Rarden	KFED
Adrian Polansky	KDA
CV Co-tsoradis	KDA
Gary Rieck	Rancher & Farmer
Dan M Rezac	KCA
Wanda Kinney	KCA- Ks Agri-Women
Doran JuneK	KCA



KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**Testimony on HCR 5005
to
The House Agriculture Committee**

**by Adrian Polansky
Secretary
Kansas Department of Agriculture**

February 16, 2005

Good afternoon, Chairman Johnson and members of the committee. I am here this afternoon to give brief, neutral testimony on House Concurrent Resolution 5005.

As you know, this bill encourages USDA to delay lifting its ban on Canadian cattle and beef until the United States fully regains its worldwide market share for beef. A second requirement involving an enhanced investigation and surveillance has already been accomplished, and USDA should be issuing a final report later this month.

When USDA reports the findings from its team of experts, I expect it will confirm that Canada's feed regulations and their enforcement of them are comparable to the United State's. I expect that the experts will confirm that Canada's BSE surveillance also is comparable to our own.

USDA's minimal-risk rule proposed to allow beef from animals over 30 months of age to come into the United States from Canada, but U.S. Secretary of Agriculture Mike Johanns said last week that he will delay implementing that part of the rule. The United States has been importing beef from Canada from cattle under 30 months of age since August 2003.

In the short run, there may be some benefit to keeping our border closed to Canadian cattle, but we could be putting ourselves at a disadvantage in the long run. The United States and Canada have long had interdependent cattle and beef production systems. However, since the border closed in May 2003, Canada has expanded its slaughter capacity to make up for its inability to export cattle to the United States. If we continue to keep our border closed, they will continue to build more processing facilities until there is no benefit to sending cattle to the United States for feeding and processing.

Some argue that we need to keep the border closed to protect human and animal health. I think we need to remember that BSE is not contagious between animals and that federal

regulations prohibit organ and neural tissue that could harbor the infective agent from entering the food supply. Also, all animals slaughtered in the United States are checked for overall health before they are allowed to enter the food chain.

I see our greatest challenge being regaining our world market share. Our biggest overseas market is Japan, where Kansas beef is marketed as a brand that is synonymous with high quality. We sold \$175 million worth of Kansas beef to Japanese consumers in 2003.

Last fall, Japan agreed to the framework under which they will resume imports of American beef. USDA continues to report incremental progress toward resolving outstanding issues that Japan identified as pivotal to trade.

Governor Sebelius and I visited Japan last fall to meet with retailers and trade officials to find out what we could do to expedite resumed trade. Those we met with seemed eager to resume imports of Kansas beef, so we're hopeful to be back in that market sometime soon.

Governor Sebelius and I have strongly urged Secretary Johanns to try to closely tie the reopening of our border to Canadian cattle to resumed beef exports to Japan to minimize the impact on our livestock producers. That should continue to be our goal.

Thank you for the opportunity to testify. I will gladly answer any questions you have.

House Ag Committee
2-16-2005
Testimony on House Concurrent Resolution 5005
Kansas Farmers Union
Box 1064, McPherson, Ks. 67460

Thank you Chairman Johnson, Kansas Farmers Union would like to speak today in support of HCR 5005. A concurrent resolution urging the United States Department of Agriculture to delay the lifting of the United States ban on cattle imports from Canada.

We feel that the Canadian beef import issue is a very serious factor for our cattle producing members. In spite of the Canadian cases of BSE and the U.S. case of a Canadian imported cow with BSE the American public has continued to buy beef, and the price for our beef has stayed good in spite of 47 countries that are maintaining a ban on our exports.

To open the Canadian border before the U.S. is convinced that there is not a threat to American consumers will threaten the confidence America has shown up to this time in our food safety.

Also to open the Canadian border before our markets are opened overseas, especially to Japan, is irresponsible, as it will affect the balance in supply and demand that is always so precarious.

Kansas Farmers Union believes that the restrictions of imports of Canadian beef has been a significant factor in the recent profitability of the beef industry and the opening of the border before our exports are opened to us will created a serious problem for America's cattle industry. Enough so that our delegates at our January convention created a Special Order of Business on this issue;

**2005 Kansas Farmer's Union Convention
Special Order of Business
Rescind "Final Order To Reopen Canadian Border"**

In light of recently confirmed additional reports of BSE in Canada, we adamantly encourage the U.S.D.A. to reverse the recent "Final Rule To Reopen" the Canadian border to beef imports. By blindly moving forward with this shortsighted decision, the U.S.D.A. effectively lowers our standard of testing and food safety to one of the lowest of first world nations.

Congress, along with ranchers, farmers and the entire beef industry, must never allow this vulnerability to occur. Consumer confidence, as well as the rural economy, must not be sacrificed at the altar of "free trade".

Kansas Farmers Union supports HCR 5005 and strongly encourages this committee to move the resolution forward.

Thank you. Are there any questions?

KFU

From: "Laura Johnston" <ljohnston@nfudc.org>
To: "Laura Johnston" <ljohnston@nfudc.org>
Sent: Wednesday, February 09, 2005 4:49 PM
Subject: NFU Reiterates Call to Keep Border Closed to Canadian Cattle

For Immediate Release

Contact: Laura Johnston, 202-314-3104, ljohnston@nfudc.org

NFU Reiterates Call to Keep Border Closed to Canadian Cattle

WASHINGTON (Feb. 9, 2005) – National Farmers Union today criticized Agriculture Secretary Mike Johanns' pledge to resume live beef trade with Canada.

"We are extremely disappointed that Secretary Johanns' still plans to re-establish beef trade with Canada before the country has solved its 'mad cow' mystery," said NFU President Dave Frederickson.

Frederickson said National Farmers Union is calling on Congress to reject the secretary's proposal to reopen the border to Canadian live cattle until the following conditions are met:

- Canada can guarantee that live cattle and beef products are free of bovine spongiform encephalopathy (BSE);
- U.S. international beef markets are firmly re-established;
- mandatory country-of-origin labeling is fully implemented to provide recourse to the American consumer if a future problem should arise;
- rapid-testing for BSE is made available in an economically-viable manner to domestic slaughtering facilities;
- Canada can prove 100 percent compliance with the ruminant feed ban; and
- domestic producers are guaranteed an economic safety net.

"I realize our Canadian counterparts have endured a very traumatic economic burden due to the BSE discoveries in their native herd," Frederickson said. "While our membership is certainly sympathetic toward the hard-working farm and ranch families in Canada, allowing this calamity to migrate into our country will not solve their problem and will only endanger our domestic beef market and consumer confidence."

-30-

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Kansas Cattlemen's Association

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To: Chairman Dan Johnson and House Agriculture Committee Members
From: Mike Schultz /CEO
Date: February 15, 2005
Subject: House Agriculture Testimony for HCR 5005

Chairman Johnson and members of the committee,

Thank you for allowing testimony on the resolution addressing the issues surrounding the Canadian border reopening. The Kansas Cattlemen's Association would like to strongly voice our concern over the USDA's decision to reopen the border to live cattle on March 7, 2005. The USDA has been very reluctant to take advice on health and safety issues regarding the seriousness of Bovine Spongiform Encephalopathy, commonly referred to as BSE. I would like to share some concerns that are warranted and factual.

- Canada has been found to have four current cases of domestic BSE, all originating in the Alberta.
- Canada has a seven-year ban and non-trade regulation on countries with known BSE.
- Canada still maintains a ban on Japanese imports of beef and cattle to comply with their import ban.
- Canada is classified as a BSE infected country by all current standards of the USDA and the Office of International Epizootics (OIE), which was established in 1924.
- Canada has failed to meet the requirements of the seven-year risk assessment adopted by the OIE and all 160+ countries that belong to this international group of scientists and veterinarians. It is their job to prevent the spread of disease from animals to humans.
- Canada imported several cattle from European countries during their outbreak of BSE in the 1980's and early 1990's (the United States did import, but destroyed those same cattle or studied them until natural death).
- Canada's last BSE infected cow was a Charolais that was six years old, which is far younger than the other cattle that have tested positive for the disease. The blood and bone meal ban in Canada was put in place shortly after the USA ban, therefore, a cow of six years of age should not have contracted the disease if the ban was truly in place. This alone is an alarming issue.

USDA places strict guidelines on Brucellosis, Tuberculosis or Foot and Mouth Disease currently. It also places strict guidelines on states in the USA, including rigorous testing and several years of negative test results *before* interstate movement is allowed.

- USDA continued to import beef from Canada, even after the second case of BSE in December 2003.
- Canada's testing for BSE is far behind the aggressive testing done in the U.S.A.
- BSE prions are basically indestructible. They contaminate with feces, urine, nasal discharge, saliva and reproductive discharge. Thus, they can easily contaminate soil in lots, paddocks, feeding pens and pastures.
- BSE prions are ingested and replicate in lymphatic tissues in the intestinal track before making their way to the central nervous system.
- There is no treatment for BSE cases and USDA /APHIS are proposing to relax the standards for entry into the USA from a BSE infected country.
- USDA /APHIS have the responsibility to protect the health of cattle and livestock within the borders of the United States. It is not their job to lower standards.
- In Europe even after the ban of blood and bone meal in the 1990's, BSE prions have continued to show up and the phenomenon is that the incubation period becomes shorter with 2nd and 3rd generation carriers.
- USDA continues to announce inconclusive test results to the media that disrupt the United States live cattle market costing producers millions if you sell on a day of an inconclusive report.
- USDA should not be allowed to lift the Canadian trade restrictions until normalized trade has been achieved with Japan and the Asian rim countries. This condition must be met if we are to have a chance of maintaining the profitability cow/calf producers have enjoyed the last 2 years.

So as you can see there are some very alarming concerns for opening the border. The United States cattle industry has seen profitable ownership of livestock with the current prices and decreased live cattle imports, even without exports. The economic damage that will occur if a case should show up would be catastrophic to USA producers and the economy. Additionally, the estimates of 2 million head of live cattle imports will also be disastrous to the market in the U.S.A. Can you be held accountable to the people you represent knowing that you did nothing to protect our industry? We are trying to protect our industry from a serious disease. Canadian producers are proof of what the disease cost their cattlemen. We cannot afford even the slightest risk with a case of BSE in this country.

I ask that you please take this message seriously and send a message to our President George W. Bush, leaders in Washington D.C. and USDA/APHIS to support and delay the lifting of the requirements to open the border to Canadian live cattle on March 7, 2005. The requirements are and have stood the test of time and we should not jump into change for the benefit of a few.

Respectfully submitted,

Doran Juneck, Kansas Cattlemen's Association, Executive Director

I, Gary Rieck, a farmer-stockman from Osage County, support House Concurrent Resolution 5005.

The Canadian Food Inspection Agency (CFIA) as of December 8, 2004, stated there are 34 countries that maintain complete bans on Canadian beef and cattle including Japan, South Korea, and Taiwan.

For the United States, beef exports for the year 2004 were only 16 percent of exports for the year 2003. From January to October, 2004, Canada exported 883,161,000 pounds of beef to the United States; Canada imported 37,442 pounds of beef from the United States.

On March 17, 2004, a key scientist told the Congressional Biomedical Research Caucus that the United States should follow Japan's model of testing all cattle. The Japanese solution is the right one says Stanley Prusiner, the University of California scientist who discovered prions (the cause of mad cow disease). Prusiner states, "Mad cow disease is the greatest threat to the safety of the human food supply in modern times and the safety of the blood supply world wide."

On February 9, 2005, the Harvard Center for Risk Analysis (HCRA) has done the most work on BSE (mad cow disease); their work is most broadly accepted on the subject of BSE. HCRA says to get rid of all risk material from all cattle 30 months of age and up and don't put the meat in anything.



Gary Rieck
5588 W. 149th Street
Burlingame, Kansas 66413
Phone (785) 654-3721

February 16, 2005

Representative Johnson, members of the committee: thanks for the opportunity to appear before you this afternoon. I'm Wanda Kinney, representing DWKFarms, Kansas Cattlemens Association, and I also serve as state president of Kansas Agri-Women.

We have a small cow herd and also have a backgrounding feeder operation. For those of you who like a bit of history, the Kinney Ranch has produced beef for a while, since 1861. So in saying that, we have strongly supported some of these other fine farm organizations either by choice or force.

We strongly support HCR No. 5005 which urges the USDA to delay the lifting of the United States ban on cattle imports from Canada.

We are very aware of the huge amount of beef coming into the US in the form of "boxed" beef that is greatly adding to our trade deficit. I'll leave those details to other speakers on that issue. Actually, COOL, Country of Origin Labeling, would be a big help in our beef business. Pick up an onion, apple, a box of Tide detergent, an item of clothing, anything but the package of meat that we need to prepare for our family's everyday dinner, and it is labeled as to its origin.

May I quote a fact stated by Dr. Max Thornsberry, DVM of Richland, Missouri: "BSE isn't a disease, it's a death sentence. There's no treatment for it. The chances of getting BSE aren't very great, but it's very serious if you're the one who gets it"!

BSE wasn't a problem in the U.S. when our family's beef business was a featured article in Grass and Grain exactly 21 years ago this week -- so, why import it now?

Wanda Kinney
13055 S.Berryton Road
Garbondale, Kansas 66414

House Agriculture Committee
February 16, 2005
Attachment 5

PUBLIC POLICY STATEMENT

HOUSE COMMITTEE on AGRICULTURE

RE: HCR 5005 – urging USDA to delay lifting the ban on cattle imports from Canada

February 16, 2005
Topeka, Kansas

Testimony provided by:
Brad Harrelson
State Policy Director
KFB Governmental Relations

Chairman Johnson, and members of the House Committee on Agriculture, thank you for the opportunity to appear today in opposition to HCR 5005 as drafted. I am Brad Harrelson, State Policy Director—Governmental Relations for Kansas Farm Bureau. KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

We support the use of sound science and Office International Epizootics (OIE) guidance in classifying countries as a minimal risk region for BSE. Farm Bureau reaffirms its support for using sound science as a basis for reopening our markets to ensure continued consumer confidence. However we are concerned about the process of reopening markets on our domestic beef industry. We urge USDA to use measures and protocols to open the markets in order to ensure consumer confidence and enhance our beef industry. This rule is another step in the process toward normalizing global trade

for U.S. beef, which benefits U.S. beef producers.

Regaining access to export markets is a top priority. For U.S. cattle producers, the value of our export markets equals approximately \$15 per-hundred-weight (cwt) in fed cattle prices. Currently, we have recouped roughly one-third of our markets, or \$5/cwt, but we are still leaving \$10 on the table.

Our trading partners are monitoring our position on this rule, and they will likely apply the same principles to us as we try to normalize trade following the December 2003 case of BSE. We expect our trading partners to base their decisions to trade with us on science, and we must do the same.

Our goal is to be world leaders in establishing a science-based framework for global trade that doesn't create trade disruptions for U.S. beef. There is no scientific justification for keeping the borders closed to cattle or any beef from animals less than 30 months of age.

First and foremost, people should know the beef products affected by this rule are safe. Period. This rule will also allow for the importation of feeder cattle and fed cattle less than 30 months of age which science has proven to be safe from BSE. Every beef product sold in this country is inspected, regardless of whether it comes from imported or domestic cattle.

In summary, all stakeholders want assurances that everything possible is being done to normalize trade with our trading partners, including Japan. However, HCR 5005 as offered, seeks actions designed to avoid short-term economic harm to U.S. cattle producers, while ignoring the damaging long-term economic effect of protectionist trade policies. After careful analysis, of all the available facts, we can find no science-based reason to stop trade with Canada. Consider the analogy that fair trade is being held hostage and the Japanese market is the ransom. How can we demand fair treatment

from export markets when the proponents of this resolution seek to reject the same for Canada?

Therefore, Kansas Farm Bureau respectfully urges your support of sound-science, and reject HCR 5005 as drafted. However, should you take action on the resolution, we ask for your consideration regarding our stated concerns and amend the appropriate sections. Thank you, once again, for the opportunity to appear before you and share the policy of our members. KFB stands ready to assist as you consider this important measure. Thank you.



Since 1894

Testimony

To: Kansas House Committee on Agriculture
From: Don Hineman
Subject: House Concurrent Resolution No. 5005
Date: February 16, 2005

Good afternoon, my name is Don Hineman and I am a cow/calf producer from Dighton and a past president of the Kansas Livestock Association (KLA). On behalf of the nearly 6,000 KLA members from all segments of the \$5.6 billion Kansas beef industry, I am testifying in opposition to HCR 5005 but in support of the compromise reached with Representative Larkin.

I recently served as a member of a trade delegation sent to Canada by the National Cattlemen's Beef Association (NCBA) to examine the Canadian beef cattle production system. The announced final rule from USDA which would allow importation of cattle from Canada, coupled with the discovery of two new cases of BSE in the Canadian cow herd had raised a number of questions among the members of NCBA. The trade delegation, consisting of nine beef cattle producers, two staff members from NCBA, and one member of the ag press, was charged with seeking answers to these questions.

Before I get into details of our trip and the information we gathered, I would like to briefly review the BSE control mechanisms which are internationally recognized as effective and adequate to control and eventually eradicate BSE. They are:

1. Removal of specified risk materials (SRM) from all cattle at the time of slaughter and prior to processing for human consumption. SRMs are tissues that, in BSE-infected cattle, contain the agent that may transmit the disease. In diseased animals, the infective agent is concentrated in certain tissues. SRMs are defined as the skull, brain, trigeminal ganglia (nerves attached to the brain), eyes, tonsils, spinal cord and dorsal root ganglia (nerves attached to the spinal cord) of cattle aged 30 months or older (scientific research has shown that these tissues, in cattle younger than 30 months, do not contain the infective agent); and the distal ileum (portion of the small intestine) of cattle of all ages. The removal of SRMs is the single most important action that can be taken to protect public health.
2. A ban on the feeding of ruminant protein to ruminants. Scientists around the world agree contaminated feed is the most likely vector of BSE in cattle. Exceptions are made for ruminant blood meal and milk, because it has been

House Agriculture Committee
February 16, 2005
Attachment 7

determined that these products do not carry the BSE agent. The ruminant protein feed ban effectively protects the health of the cattle herd.

3. An effective BSE surveillance program, entailing testing for BSE among the at-risk population, which is defined as cattle from the over 30-month population which exhibit central nervous system disorders or are non-ambulatory at the point of slaughter, or on-farm "4D" cattle (dead, down, diseased, or dying).
4. An effective import control system to prevent the importation of cattle from countries with active outbreaks of BSE.

The mission of our team was to assess the effectiveness of Canada's control efforts in these four areas. We were also to gather information regarding the numbers of various classes of cattle in the Canadian herd, and attempt to determine how many of these might be available to cross the border into the U.S. if the border were to open. During our trip we were briefed by cattle industry officials and representatives of the Canadian Food Inspection Agency (CFIA). We toured two feed mills, a beef slaughter and processing facility, a rendering facility, and four feedyards. We also did a fly-over inspection of some 700,000 head of Alberta's 1.1-1.2 million head of feedyard capacity.

The trade team found no scientific basis for keeping the border closed and determined the negative short-term economic effect would be minimal and is outweighed by the potential long-term economic benefits of free trade.

Control Mechanism Number One

We toured the Cargill slaughter facility at High River, Alberta. In May, 2004 I had toured the Cargill/Excel facility at Dodge City, Kansas. The process for removal and proper handling of SRMs was virtually identical at the two plants. Discussions with industry and government officials confirmed that similar procedures were in place at all Canadian slaughter plants. We concluded that Canada was effectively removing SRMs and thereby protecting public health.

Control Mechanism Number Two

The U.S. and Canadian feed bans were instituted on the same day in 1997, nearly six years prior to the finding of the first case of BSE in Canada in May 2003. The feed bans are equivalent except that Canada takes two additional steps, banning poultry litter and plate waste from ruminant feeds. At the time the feed bans were instituted, a feed recall was not imposed in either country. Therefore there was ramp-up period to reach a high level of feed ban effectiveness in Canada as well as in the U.S.

Every Canadian mill is audited annually and affidavits are required. Ruminant-based feeds include the notation "not to be fed to ruminants" on labels and invoices. CFIA has authority to go on feeding operations without restriction, recall product and prosecute. Feed manufacturing plants and the rendering facility we visited operated under HACCP protocols and standards which conform to USDA and CFIA rules. Appropriate firewalls were in place to segregate ruminant ingredients and manufactured feed batches

containing those ingredients. Canada's feed and rendering facilities have instituted either segregated lines or dedicated facilities to maintain the integrity of their feed.

Feed ban compliance rates ranged from 92 to 99% over the past four years. These rates of compliance are comparable to those in the U.S. It is important to note that the incidences of noncompliance were primarily clerical in nature. The most common was to have feed labeled properly but failing to include the proper notation on the accompanying invoice. Much attention has been paid recently to a Vancouver Sun article concerning a CFIA study that revealed animal protein in a significant number of feed samples. More detail on this matter is contained in our final report, but I would point out that the animal protein detected in the samples consisted of such things as insect parts, feather meal, and in one instance a single human hair. It was not ruminant meat and bone meal.

The team concluded that the Canadian ruminant feed ban is comparable both in procedure and in application to the U.S. feed ban, and is adequate to prevent the spread of BSE.

Control Mechanism Number Three

Both the U.S. and Canada have instituted enhanced BSE surveillance programs, consisting of testing as many cattle as possible within the at-risk population. The U.S. surveillance plan is designed to detect the presence of BSE with 99 percent certainty if as few as five targeted high-risk cattle in the entire U.S. cattle herd had BSE. In 2004 the U.S. tested 176,468 head of cattle, and Canada tested 24,000. As a percentage of their total cattle population Canada's testing rate is equivalent to that in the U.S. Canada also has greater access to on-farm 4D cattle because the government reimburses producers C\$225 per head, which is a powerful incentive considering the low cow prices in Canada. In fact, the two most recent confirmed cases of BSE were both on-farm.

The surveillance protocol is similar to that in the United States, and the Canadian surveillance program appears to be on track to meet its targets and to provide a science-based assessment of disease prevalence.

Control Mechanism Number Four

Historically, the vast majority of cattle imported into Canada originated from countries where BSE has not been reported in the native population. Most of these came from the U.S., with smaller numbers of breeding cattle coming from New Zealand and Australia, both of which have never reported a case of BSE. Canada has not imported cattle from the United Kingdom, location of the initial BSE outbreak, since 1990.

Cattle and Beef Available for Export

Numbers supplied by the Canadian beef industry research organization, CanFax, conversations with Canadian producers, and direct observations during the flyover and feedlot inspections led us to conclude that the Canadian feeding industry is current in

their marketings and somewhat below historical on-feed numbers. There appears to be slightly more cattle still on farms than historically, but these are calves and not yearlings. The severe discounts that Canadians receive for marketing an animal greater than 30 months of age have discouraged them from backgrounding cattle for a long period of time and creating a class of long yearling cattle waiting for the border to re-open. In short, there does not appear to be a "wall of cattle" poised to flood across the border upon reopening, and our team agreed with the estimates of CanFax and CattleFax that during 2005 we could see from 600,000 to 700,000 head of fed cattle and 200,000 to 300,000 head of feeder cattle move across the border from Canada to the U.S.

Our team noted that there is one component of the rule which could have a significant detrimental effect on the U.S. beef industry. The rule would allow for the importation of beef from cattle over 30 months of age, but not live cattle from the same age category. Cow prices are very low in Canada right now, and this inconsistency would create a very favorable economic situation for Canadian packers. They could purchase cull cows and bulls at low prices, process them in Canada, and then ship the beef into our market. While we toured the Cargill plant at High River we witnessed renovation activities that would allow the plant to shift a large portion of its processing capacity from fed cattle to cows. If the Canadian plants shift to processing cows this will force more Canadian fed cattle into the U.S. Secretary of Agriculture Johanns has recognized this discrepancy and recently announced his intention to remove over 30 month beef from allowable imports.

In 2002 70% of Canada's beef exports went to the U.S. Their goal is to reduce that figure in the next few years to 50%. The border closing has made them determined to become less reliant on the U.S. as a market for both their beef and cattle. Canada expanded its packing capacity by 22% in 2004, and plants are being constructed or are in the planning stage that would make Canada self-sufficient in packing capacity by the end of 2007. Keeping the border closed for an extended period of time will force Canada to move from being an ally to being a formidable competitor. As a competitor they would have these advantages:

1. A cow herd with the genetics to produce high quality beef.
2. A feeding sector that is aggressive, innovative, and very competitive in cost of gain.
3. A packing industry with many new state-of-the-art facilities.
4. A government willing to take drastic steps to regain access to international markets. Among these steps would be testing of all cattle for BSE and removal of SRMs from all animal feed.
5. A huge lead in the activation of an individual animal ID system with source and age verification capabilities.

If this scenario plays out there would be negative consequences for the U.S. beef industry:

1. Excess packing capacity in the North American beef production system would lead to the closing of smaller or less efficient packing plants in the U.S., primarily

in the Pacific Northwest where the plants have traditionally relied on a significant number of Canadian fed cattle imports to meet their supply needs.

2. If Canada institutes a policy of testing all cattle or removing SRMs from all animal feeds it is likely the U.S. would be forced to follow suit in order to regain export markets. Please note that these measures are regarded as contributing very little to risk mitigation for BSE, and they would present significant cost to the beef production system. The economics of the business dictate that most if not all of this cost would be passed back to the cow-calf producer.
3. The U.S. would then be forced to compete against Canada to regain access to the foreign markets that have traditionally favored grain-fed beef produced in our two countries.

KLA supports a science-based approach to beef trade. Normalization of trade based on sound science provides tremendous opportunities for the beef industry. Prior to December 2003, the beef industry enjoyed a positive trade balance of around \$1 billion annually. Normalized beef trade benefits all industry participants in the form of higher total beef demand. Cuts like short plates, tongues, livers and others have little demand domestically, but their desirability in export markets adds to the total value of the carcass.

Relying on science provides the best footing for our industry. The rest of the world is watching the way in which we treat Canada. We cannot expect other countries to base their trade decisions on sound science when we aren't doing the same with respect to Canada. Keeping the border closed for reasons other than science will lead to long-term economic harm to the U.S. beef industry.

We ask for your support of the amended resolution that highlights the importance of science-based trade decisions while balancing the need to ensure BSE safety measures are being followed. Kansas beef producers have much to gain from normalizing beef trade requirements.

Common Questions on Beef Trade

1. Why do we want to resume trade with Canada and what is relationship between Canadian trade and our export markets?

Answer: Because international trade is based on trust and fair dealings between trading partners. Potential international customers for our beef are watching how we treat Canada. If there is no public health, nor cattle health risk presented by Canadian imports, keeping the border closed will be perceived negatively by the international community.

2. Is there a human health risk associated with Canadian beef? What assurances do we have that Canadian beef is safe?

Answer: Canadian beef is safe. It is internationally recognized that the single most important step to protecting public health is removal of specified risk materials (SRMs) at the point of slaughter. This level of safety is enhanced by taking steps to reduce the incidence of BSE in the cattle population. We witnessed the proper procedures being employed in Canada, and the team unanimously agreed that Canadian beef is safe.

3. Is Canadian beef allowed into the United States today?

Answer: Yes. Canadian beef imports (meat) into the U.S. were resumed in the fall of 2003. Canadian beef imports are back to pre-BSE levels.

4. What will be the economic impacts to Kansas cattle producers of opening the Canadian border?

Answer: Opening the border will result in a short-term decline in fed cattle prices of 1 to 2%. This short-term loss will be more than offset by the long-term advantages of science-based trade to the beef industry.

House Concurrent Resolution No. 5005

By Committee on Agriculture

Proposed Amendments

1-26

9 A CONCURRENT RESOLUTION urging the United States Department of Agriculture to ~~delay the lifting of the United States ban on~~ cattle imports from Canada.

reconsider

rule

13 WHEREAS, Most export markets for United States beef were closed on Christmas Day, 2003 after one cow out of our nation's more than 96 million head of cattle tested positive for BSE; and

16 WHEREAS, That cow was a dairy cow imported from Canada; and

17 WHEREAS, Within 24 hours of that discovery 58 countries closed their border to American beef; and

19 WHEREAS, The shutdown of exports of approximately 2.58 billion pounds of American beef to these foreign markets has cost the U.S. economy more than an estimated \$3.3 billion a year; and

22 WHEREAS, The United States government and beef industry officials have worked mightily to reassure consumers and government officials throughout the world of the safety and wholesomeness of American beef; and

26 WHEREAS, Consequently, markets are beginning to reopen but much work remains to be done as most markets are still closed to American beef producers; and

29 WHEREAS, In January of 2005, two more cases of BSE have been found in Canada and an American governmental technical team has been sent to Canada to conduct investigation and analysis; and

plans

and such action

32 WHEREAS, The USDA ~~plan~~ to lift the ban on importation of Canadian cattle into the United States may ~~increase health risks in the United States and may~~ have ~~negative~~ long-term economic ~~impact~~; and

consequences

35 ~~WHEREAS, Lifting of the ban on importation of Canadian beef at this critical time in our nation's sensitive negotiations to open up other nations' markets to American beef will make it much harder to persuade those nations to start accepting American beef imports.~~ Now, therefore,

39 *Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein:* ~~That we urge the United States Department of Agriculture to delay the lifting of the ban on importation of~~

41 ~~Canadian beef until the enhanced investigation and surveillance for BSE has been completed in Canada and until the American beef industry has~~

1 ~~fully recovered its lost worldwide market share occurring since 2003~~, and
2 *Be it further resolved:* That the Secretary of State is directed to send
3 enrolled copies of this resolution to the President of the United States
4 and the Secretary of the United States Department of Agriculture.

8-2
That the following criteria shall be met prior to the USDA implementing the BSE Minimal-Risk Regions rule: (1) Prohibit the importation of cattle and beef products derived from cattle more than 30 months of age;

(2) obtain assurances that all Canadian firewalls to prevent BSE, specifically adherence to their feed ban, are functioning properly;

(3) require that no feeder cattle be imported until agreement is reached on harmonization of animal health standards;

(4) movement of Canadian cattle into U.S. must be managed to minimize U.S. market disruptions;

(5) require that no USDA grades and stamps be allowed on any imported beef product; and

(6) receive assurances from our primary trading partners that expanded export access for U.S. beef is not in any way jeopardized by expanded importation of cattle and beef from Canada; and

Be it further resolved: That the opening of the Canadian border may create long-term economic consequences that will be best addressed by the further opening of all world markets, and therefore the administration must seek an immediate agreement to re-establish beef and beef by-product trade with Japan, Korea and Mexico, and apply economic sanctions if necessary

14 Section 1. K.S.A. 47-612 is hereby amended to read as follows: 47-
15 612. Whenever the livestock commissioner determines that certain ani-
16 mals within the state are capable of communicating infectious or conta-
17 gious disease, the commissioner may issue an order to the sheriff of the
18 county or to any agent, inspector or authorized representative of the live-
19 stock commissioner in which such animals are found, commanding such
20 individuals to take into custody and keep such animals subject to such
21 quarantine regulations as the livestock commissioner may prescribe, until
22 such time as the commissioner directs such person to deliver such animals
23 to their owner or owners or to the agent of the owner or owners. Before
24 any animals are delivered, there shall be paid by the owner ~~thereof~~ *of*
25 *such animals* to the livestock commissioner all the costs and expenses of
26 taking, detaining and holding and caring for the animals. In case such
27 costs and expenses are not paid at the time fixed by the livestock com-
28 missioner, the officer having custody of such animals shall advertise, in
29 the same manner as provided by law in case of sale of personal property
30 on execution, that the officer will sell such animals or such portion ~~thereof~~
31 *of such animals* as may be necessary to pay such costs and expenses,
32 together with the costs and expenses of such sale, ~~and~~. At the time and
33 place ~~so~~ advertised the officer shall ~~proceed to sell~~ as many of the animals
34 as may be necessary to pay for such cost and expenses and the expenses
35 of such sale. Upon such sale the officer shall without delay pay to the
36 owner any amount ~~so~~ received in excess of the legal fees and expenses of
37 such officer, ~~and~~. Any officer performing any of the duties directed in
38 this section or any other section of this act shall receive the same com-
39 pensation ~~therefor~~ *for such services* as is prescribed by law for similar
40 services. In case such fees cannot be collected by sale of such ~~stock, the~~
41 *animals, such fees* shall be paid by the ~~county in which such stock was~~
42 *held state of Kansas unless payment or indemnity for such animals may*
43 *be obtained from the United States government.*

1 Sec. 2. K.S.A. 47-615 is hereby amended to read as follows: 47-615.
2 Whenever the commissioner ~~shall direct~~ *directs* the killing or disposition
3 of any domestic animal or animals, except dogs, it shall be the duty of the
4 commissioner, ~~in conjunction with the chairman of the county board of~~
5 ~~county commissioners of the county in which the said animals are located,~~
6 and the owner of the condemned animals, to appraise the animal or ani-
7 mals to be killed or disposed of, ~~and he~~. *The commissioner* shall make
8 an inventory of the animal or animals condemned, and in fixing the value
9 ~~thereof of such animal or animals,~~ the commissioner ~~and chairman~~ shall
10 be governed by the value of such animal or animals at the time of the
11 first appearance of the disease. ~~Provided, that unless otherwise expressly~~
12 ~~provided only one-half of such appraised value of such animals shall be~~
13 ~~paid to the owner.~~

14 Sec. 3. K.S.A. 2001 Supp. 47-617 is hereby amended to read as fol-
15 lows: 47-617. When any domestic animal, other than dogs and animals
16 affected with foot-and-mouth disease, is killed by order of the commis-
17 sioner, the commissioner shall issue to the owner of the animal or animals
18 the certificate showing the number and kind of animals killed, and the
19 amount to which the holder is entitled. ~~Such certificate shall be reported~~
20 ~~to the board of county commissioners of the county in which the animal~~
21 ~~was located, and upon presentation of such certificate to the board of~~
22 ~~county commissioners, such board shall draw its warrant on the county~~
23 ~~treasurer for the amount therein stated. The state of Kansas shall pay to~~
24 ~~the owner the amount to which the owner is entitled as determined by~~
25 ~~the commissioner as provided by this section unless payment or indemnity~~
26 ~~for such domestic animal may be obtained from the United States gov-~~
27 ~~ernment.~~ In case of animals killed or disposed of that are exposed to or
28 afflicted with the foot-and-mouth disease, the appraisalment shall be con-
29 ducted in accordance with the applicable rules and regulations of an ap-
30 plicable livestock indemnity program of the United States government.
31 The state of Kansas shall pay all its expenses incurred in that behalf, and
32 shall pay all its employees necessarily employed therein.