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USDA INSPECTION OF FOREIGN MEAT PROCESSING PLANTS

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HEARING

BEFORE THE

SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

S. 2343

A BILL TO INSURE THE QUALITY OF IMPORTED MEAT

JULY 27, 1978

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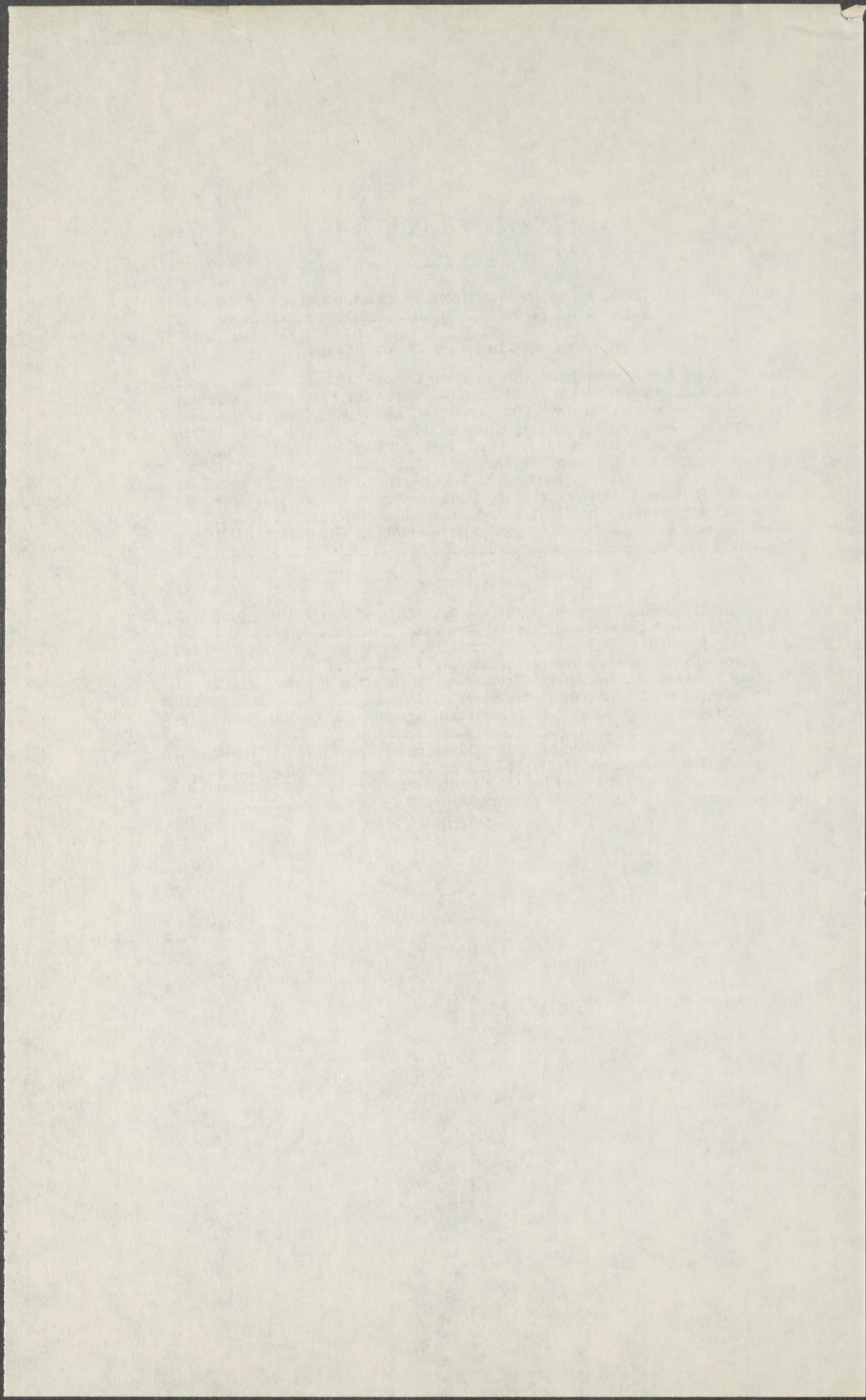
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USDA INSPECTION OF FOREIGN MEAT PROCESSING PLANTS

THURSDAY, JULY 27, 1978

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL RESEARCH
AND GENERAL LEGISLATION OF THE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 324, Russell Senate Office Building, Hon. Patrick J. Leahy (chairman of the subcommittee) presiding.

Present: Senators Leahy, Allen, and Young.

Also present: Senators Zorinsky, Melcher, and Hodges.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

Senator LEAHY. Good morning.

The Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture, Nutrition, and Forestry will come to order.

I am Patrick Leahy, chairman of the subcommittee.

These hearings were requested by Senator Melcher in relation to S. 2343, a bill that has been introduced by Senator Melcher and co-sponsored by a number of Members of the Senate and a number of members of this committee.

I will begin the hearing—because it is a matter that I am interested in—but I intend early on in the hearing to turn the Chair over to Senator Melcher.

Senator Melcher, of course, has had far more experience in this area than I, both from his past experience in the House and from his own intimate knowledge of the area; also his experience in the Senate and his own experiences as the only veterinarian in the Senate and, I believe, in Congress.

Is that not right, John?

Senator MELCHER. That is true.

Senator LEAHY. At this point I will insert a copy of S. 2343 and the committee staff explanation of the bill.

[S. 2343 and the committee explanation follows:]

[S. 2343, 95th Cong., 1st sess.]

A BILL To insure the quality of imported meat.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 20 of the Federal Meat Inspec-

tion Act (21 U.S.C. 620) is amended by adding at the end thereof the following new subsection (f) :

“(f) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than January 1, April 1, July 1, and October 1 of each year a report evidencing that all foreign plants exporting carcasses or meat or meat products referred to in subsection (a) of this section have been inspected by qualified inspectors appointed by the Secretary and have been found to have complied with requirements at least equal to all the inspection, building construction standards, and all other provisions of the title and regulations issued thereunder during the immediately preceding three-month period.”.

SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

STAFF EXPLANATION OF S. 2343

S. 2343 would amend the Federal Meat Inspection Act to require the Secretary of Agriculture to submit quarterly reports to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry showing that all foreign plants exporting carcasses or meat or meat food products into the United States have been inspected by qualified inspectors appointed by the Secretary and have been found to have complied with requirements at least equal to all the inspection, building construction standards, and other provisions of the Act and regulations applicable to meat processing in the United States during the immediately preceding three-month period. The reports would be submitted before January 2, April 2, July 2, and October 2 of each year.

NOTE: Under existing law, only those countries that have meat inspection systems with standards at least equal to those of the United States inspection program are permitted to ship meat into the United States. Before March 2 of each year, the Secretary must submit a report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry containing, among other items, a certification by the Secretary that foreign plants exporting carcasses or meat or meat food products have complied with requirements at least equal to all the inspection, building construction standards, and other provisions of the Federal Meat Inspection Act and the regulations issued thereunder.

Senator LEAHY. So the first witnesses we have before us today is Senator Kaneaster Hodges, of Arkansas, a member of this committee. Senator Hodges?

STATEMENT OF HON. KANEASTER HODGES, JR., A U.S. SENATOR
FROM ARKANSAS

Senator HODGES. Thank you very much, Mr. Chairman.

I would like to speak briefly in favor of S. 2343, a bill to insure the quality of imported meat. The long list of cosponsors of this bill speaks well of its merits and of Senator Melcher's efforts on its behalf. I would like to offer my own support and intend to join that list of cosponsors.

S. 2343 would amend the Federal Meat Inspection Act to require quarterly reports from the Secretary of Agriculture, evidencing that all foreign plants exporting meat to the United States have been inspected and found to comply with standards at least equal to those imposed on our own meat packers and processors.

Although a minimal reporting requirement is specified in the Meat Inspection Act, the amendment quite clearly lays out a schedule of reports and inspections, assures that all foreign plants are up to standard, and leaves little doubt that virtually all imported meat is of a quality and standard at least equal to that of domestically processed meat.

Perhaps most importantly, passage of this bill would be some small sign to the cattle, hog, and sheep producers of this country that the Congress remains committed to their well-being.

Cattle producers were severely shocked by the announcement that beef imports would be increased at a time when many of them were making money for the first time in 4 years. It seems little enough to ask that if our meat producers are required to compete with foreign meat, they should receive the clearest assurances that imported meat has imposed on it the same standards of sanitation and quality that their meat products face.

Some may argue that this legislation may amount to a so-called "nontariff" trade barrier. It is no such thing. The standards that have been developed for our own processors originated in concern for the health of domestic consumers of meat. That same concern is being demonstrated in the inspection requirements included in this bill. I strongly support S. 2343, and urge its passage.

In addition to the prepared statement, I would simply say that as a cattle producer myself, in an area that produces a good deal of beef cattle, the variance between the standards undergone by our own domestic producers and those of imported beef, have rankled for a long time on many of the people in the cattle industry.

This of course does not address just the broader procedure but does speak more specifically to periodic and regular inspections, and I think addresses the sort of controls that insure that we have fairness and equality to all.

Mr. Chairman, I appreciate very much this opportunity. If there are any questions, I will be happy to respond to them, by yourself or any other committee members on this subject only.

And if not, then I will be about my business.

Senator LEAHY. Senator Melcher?

Senator MELCHER. Kaneaster, would you—we have got a rather simple bill; but would you be of the thinking that the proper inspection of a foreign plant would include some system, some systematic determination whether harmful chemicals or residues were present in the meat?

Senator HODGES. Absolutely. And I do not think you can do that unless you do inspect on a periodic, regular basis. I know those inspections are made on all processing plants in Arkansas, both by the State and Federal inspections. And it is so important in terms of meat produced in this country, that it seems inconceivable that we would not apply those same strict, vigorous standards abroad, including the area you just mentioned.

Senator MELCHER. I was visiting with a constituent of yours in a meeting at Dallas a couple of weeks ago. He got into this subject and he mentioned that benzine hexachloride was available, and labeled—if I understood him correctly—in Mexico, to apply to cattle at stronger strengths than I have ever conceived.

He was amazed, too. He is also a veterinarian and had used benzine hexachloride years ago in the 1950's when it was labeled and accepted.

I wondered at times, then, whether we were doing the right thing in the case of benzine hexachloride. It almost can be absorbed right through your hide.

I have eaten some meat that was very nice otherwise, but it tasted like benzine hexachloride. The application was a rather moderate con-

centration, 2 or 3 weeks before slaughter. We did not think of it at that time. We were not aware that the hexachloride carbons were going to be singled out as threats to health; and we were apprehensive only about the odor and the penetrating effect benzene hexachloride had, which was obvious absorption into the meat itself. That would remain for some time.

It is a little bit alarming to me that we go through this process of finding what is dangerous for health and get them removed from use here in this country but at the same time—not without a blindfold—we find other countries are still using the banned chemicals, such as benzene hexachloride on livestock, and shipping us the meat.

Unless we have adequate residue sampling, I do not know how we can tell whether we are importing back in what we spent years getting rid of.

That is all I have, Mr. Chairman.

Senator LEAHY. Senator Young?

Senator YOUNG. I support the statement made by Senator Melcher. I do not believe most of the countries we are importing meat from have nearly as strict regulations as we have in the use of herbicides and pesticides. Canada is a good example. They are further advanced in the use of herbicides and insecticides than we are, and they are not nearly as strict on the use of them as we are.

The use of some herbicides are permitted in Canada to control weeds that are still not permitted here. I think this is even more true of other countries that we import meat from.

So I think Senator Melcher as a veterinarian himself, is correct in the views he expressed.

Senator LEAHY. Senator Allen?

Senator ALLEN. No.

Senator LEAHY. Senator Zorinsky has just joined us.

Do you have any questions?

Senator ZORINSKY. No.

Senator LEAHY. John, do you want to join us up here? I am going to have to step out in just about 5 minutes.

Our next witness will be Assistant Secretary Foreman and, Ms. Foreman, if you could join us right here, beside Senator Zorinsky.

STATEMENT OF HON. CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY: DR. HYMAN STEINMETZ, DIRECTOR, FOREIGN PROGRAMS, FOOD SAFETY AND QUALITY SERVICE, U.S. DEPARTMENT OF AGRICULTURE; DR. DONALD L. HOUSTON, ACTING DEPUTY ADMINISTRATOR, MEAT AND POULTRY INSPECTION PROGRAM, FOOD SAFETY AND QUALITY SERVICE, U.S. DEPARTMENT OF AGRICULTURE; AND DR. GRACE CLARK, STAFF OFFICER, FOOD SAFETY AND QUALITY SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Ms. FOREMAN. Thank you.

I have with me this morning Dr. Donald Houston, who is the Acting Deputy Administrator for Meat and Poultry Inspection of the Food Safety and Quality Service; Dr. Hyman Steinmetz, who is the direc-

tor of our foreign program staff; and Dr. Grace Clark, who is the program officer for our residues and evaluation staff of the Meat and Poultry Inspection in the Food Safety and Quality Service.

Senator LEAHY. We are glad to have you here with us today, and appreciate your coming over.

Ms. Foreman, I have read down in your statement, all of which will be in the record. But, please feel free to cover as much or whatever parts you would like of your statement.*

I know that you raise questions in it about the additional requirements of reporting that would be placed on you by S. 2343, and expressed concern that to some extent, this might diminish the efforts of the USDA today in inspections.

So, please feel free to emphasize whatever points you would like to make.

Ms. FOREMAN. I think, Mr. Chairman, the first point that is important to emphasize is that the present law requires that the Secretary of Agriculture submit to Congress each year very comprehensive and detailed written reports on foreign meat inspection.

In that report, we are required to certify that foreign plants have complied with inspection standards that are at least equal to the U.S. standards; that we supply the names and locations of plants, the number of USDA veterinarians assigned to review those plants; the frequency with which each plant was inspected; the number of inspectors licensed by the Government of the exporting country, and total volume of carcasses—meat and meat products—imported during the previous calendar year.

This legislation before you today would provide for additional reporting requirements. The Secretary would be required to submit quarterly reports that all foreign plants exporting to the United States during the previous 3 months have complied with USDA standards, and each one was inspected some time during that previous 3 months.

Now, we are very much aware of the concern in Congress and among the public that foreign meat inspection be better than what it is right now. We think that our program needs some improvements, and we understand the concerns that lay behind S. 2343.

But it is our view that these particular kinds of additional reporting requirements are not precisely what we need; that they would unduly restrict our ability to administer the program in a way that meets the needs of the program and, accordingly, we have to oppose the legislation.

Our main concern is the requirement that every foreign plant be reviewed at least every 3 months by one of our inspectors. We believe that this requirement would actually tend to diminish the effectiveness of our inspection controls over foreign plants.

The export of meat to the United States is a very diverse activity. There are about 1,100 plants that are permitted to export to the United States. Some of these are located in countries that have very high export volume, and they do so—they export continuously to the United States.

Some produce specialty products, exported only occasionally and in very small quantities. Some plants may be eligible to export but not

*See p. 43 for the prepared statement of Assistant Secretary Foreman.

actually engaged in export at a particular time. Others may not export directly to the United States, but may supply carcass meat—

Senator MELCHER. Excuse me, but there is a point too important to even allow it to lie for a few minutes without clarification.

It would be contrary to law, would it not, to accept only an inspection of processed meat without having had an inspection of equal quality at the time of slaughter, including ante mortem inspection; otherwise you could have all sorts of diseased meat?

As your statement reads here, it appears that the Department is violating the laws.

Is that correct?

Ms. FOREMAN. No; I think that any time we get those specialty meats exported, you have had a continuous inspection all the way through, but they may not be doing it on a day-in-day-out basis.

Senator MELCHER. This says: "Supply carcass meats to a further processing plant that is the exporting plant of origin."

Ms. FOREMAN. I am sorry. I misunderstood which phrase you were concerned with.

Senator MELCHER. The original plant that supplies the carcass meat has to be one of the licensed plants, and have a current inspection; does it not?

Ms. FOREMAN. That is my understanding.

Is that correct?

Dr. STEINMETZ. Yes; absolutely.

Senator MELCHER. This point does not mean anything? The statement does not mean anything?

Dr. STEINMETZ. What was intended to be conveyed there, I believe, is that you may have a foreign eligible plant approved for the United States, but inasmuch as it does not export directly, but furnishes carcass meat to a process plant that actually exports to the United States—in our statistics, showing where the product comes from—the original slaughter plant will not actually appear in the statistics as an export plant if all it does is supply the product to a processor.

Senator MELCHER. Well, it is one of the 1,100?

Dr. STEINMETZ. Absolutely.

Senator MELCHER. Then the statement is misleading.

Well, if it meant anything, it would be misleading to the extent that the carcass plant, where the carcass came from, it did not have to be inspected.

But they were part of the—

Ms. FOREMAN. They were part of the 1,100; that is correct. The fact is the review system is shaped to meet the needs of the very diverse import situation. In countries such as Australia and New Zealand—which are engaged in continuing export to the United States, all eligible plants are reviewed at least four times a year.

But there are other plants in other countries that we may review only once a year.

For example, there are a number of plants in Canada that are eligible to export to the United States, but may in fact even send only an occasional shipment to the United States.

Given the very low volume of these plants, we believe, that review once a year is sufficient.

It is important to note that the reviews are just one small part of a system of safeguards. I think that it is important also to note that

when we say "review by inspectors," you should understand that those reviews are carried out by veterinarians. The people who go into the plants to do these reviews are veterinarians, and in the plants at all times, if the plants are licensed to export to the United States.

There are lay inspectors who perform the functions similar to the lay inspectors' duties here in the United States.

Senator ALLEN. May I ask if these are American veterinarians?

Ms. FOREMAN. Yes, ma'am.

Senator ALLEN. Are they people attached to embassies?

How is that done?

Ms. FOREMAN. We have 20 inspectors, foreign program veterinarians, who travel—some of them live in the countries. Eight, I believe live in the countries abroad, and 12 of them travel back and forth from the United States to the various countries that export to us.

Senator ALLEN. And they report directly to—

Ms. FOREMAN. Dr. Steinmetz and to Dr. Houston.

Senator ALLEN. They do not work for the embassies?

Ms. FOREMAN. No, ma'am. They are direct employees, paid by the meat and poultry inspection program of the Food Safety and Quality Service.

We also have inspectors stationed at ports of entry to sample every shipment of meat that comes in from abroad.

Another essential safeguard against adulterated meat is the inspection program of the export country. Now, this is the one—if a country is licensed, if a plant is licensed to export to us, we require that they operate under trained inspectors, as plants do in the United States.

Those inspectors enforce the sanitation requirements, construction and maintenance requirements, and post mortem examination and labeling requirements. These are just as stringent as those in the United States. I became aware of the fact that this is the case last year when we were notified that, in two South American countries, a system had been instituted in which the packing company paid the inspectors. We immediately sent notification to those two countries that we would not allow their meat to continue to be exported to the United States until they reverted to a system where the inspectors in the plants were paid by the government, as ours are paid by the Government. We make sure that there is no obligation of the inspectors to the company that he or she is inspecting.

In fact, in one case, we held up the export of meat from one of those countries for a matter of months until they rectified that situation. The other one was able to do it immediately.

Just as State inspections in our country must be equal to Federal standards, the inspection of foreign plants exporting to the United States must be at least equal to the inspections carried out in the federally inspected plants.

Whenever we discover that foreign plants no longer are equal to federally inspected domestic plants, we do not allow products from that plant to enter the United States.

Day-to-day inspection programs of foreign governments are our main safeguard against adulterated meat from abroad, and our monitoring is simply an overlay for security in that regard.

We think it is important to improve foreign inspection programs.

In April, our Administrator, Dr. Angelotti, appointed a special task force to study the effectiveness of the present controls on the safety of imported meat, and reported back with recommended improvements.

We expect a final report on that sometime this fall, but we know what some of the problems are, and can report on those to you.

There are two major areas where we think the program needs to be strengthened:

First, the present system of plant reviews does not provide for the most effective use of our resources. The task force findings call for an even greater flexibility rather than going to more—foreign plants would be placed in the risk category based upon such factors as the animal disease level in the country, the pattern of pesticide use, animal drug use, and the effectiveness of control programs of the foreign government.

Our resources would be concentrated at those plants or those points of distribution where the risks of adulteration are the highest.

The contamination, as you mentioned, Senator Melcher, from chlorinated hydrocarbons, may be significantly higher in meats from South America than it is in meat from Australia. If this is the case, then it seems to us to make sense to intensify our monitoring of those countries where the risk is the highest. We want to make the most efficient and effective use of our resources to protect the consumer.

The second area of the task force has been our control program for residues in imported meats. In the past we just have not had enough information to adequately monitor imported meat for chemical residues.

In 1977, our inspectors took 2,414 random samples from imported meats. The samples were tested for a whole range of chemicals that we know are used in cattle production.

Only 20 of the samples, or 0.8 percent, were found to contain violative residues.

Even though we can test for residues at points of entry, quite frankly, we do not know what chemicals to test for. Therefore, we think we can strengthen our program by issuing new regulations that would require foreign countries to provide us with more detailed information on their residue control programs and the patterns of chemical use in their countries.

We also plan to set up testing programs to evaluate the laboratory capabilities of countries that export to us.

The Carter administration is dedicated to an effective meat inspection. We take the mandate of the Meat and Poultry Inspection Acts to prevent the sale of adulterated feeds very seriously. However, we believe everyone in this country wants the Government to be efficient as well as effective.

We are looking for ways to employ our resources in new and more effective and efficient manners.

S. 2343 would present some logistical difficulties and impose additional costs. There is a need to plan in advance the complex travel required in foreign reviews. But if S. 2343 were to become law, it would be necessary to make sudden trips to review formerly inactive plants that began exporting near the end of a reporting period. Under those circumstances, it would be extremely difficult to carry out an orderly program.

We estimate that the bill before you would increase cost, largely in support staff and travel, by a significant amount.

I will of course be happy to answer any questions that you may have with regard to our position on this legislation.

[Whereupon, Senator Melcher assumed the Chair.]

Senator MELCHER. First of all, before we get to the questioning, Carol, is the bill before us requiring quarterly inspections of those plants, or foreign plants that are exporting carcasses or meat or meat products, referred to in subsection A of this section?

That could be interpreted as broadly as you have interpreted it. But, I would agree that there is little need to have quarterly inspections of a plant that is dormant, remains on the list; and many plants in Canada, I think, do remain on the list and are very dormant but may occasionally send products here.

I do not know if that language is adequate.

Ms. FOREMAN. It is important to note, as I did in my prepared testimony, that where we have plants that have a continuous flow of export to the United States, our inspectors are in with great frequency.

Senator MELCHER. One of the concerns that arises out of this increase in beef exports for this year—or the invitation for an increase in beef exports from foreign countries by relaxation of the quotas that the President announced earlier this year, is that we will be getting product from plants that may have been inspected a year ago and have not sent us any product during the year, and probably they will not be Canadian. Many of them will not be Australian. They could be from Panama or Honduras.

And we know of no triggering device to assure that they get inspected before they become active again.

Dr. HOUSTON. Senator, before they are permitted, of course, they have to be certified by the country of origin that they are eligible. The increase—

Senator MELCHER. Well, I assume they are already on the list.

Dr. HOUSTON. Yes; they probably are.

We would expect that there may be some variations, but we would expect—and our experience has been—that the plants who are already in the process of supplying the meat to this country are generally the ones who pick up the extra that comes along when the quotas are relaxed, as they have been in this case.

The situation you described is certainly possible, but we do not think that would occur on a practical basis.

Senator MELCHER. Well, General Torrijos mentioned in February that he hoped that we would relax our quotas so we get more beef in.

How many plants have we got in Panama that are licensed?

Dr. STEINMETZ. I think there are two plants.

Senator MELCHER. Two plants?

Do we know whether they have been inspected recently?

Dr. STEINMETZ. I have got some fairly current records here that I can check for what happened during this year.

Yes; they were reviewed in February, and then in June of this year.

One of those plants, as a result of the review in June of this year, was removed from the eligible list. So we now have one eligible plant in Panama.

Senator MELCHER. When was the other one inspected?

Dr. STEINMETZ. The other one was reviewed on February 15 and June 27.

Senator MELCHER. And then, if they get part of the additional quota, it would be from the one plant that was inspected in June?

Dr. STEINMETZ. It would have been on the one plant. The meat produced after that delisting date could not come to the United States.

Senator MELCHER. How long will it be delisted?

Dr. STEINMETZ. I beg your pardon?

Senator MELCHER. How long will that plant in Panama be delisted?

Dr. STEINMETZ. That depends. The country has to tell us when the problems that were found in the plant have been resolved. You could be talking about several weeks, several months. Sometimes a particular plant never comes back on the list.

Senator MELCHER. It is inspected prior to being—inspected by the United States?

Dr. STEINMETZ. Not necessarily. We have latitude on that, depending on the confidence we have that our standards are being met. Routinely, we accept the plant certification tendered to us by the authorities of the country after a delisting; and the report of corrections having been made.

However, in some instances—

Senator MELCHER. Doctor, we do not do that with States, do we?

Dr. STEINMETZ. State systems stand or fall on their entirety although there are some reviews—

Senator MELCHER. By your own people?

Dr. STEINMETZ. There are some departmental reviews that are carried out on the State programs as well.

Dr. HOUSTON. We examine State plants on a sample basis quarterly.

Senator MELCHER. Any plant in a State that is eligible for interstate commerce that is dropped cannot be reinstated by the State officials certifying that it is back in shape?

Dr. HOUSTON. Yes; if it is a plant under State inspection—

Senator MELCHER. No; by Federal plant.

Dr. HOUSTON. Oh, a Federal plant?

If they dropped inspection, they must come back to us and apply for grant of inspection again.

Senator MELCHER. That is right. And you would not take the State's word for it, from the State veterinarian that everything is rosy?

Ms. FOREMAN. If it is a State-inspected plant, it cannot sell in interstate commerce. If it is a federally inspected plant, of course, they have to come back to us for a grant of inspection.

Senator MELCHER. Carol, I fail to see any difference, because there are many plants in Panama that are not licensed to sell here, and do not have the Federal approval, yet we are being told that under current law, and under current regulation, a condemned plant can come back on without a Federal inspection, on the basis of a country certification.

I think it is an exact parallel between State and Federal here in the United States.

Dr. HOUSTON. It is true that we recognize the country's system. We recognize it on the fact that that is an equal to an inspection system.

On that basis, we recognize their certification, and they can pick up the plant again under our schedule of reviews.

Senator MELCHER. The report—which I have read and is required in the law—does not go into much detail about the construction or physical characteristics of plants being a problem in foreign countries.

Now, many of the slaughter plants in the United States, that I know of, have been closed down during the past 10, 15 years, because they were outmoded, old buildings, 30 years old or older. The requirements of change, putting in a new floor, raising the rail or making bigger doors, and changing to a type of material on the walls and all that, gets too costly for some of them. So they just give up. They just scrap it.

Now, do you know how many plants—what has been the reduction in plants that were federally inspected, say, in 1960, as compared to 1977, the end of 1977? I mean, the mortality rate. I do not mean any new plants added on. I mean plants that existed in 1970 and are not operating now.

Do you have any idea?

Ms. FOREMAN. I could not. We have so many coming on all the time that the number of federally inspected plants keeps going up and down.

Perhaps Dr. Houston could respond.

Dr. HOUSTON. No; there is no way we could know that figure because it is constantly changing. Of course when the Wholesome Meat Act was passed in 1977, it had quite an effect on plants, especially intrastate plants that are under State inspection, or under no inspection system at all. A number of these plants, for a variety of reasons, chose not to invest the money or the time to comply with the standards which were called for under that law. So many plants phased out of business at that time.

However we have no records to answer your question specifically.

Senator MELCHER. How many federally inspected plants are there that are engaged in or eligible for interstate commerce?

Dr. HOUSTON. About 7,200 at this time.

Senator MELCHER. Are all those eligible for interstate commerce?

Dr. HOUSTON. Yes, sir.

Senator MELCHER. A small locker plant like we have in Forsythe would now be eligible for interstate commerce?

Dr. HOUSTON. Yes; Montana is designated.

As a result, it is under Federal inspection.

Senator MELCHER. And its sales would be eligible?

Dr. HOUSTON. They would be, as opposed to those plants that are under a State inspection program, which are sold in intrastate commerce. They are not eligible to go over State lines.

Senator MELCHER. I think there was another requirement there, is there not?

Ms. FOREMAN. We have exemptions for custom slaughter plants.

Dr. HOUSTON. They are not routine inspections, but generally.

Senator MELCHER. Is that part of the 7,200?

Dr. HOUSTON. No, no. The 7,200 I spoke about are under regular Federal inspection.

Senator MELCHER. Daily inspection?

Dr. HOUSTON. Yes, sir.

Senator MELCHER. Daily inspections?

Ms. FOREMAN. Yes, sir.

Senator MELCHER. That does not include poultry? Just meat?

Dr. HOUSTON. No, sir, I included poultry in that figure.

Senator MELCHER. Well, how much meat?

Dr. HOUSTON. The poultry processing industry has become so integrated with red meat that most plants today that process red meat also process some poultry. I think we have about 300 poultry slaughterplants. If you take that figure out, the rest are involved in some red-meat processing.

Ms. FOREMAN. Slaughtered or processed?

Dr. HOUSTON. Slaughtered or processed.

Ms. FOREMAN. Or both.

Dr. HOUSTON. So we take out the poultry, it does not reduce the figure that much.

Senator MELCHER. Well, I am talking about slaughterplants. I am still not getting the picture. I am talking about slaughterplants for meat.

How many are there?

Dr. HOUSTON. I am going to estimate; around a thousand.

Senator MELCHER. About a thousand? About the same number—is this not a list of the 1,100 slaughterplants primarily? I know there would be some processing there.

Dr. HOUSTON. No. There is some processing—

Dr. STEINMETZ. There would be a little better than half of the eligible foreign plants that are slaughterplants.

Senator MELCHER. All right.

Then about 550—well, 600. That is a little better than half. There are 600 slaughterhouses that are licensed in 40-odd countries.

Dr. STEINMETZ. Yes, sir.

Senator MELCHER. And we have got, you think, about a thousand?

Dr. HOUSTON. Yes.

Senator MELCHER. About 1,000 slaughterplants federally inspected—call them licensed—just to use the same terminology—in the United States.

And we have how many veterinarians to look at those 600 slaughterhouses abroad?

Dr. HOUSTON. We have 20, plus a supervisory staff. But their role is different in that they are reviewing systems, as opposed to conducting day-to-day inspections.

Senator MELCHER. Do they do ante-mortem inspections?

Dr. HOUSTON. Our veterinarians?

Senator MELCHER. No.

Dr. HOUSTON. The foreign countries?

Dr. HOUSTON. Yes, sir; they do.

Senator MELCHER. With a veterinarian?

Dr. HOUSTON. Either a veterinarian or a lay inspector, under his direct supervision, which we do in this country.

Senator MELCHER. What do you mean by "direct supervision"?

Dr. HOUSTON. There would be a veterinarian at the slaughter plant who would be the inspector in charge.

Senator MELCHER. Are we doing any ante-mortem without actually having a veterinarian look at the animal?

Dr. HOUSTON. In the United States?

Senator MELCHER. In the United States.

Dr. HOUSTON. Yes, sir, we are.

Senator MELCHER. When did we start that?

Dr. HOUSTON. I have been with the program since 1961, and we were doing it then.

Senator MELCHER. Where are we doing that?

Dr. HOUSTON. In many locations.

Senator MELCHER. Well, you know, with all due respect to everybody, the ante-mortem inspection is for purposes of recognizing a healthy or diseased animal.

Dr. HOUSTON. We—

Senator MELCHER. Now, there are a lot of veterinarians who are not very good at that, after all their training, and you tell me the lay inspectors are good at it without having gone through parallel training.

Dr. HOUSTON. We have given our inspectors training on the basis that if they see any situation that is abnormal, they put the animal aside and call the veterinarian to have him make the final evaluation.

Senator MELCHER. The person who runs the cattle up and down the alley, can do that.

Dr. HOUSTON. I would hope that we have trained our inspectors better than that. We do have a good training program, and I think that the experience that we have gotten over a number of years following that system has proven to be good.

Senator MELCHER. Maybe we need another amendment in this bill, that refers to domestic inspections.

Now, the things that fall through the cracks in an ante-mortem inspection, with a good veterinarian, are bad enough. But the things that would fall through the cracks in looking and singling out a diseased animal is—without a good veterinarian looking at him—would be monstrous.

Dr. HOUSTON. We employ about 1,400 veterinarians in the meat and poultry inspection program. The industry has changed significantly over the last 20 years. At one point, most of our slaughter was done in large plants in the Midwest but this has changed. Now, we have diversification, and we have to use our veterinarians in something of a different role. Also the fact that we have to take over many State programs, as you know, has brought in another kind of plant, the small locker plant—that you described.

Those cases, we assign lay inspectors to these plants. We may have three or four in an area, and we will assign lay inspectors. Then we have a veterinarian who controls those plants; and he watches the operation on a daily basis by going through those plants.

If any carcasses or any live animals are put aside while he was away, he will make the final evaluations when he reviews that plant.

This is a system that has evolved over the last 20 years as the industry itself has changed.

Senator MELCHER. I have got one more question and then I will yield to Senator Young.

Senator YOUNG. No hurry for me.

Senator MELCHER. I used to serve on the Montana Veterinary Examining Board, and we had a tremendous number of applications of foreign veterinarians that simply could not be licensed, sometimes very sad cases.

What has the Department done in all these 40-odd countries on the qualifications of veterinarians that are there?

Dr. HOUSTON. Each country sets its own qualifications for the licensing veterinarians in that country. In looking at the country, from an "equal-to" basis, we look at it in general. We consider the educational requirements of that country in awarding degrees to their veterinarians and what is required of the veterinarians and so forth.

Senator MELCHER. Do you have any survey, any documentation of this?

What are the qualifications for veterinarians in Honduras and Costa Rica and Nicaragua?

Dr. STEINMETZ. That they be graduates of a veterinary school. There is no specific listing of approved veterinary colleges.

Senator MELCHER. No study? No ascertaining? Nothing to say what a veterinarian is in these various countries?

Dr. STEINMETZ. That they have earned the degree of veterinarian in schools—

Senator MELCHER. Well, for instance, is it a course similar to ours, or is it 4 years, 2 years, 6 months, or what?

Dr. STEINMETZ. I do not have that information.

Senator MELCHER. I suspected not.

I do not want to run down other countries, but this is a pretty tough law that we have on meat inspection in the United States. Every one of these packers and processors can tell you how tough it is. And to turn this over to a foreign country to certify that it is equal and not really have knowledge of whether the veterinarians they have there are capable of performing, as required here, is sort of—to me—paper shuffling, without any real basis for it. We do not know what their veterinarians are like.

I used to know of a vast number of foreign veterinary schools that are not recognized in the United States because they did not have any similarities to ours. They were not as thorough; they were not as long; they were not as demanding; and yet they had a degree.

I do not remember—I do not know where Central American veterinarians get their education, but I doubt whether it compares to U.S. requirements.

But we will not know until the Department does a study on it.

Dr. HOUSTON. Well, as I said—as Dr. Steinmetz said—we have no documentation to that. But if I could make one comment, if I may—

I am involved quite extensively in international meetings with the Codex Alimentarius Commission. I have traveled in some foreign countries and been in plants that ship products here. I have generally been impressed by my peers, the persons I talk with and discuss issues with, in many foreign countries.

In fact, in Europe, the use of veterinarians in meat hygiene and meat inspection, if you will, is more extensive than it is here in the United States.

Senator MELCHER. We are not talking about Europe.

Ms. FOREMAN. Let me interrupt for a moment, sir, because that is one of the important points that we want to make.

At the present time, our system allows us to concentrate our resources in reviewing plants in countries where they think there may be a problem. In both western and eastern Europe, quite frequently the requirements on packing plants there are even more rigid than our own. The restrictions on pesticide use may be more rigid than our own.

It would be unfortunate, I think—you know as well as I there are limitations on Federal employment, and we are under very rigid restrictions these days on increasing our inspections staff. To have to use that staff, to send people off to inspect plants that may not need such an extensive or intensive inspection seems not a very good use of our resources and would ultimately keep us from paying some visits in plants, to some of the countries that you have mentioned, as we think are necessary.

Senator MELCHER. Well—

Ms. FOREMAN. We think this risk category, that we propose in our new foreign inspection program, will give us capacity to concentrate our resources on those countries that list supervisory problems. There could be problems that you have listed here: An extraordinary use of chemicals—a record of problems with us, in terms of continuing inspections.

Perhaps we can include in that differences in veterinary training in those countries. Any of these factors that would make us think that that country is more of a problem would automatically call for a more intensive use of our inspectional resources.

Senator MELCHER. Doctor, you mentioned Europe and visiting with veterinarians in those countries.

Have you ever visited any veterinarians from Belize?

Dr. HOUSTON. No, sir, I have not.

Senator MELCHER. The Dominican Republic?

Dr. HOUSTON. No, sir.

Senator MELCHER. El Salvadore?

Dr. HOUSTON. No, sir.

Senator MELCHER. Guatemala?

Dr. HOUSTON. No, sir.

Senator MELCHER. Haiti?

Dr. HOUSTON. No, sir.

Senator MELCHER. Honduras?

Dr. HOUSTON. No, sir.

Senator MELCHER. Well, but I am just reading countries that are approved. Their systems are approved.

Dr. HOUSTON. I have not traveled extensively in those countries, just Dr. Steinmetz.

Senator MELCHER. All right.

Doctor, have you?

Dr. STEINMETZ. Yes.

I have visited personally all of those Central American countries. I have not personally visited Haiti and the Dominican Republic.

Senator MELCHER. Where does Belize get its veterinarians?

Dr. STEINMETZ. Their system, you know, they have a past history of a British association. The man that was heading up their program was a British graduate.

Now, however there is only one plant exporting meat from Belize to the United States.

Senator MELCHER. I see.

Dr. STEINMETZ. I have no information on the veterinarian carrying out the routine day-to-day duties in the plant.

Senator MELCHER. No information at all?

Dr. STEINMETZ. Other than that there is a veterinarian.

Senator MELCHER. But no information on the veterinarian?

Dr. STEINMETZ. No information on his professional training.

What, for example—I do not know what veterinary school he graduated from. I know the head of the system was a British graduate.

Ms. FOREMAN. Dr. Steinmetz, would you estimate how much of a total import of meat comes from the countries that we are talking about here?

Dr. STEINMETZ. We are talking about fresh-meat countries. We are talking in the context of primarily beef exporters to the United States. About 75 percent of everything that comes into the United States is fresh beef. About 55 percent of the beef that comes into the United States comes in from Australia and New Zealand. So we are talking about 15 to 20 percent and, as you know, the eligibility for fresh meat depends on the animal-disease situation.

So 15 to 20 percent of what comes into the United States I would estimate to come from essentially Canada, Mexico, the Central American countries.

Senator MELCHER. Well, our law does not say we can just gloss over one or two bad plants in an area, and accept the product, because the bulk—or the rest of the stuff—is good.

Dr. STEINMETZ. I agree.

Senator MELCHER. If you get sick, you do not care where you bought it from, whether Safeway, or got it from Australia.

Ms. FOREMAN. Our present system would allow us to concentrate our resources in this country, where we think there is a problem.

Dr. STEINMETZ. All of these countries that export beef to us: The Dominican Republic—which has been almost inactive as an exporter for an extensive period of time now—and Haiti, are visited at least four times a year. In every one of those countries—

Senator MELCHER. Well, this is a very basic point. If they do not have veterinarians in those plants that are qualified and would meet our standards here in the United States, the law is not being followed.

Dr. STEINMETZ. Let me point out, too, Senator, in our reviews in these plants—while we do not know the educational background of each of these veterinarians—we are observing them performing their duties in each of these plants, the way in which the required inspection procedures are carried out.

Senator MELCHER. Are not all of these inspections announced ahead?

Dr. STEINMETZ. There is some advance notice on most of them, yes.

Senator MELCHER. Every time—I used to do a little bit of this—and every time I announced I wanted it nice and clean because I am coming out next week, it sure was nice and clean. And that was never for the purpose of an official inspection for the State of Montana.

Ms. FOREMAN. Sir, it is clear that under our present system, and under your system, the word will go forth, as our people arrive on the shore, that we are there. We just do not dispute that at all. They clearly know that inspector from the United States.

Senator MELCHER. You have a real basic problem there, because it is not really an inspection of the routine—

Dr. STEINMETZ. Let me point out that when we are talking about how the inspection is being conducted, for example, on a slaughter floor in a slaughterplant, you cannot reproduce—because this is a complex requirement—what constitutes an acceptable inspection in plant construction facilities. You cannot produce the capability to

satisfy these requirements on that—for that inspection and then, you know, wipe all this out and then reproduce it again for a spot inspection.

So what goes into inspection? What constitutes the acceptability of a system and its organization?

The provision of facilities equipment and records is something that is not artificially created, cannot be artificially created for a particular visit.

We do have the means to make judgments about these plants in these systems on the basis of other information, other than the specific visit itself.

Our man in a plant at a given point in time can look at a carcass, can look at product produced at a time other than the exact timing of these visits.

Another factor that is an important factor in the overall activity, that constitutes acceptability of foreign imports, is the examination, the random-sample examination that is conducted on each shipment at the port of entry.

Senator MELCHER. Senator Zorinsky?

Senator ZORINSKY. I would like to ask this question, Carol: Here in this country, when a producer gets a notification of an excess residue such as sulfa in swine, immediately the animal is confiscated and it is not allowed to be consumed or sold.

There are a lot of small farmers that are hurt that way, in their inability to retrieve the animal, even for their own personal consumption, without sale to the general public.

How is a like situation treated with respect to evidence of high-sulfa content in swine from other countries?

Ms. FOREMAN. Let me clarify a little bit.

At the present time, when we take a sulfa residue, it takes about 10 days to get the results of that test back.

In the meantime, we do not hold the meat. The meat goes from the packing plant and may be sold and eaten by the time we discover that there was indeed a violative sulfa residue.

What we then do is go to the producer of those animals and prevent him from selling any further animals until such time as he could bring forth lots that show no violative levels. We are working very hard on this problem.

As a matter of fact, the meat and poultry inspection division is testing now an instantaneous sulfa-residue test that will reduce that problem very substantially, both for the producer and for the consumer.

In the foreign inspection program—

Senator MELCHER. That is going to put 10 to 14 percent of the hogs in the tank.

Ms. FOREMAN. We have 10 to 15 percent going in the tank now, and we believe that our program that we have under way right now with FSQS, APHIS and FDA cooperating.

Senator MELCHER. I am aware of that program. I approve of it.

Ms. FOREMAN. I think that is the way we need to go, to try to eliminate the problem instead of playing cop and stopping it after it has happened. It is the only way we can deal effectively with residue.

Senator MELCHER. It may be a real breakthrough with the Food and Drug Administration.

Ms. FOREMAN. We hope so.

Senator MELCHER. That study is starting at the right place, starting it on the farms and finding out where it comes from.

Ms. FOREMAN. They are very willing to cooperate and not recruit those farmers during that test. We think it is a breakthrough, and with Dr. Mulhern leading the way, we are fairly optimistic about the outcome.

In the foreign inspection program, Senator Zorinsky, the countries involved have a residue testing system, and then we test residues on a spot basis in the United States at the port of entry. We do a slightly higher level of testing for imported meat than we do for domestic meat; but there is no well-developed ability to go back and retain animals because we do not really know the animals that they came from. This is the reason that we have proposed, or are in the process of proposing, a substantial increase in capacity for our residue-testing program, both domestically and internationally.

I just cannot come to you and say that our work in that area is as good as it should be. We are very concerned that it is not. The Secretary has directed us to step up our resources in this area.

Senator ZORINSKY. You imply then, that imported meat is given a little more latitude concerning the farmers' losses; whereas, domestically—

Ms. FOREMAN. The producer in the foreign country may not fall under the same kind of burden that the domestic producer falls under. The meat, in fact, I think, is tested as carefully, in terms of foreign meat, as it is for domestic meat. But the onus on the foreign producer may not be as much as it is domestically.

Senator ZORINSKY. Now regarding equity between foreign and domestic in this new proposal on ungraded meat; I would probably be correct in assuming that you have had as much feedback as I have on the new proposal.

Ms. FOREMAN. I suspect so.

Senator ZORINSKY. My question is, what is your intention concerning ungraded, imported beef? Would those also be marked "ungraded"?

Ms. FOREMAN. Most of the beef that comes in is used in ground beef and the ability to mark ground beef is fairly limited. But, yes; it would be graded if we are to go forward with that proposal.

However, we have been nearly persuaded, by the response from the industry and from consumers, that there would be a substantial amount of confusion on the part of people; that they would think "ungraded" meant "uninspected." Certainly that was not our intention.

We are looking for another mechanism to accomplish the same goal. Obviously, they would be applied across the board.

Senator ZORINSKY. That is very encouraging to hear.

Ms. FOREMAN. We do listen to your comments when you write to us. We read them and take heed.

Senator ZORINSKY. Thank you.

One last question.

Do you have contract with foreign inspectors? In other words, if there is a time when your people are tied up, and you feel it necessary to make an inspection because of rumors or facts that you have ascertained about a given plant, can you call and contract with a foreign meat inspector? Or do you use only your own people?

Dr. HOUSTON. We do all reviews with our own people. As I mentioned earlier, we review that system which that foreign country is using to inspect the meat.

Senator ZORINSKY. Thank you.

Senator MELCHER. Senator Young?

Senator YOUNG. Maybe this question should be directed to Dr. Steinmetz.

Are you able to ascertain the amount of residue of any kind in live cattle coming in? How do you determine that?

Dr. STEINMETZ. No. You cannot determine this from live cattle. Under some particular circumstances, there are toxic results from an overdose that would produce symptoms in a live animal. Normally, however, no; it is an invisible menace. You have to consciously look for it in a sampling process.

Senator YOUNG. The reason I asked is that I think most of the meat that we import from Canada is in the form of live cattle. A very large amount of meat coming from Mexico is in the form of live cattle.

Recently there were quite a few stories about marijuana coming into this country from Mexico. They were using a spray there that they thought was injurious to our users of marijuana. We became greatly concerned about that. We took care of that problem.

We do not seem to be as concerned about the residue in beef coming in here as we do about marijuana.

Ms. FOREMAN. Well, sir, any beef that comes over on the hoof is slaughtered in the United States and becomes domestic beef when it gets slaughtered here. Then it is subject to exactly the same slaughter requirements and the same testing as we have on domestic meat.

Senator YOUNG. It would be very difficult to determine.

Dr. STEINMETZ. Yes; that is the basis for the systematic sampling programs that would be carried out on the slaughter line in the U.S. plants in which these cattle from Mexico or Canada would be slaughtered. We approach this in a regulatory manner, almost epidemiological study. We try to scan the livestock population.

Those imported cattle would have the same scan as U.S.-produced cattle. On the basis of these findings, then we relate to this almost like a disease, an epidemiological study. We look to the particular premises, a particular geographical area, a particular location where perhaps some special agricultural practices are being carried out.

So such cattle, on introduction into U.S. slaughter plants, would be covered, in terms of residue possibilities, in the same way as our domestically produced cattle.

Senator YOUNG. Since the recent problem of marijuana has come up, have you done anything about making sure that the cattle coming in from these same areas are free of residues?

Dr. STEINMETZ. Well, our essential responsibility is for the meat grades.

Can you address yourself to that?

Ms. FOREMAN. Do we have a test?

Dr. CLARK. No.

Ms. FOREMAN. We do have test for it. There are a large number of chemicals in use in agriculture for which we have no test that can be used to detect residues in those animals.

So if they are there, we do not know it.

Senator YOUNG. I wish we were as careful about having pure meat as we are about having pure marihuana.

Senator ZORINSKY. Senator? Would the Senator yield?

Senator YOUNG. Yes.

Senator ZORINSKY. We do know which chemicals we ban. In fact, it was brought vividly to my attention during a recent attempt to obtain heptochlor to get rid of some grasshoppers.

Do you take into consideration chemicals, used in the other countries, that have been banned in this country with respect to their impact on cattle and beef?

Dr. HOUSTON. Yes. Where we have knowledge that these drugs are being used, we will test. For example, DDT, which is now essentially banned in the United States—we still test beef coming in from other countries where it might be used.

The weakness is that we do not always know what is being used. That is where we need more and better information.

Senator ZORINSKY. But other countries do not have an approved and disapproved list of chemicals that we can relate——

Dr. HOUSTON. Yes.

Senator ZORINSKY. To our laws?

Dr. HOUSTON. Even though that list is available, in some cases there may be use of these drugs outside of those lists. That even occurs here in the United States. There are drugs approved for certain uses here in the United States by the Food and Drug Administration. But in real practice, they are used beyond what those approvals call for.

When you get down on the farm level, a drug may be approved for use only in cattle by the Food and Drug Administration; whereas, in fact, some veterinarians, some farmers will use it perhaps in poultry or some other species.

Senator ZORINSKY. And you feel that the drugs and pesticides and insecticides that are currently in use—that there are stringent rules upon them in this country? You scrutinize those carefully to determine how they are being used?

Ms. FOREMAN. We do; but I think that it is very important for the committee to understand that we are not satisfied with our residue control program, either domestically or internationally.

It has not had the resources necessary and, to a certain extent, the technology—even if we were to have the resources and were in the process of predicting both our foreign program and our domestic program, to have more resources go to the development of laboratory detection systems which will work quickly and effectively in an increased amount of residue sampling. We do view it with some concern.

Senator ZORINSKY. Thank you.

Senator YOUNG. That is all.

Thank you.

Senator MELCHER. Along that same line of questioning of sulfur in pigs, you go back and say to the farmer, "You cannot sell any more hogs until you clear this up, and you show us that there is no more residue in your hogs when you sell them."

Here in the United States, with cattle, it is not very necessary to test domestically produced cattle. And I agree with you, Bill, when cattle comes in from a foreign country, they may be coming in with chemical residues banned here. And they are banned because they are dangerous.

Now, we do not—I have not looked recently, but I bet you do not do very much testing any more for benzine hexachloride on domestic cattle.

Dr. CLARK. The benzine hexachloride is one of a group of chlorinated hydrocarbons. So every sample analyzed for the group, if benzine hexachloride is present, it would come out—

Senator MELCHER. It would show in the group?

Dr. CLARK. So in both cases, it would be tested for.

Senator MELCHER. But if benzine hexachloride were yet routinely used in this country, it would then be a question of a vast residue sampling of every domestic animal killed, would it not?

Dr. CLARK. There are still significant residues in the United States. In fact, although they are not violations, the number of animals with benzine hexachloride do seem to be increasing. We do not really know why it is.

Senator MELCHER. We are probably killing those from Mexico, now. Well, you know, we bring in 600,000 a year, sometimes a million. And I do not know how long that residue has stayed in there, do you?

Dr. CLARK. There is no way of knowing how—all the chlorinated hydrocarbons stay around in the body for long periods of time. It is a slow depleter.

Senator MELCHER. That is right.

Has the Department got any trace back to find out where that benzine hexachloride originated?

Dr. CLARK. There are a few uses for it in the United States. I believe they are mostly in things dealing in control of insects in the forest.

Senator MELCHER. But because we have cut down on the use of it and virtually eliminated it, it is not a big problem.

Residue sampling on domestic produced beef that is truly domestic, and not part of this million head or 700,000 or 800,000 head of steers we get from Mexico and Canada every year, which are killed a year or so later—we do not have to worry very much about it.

Dr. CLARK. Well, it actually—

Senator MELCHER. Its widespread use in Mexico—I should not say it's widespread use, but I know it is available. I suppose if nobody warns them that it does leave a harmful residue, because it is so effective, the good husbandry method would be to use it.

This is just a very scant sampling, however, on imports from Mexico at present, is this not?

Dr. CLARK. I could look up and find the number of samples that we collected from Mexico. There is no question that we have found violations of benzene hexachloride in Mexican cattle. I think there were three violations last year, and one of them—or two of them—were benzene hexachloride.

Senator MELCHER. Do you know how many tests were made in hydrocarbons in Mexican beef?

Dr. CLARK. I will look it up.

Senator MELCHER. Carol said there have been 2,400 residue tests on the imported product. I assume that you have that broken down by country?

Dr. CLARK. Including, in 1977, 92 samples that were collected.

Senator MELCHER. Ninety-two samples?

Dr. CLARK. That is right.

Dr. STEINMETZ. This is Mexican meat, now, Senator.

Senator MELCHER. Yes; I understand.

Well, that is not very many samples.

I know that it's a big problem. I do not think it impresses this committee or anybody else in the United States to say, that it costs a lot of money to do this because we do not really need any of these meats. We do not really need any of it because we produce a lot of meat here in the United States. We are not going to run out even if all imports were cut off.

So, saying you do not have enough money to properly monitor does not mean that much to us. If testing these meat imports is too expensive, we could just cut them off.

Ms. FOREMAN. Sir, what we think is that we are not using some of the money we already have to the best purpose. That is the reason that we are involved in a process that would increase the strength of our residue-testing program. We think that we can do that basically with the resources that we have now. Our concern is that it would take substantial additional resources if we were to send a veterinarian into very one of those 1,140 plants in foreign countries, four times a year.

We would rather not increase the use of resources in that area since we believe that many in those plants just do not need to be inspected that often.

We would continue to emphasize those where there is a history of problems, either residue or disease, and increase our residue testing at border points. We do hope to impose on foreign countries more stringent regulations with regard to the records they keep on chemical use and residue sampling in their plants.

We are very sympathetic to your concern—as I tried to point out. We think that our program may be a slightly better use of our resources in that regard.

Senator MELCHER. How do you evaluate a country's system of inspection? How do you determine that when our regulations are changed—that they change their regulations?

I assume there is an ongoing process for that.

Dr. STEINMETZ. Yes; there is.

Actually, there is a comprehensive mailing list where all of the issuances that come out that do reflect changes in our program go to each country that is eligible to export to the United States.

Senator MELCHER. Then how do you determine that they actually do it? Pick it up on the next visit?

Dr. STEINMETZ. Yes; on visits. Then there is a determination that these new requirements that may be applicable to a particular operation are actually being carried out.

Senator MELCHER. Now, a friend of mine in Montana—who is a veterinarian, was a meat inspector. His career was involved in the requirements of the plant itself, the physical characteristics of the plant.

As I recall, this became tougher and tougher during the 1950's, and that, I believe, was during the time when he was in charge of drawing up those regulations.

He expressed to his son that indeed the requirements were tougher and that many plants would never be able to make it, which of course became true, and many plants folded.

He also expressed a doubt—if we would attempt to apply those same requirements to foreign countries—that they would be able to comply in a great number of their plants.

Now, we have lost some plants in this country during the last 15 or 18 years. What has been the pattern in these foreign countries? You have got 1,140, or whatever it is, approved. How many of them cannot make it because of stiffer requirements?

Dr. STEINMETZ. There are a couple of things I would like to comment upon.

With very few exceptions, in foreign countries, we are not talking about all of the meat plants in those countries.

Senator MELCHER. I understand that.

Dr. STEINMETZ. We are talking about plants usually specifically run to be enabled to export to the United States. A historical fact that may relate somewhat to this situation is when the act was amended in 1967, we got our really tough authority to carry out these direct reviews of all of the foreign plants. I think it was within that first year and a half when we first started making the rounds intensively.

There was a loss of somewhere in the neighborhood of 700 plants in that first year and a half, perhaps 2 years.

Senator MELCHER. Were there about the same number licensed at that time?

Dr. STEINMETZ. There were about 1,800 total licensed at that time, and about—somewhere between 600 and 700 came off the list after we got the toughed-up act.

Senator MELCHER. Is that still happening now?

Dr. STEINMETZ. We got through that phase of convincing people that the enforcement of those requirements was not going to be a paper program. After the washout in the first early years of this program, we have come up with a pretty stable list of countries and pretty stable overall list of plants, you know.

There are complex situations, but it has stayed pretty much within the 1,000 to 1,100 worldwide total.

Senator MELCHER. Now, when you decertify, delicense, delist—whatever you want to term it—what steps are taken then to intercept the product that is on its way?

Dr. STEINMETZ. There can be a couple of different situations.

The first step that is taken in the delisting of a plant is a cable message that goes out to the country of origin confirming that, as of X date, the plant is no longer eligible to export to the United States. Then we also inform our ports-of-entry inspectors of the removal of that plant from the list.

From there, we have two hypothetical situations.

If we have found a situation that we think is a potential human health hazard rotting, for example, everything that is enroute to the United States—or in storage in the plant—is not eligible to come into the United States. In most other instances a demonstrable health hazard, product produced prior to the delisting date is still eligible to come into the United States.

Senator MELCHER. Is there any process that would stop meat from a plant you delisted because of filth.

Dr. STEINMETZ. In some instances there are findings of potential contamination but not demonstrated.

Senator MELCHER. Well, unless you change the list, Doctor, these little spot inspections, when it reaches this country, do not necessarily stop such items as manure and blood clots and cists, and so on.

Ms. FOREMAN. In those spot inspections, while that is filth——

Dr. STEINMETZ. Those are defect criteria.

Senator MELCHER. You can have 10 of those defects and still get the shipment in, if that is the allowance.

Dr. STEINMETZ. Well, they are classifications of defect criteria.

Senator MELCHER. Well, that is filth to me.

When that plant is delisted because of filth, and you notify the country with a cable that the plant is delisted and you have notified the inspectors that that is a delisted plant—or do you notify the inspectors that that is a delisted plant?

Dr. STEINMETZ. Absolutely.

Senator MELCHER. All right.

Then you require, rather than this random, sampling, a more explicit, more detailed examination of that product?

Dr. STEINMETZ. Not as a rule.

Senator, may I point out when we are talking about the defects that are found on the port-of-entry examination, these are defect criteria that are the same that are applied in our domestic system for the reinspection say of boneless meat produced in a U.S. plant.

Given the nature of a meat production system in terms of complexity and the human elements that are involved in the production of meat, the finding of a defect to, a limited extent—in one particular phase of the product is the reason for our reinspection. It is not the same as finding an ongoing, serious problem in the operating practices of a plant that could lead you to the judgment that the plant is generally putting out an adulterated product.

We are talking about finding defects such as a little patch of hide on a piece of meat. That may be due to the negative or just human failure, and an oversight on the part of one of several hundred employees stationed on a product line who has the responsibility to remove that piece of hide. Maybe he turned away to sneeze, and this thing got through.

The reinspection process of the finished product domestically and for the foreign products is to check again for essentially human failures—we are not confident that what we see in a sample represents a problem in that overall lot. There is a considerable difference between that and how a plant is intending to operate and the setup in a manner that provides equipment and facilities that are acceptable for the production of acceptable products.

Dr. HOUSTON. I do not want to leave an erroneous opinion—I want to make sure you understand our point here.

In those situations where a plant might be delisted because of a declining construction standard, we have to notify them and delist any product that leaves that plant, until the time that it is delisted, is permitted to enter.

The other case is an inspector in a country, observes a situation, filth, as you described it——

Senator MELCHER. No. First was the filth.

Dr. HOUSTON. I am sorry.

Senator MELCHER. Delisting because of filth.

Dr. HOUSTON. If he sees something in that plant that he views as requiring immediate delisting, he advises the country immediately,

that he is going to recommend to his superiors at headquarters that it be delisted. He also advises them that anything after that date, which is the day that he leaves that plant, will be refused entry into the United States. But anything that left before that, is on the water, we would accept.

Senator MELCHER. Well, that is, you know—that is 8 weeks.

And now that is a case of just a delisting because it is not a health hazard. It is just filthy. If people knew what—if people are allowed to look at what is permitted in terms of filth in the meat, they would not want to eat hot dogs any more, and would be leery of bologna. I think you can eat a lot of filth and be perfectly healthy. It is just that you do not like it if you know it. That is what is going on.

But then in the other instance where it is a health hazard, I am assuming that any plant closed because of a health hazard, that all product that is enroute is intercepted and refused entry. Is that correct?

Dr. STEINMETZ. That is correct.

Senator MELCHER. During the last year, can you tell me how often that happened, and what happened to the meat?

Dr. STEINMETZ. We did not have any situation of that sort within this past year.

Senator MELCHER. None was closed down because of a health hazard?

Dr. STEINMETZ. That is correct.

Senator MELCHER. Not even for a day?

Dr. STEINMETZ. Not in our oversight; no.

Senator MELCHER. Do not these foreign countries ever close down their plants for a day or two?

Dr. STEINMETZ. Yes; they do.

Senator MELCHER. What happens to the product that might be coming to the United States?

Dr. STEINMETZ. The product produced during the period—

Senator MELCHER. You know, the plant closed down because there is a health hazard. What happens to the product coming to us? A health hazard does not exist just as of this morning. Did it exist yesterday?

Dr. HOUSTON. The product would have to be judged on merits relative to that product; and if it was adulterated, it would have to be destroyed by the foreign country.

Senator MELCHER. What information do you people have on how many plants were closed down in the United States during 1977 because of a health hazard, for a day or longer, or even a few hours or longer?

Dr. HOUSTON. Because they might be unsanitary?

Senator MELCHER. No. Health hazard.

Dr. HOUSTON. Or health hazard? Real health hazard? I do not recall any.

Senator MELCHER. You just listed them unsanitary?

You have two systems in the foreign deal; right?

Dr. STEINMETZ, you delist the plant—

Dr. STEINMETZ. Yes.

Senator MELCHER. Yes. All right. Because of the nonhealth problem?

Dr. STEINMETZ. Yes. Some failure to meet U.S. requirements.

Senator MELCHER. Which is generally filth?

Dr. STEINMETZ. Which may include what is considered a potential for adulteration.

Senator MELCHER. Yes. Right.

Dr. STEINMETZ. Yes. So there is a delistment on that basis.

Senator MELCHER. But the one is for health?

Dr. STEINMETZ. As a potential health hazard, yes, that is correct.

Senator MELCHER. OK.

It is a little bit up in the air since the inspection in plants that do send us product, week in and week out, is probably only four inspections a year. Unless there is some ongoing system of checking when they have a serious problem with their plant when our inspectors are absent, we would not know of it even though some of the product was on its way to the United States.

There is no system to ascertain that, or do you have one?

Dr. STEINMETZ. With information from a foreign system that a delistment did relate to a health hazard, we certainly could then impose a general boycott on anything that may be on its way to the United States.

Ms. FOREMAN. We even recalled recently some canned beef.

Dr. HOUSTON. Canned product which we found at the point of entry.

Ms. FOREMAN. Because subsequent lots had been found to have a health problem we were recalling from stores some canned beef that had already been distributed.

Senator MELCHER. Well, I think we get back to the same old thing on this plant being shut down and on the integrity of the system they use.

I assume that the Canadian meat inspection may be as good as ours. They really do a lot more on chemical tests up there, as Senator Young pointed out. And I would hope that Australia and New Zealand would be fairly good.

But I have a very difficult time believing that a number of these countries, particularly in Central America, in South America, have the integrity of the system that can be relied on. You really do not know what has happened in between inspections by our people.

The inspection is announced and they are well aware that they are going to be inspected a certain week, or maybe even almost to the day.

Dr. STEINMETZ. Senator, we are talking—in all of those countries—of at least four times a year.

Senator MELCHER. In Nicaragua?

Dr. STEINMETZ. Yes. In all of these Central American countries.

Senator MELCHER. In all of the Central American countries?

Dr. STEINMETZ. Yes; at least four a year.

Senator MELCHER. This is a very ticklish question of a health hazard. We still have to rely on the integrity of their system on health hazards.

Dr. HOUSTON. That is the heart of the system—is that we do rely on the integrity of the foreign country's inspection programing system. That is what we really rely upon and we monitor that.

Senator MELCHER. It may be monitored, but you do not even have a good accurate knowledge of the veterinarians and their background there that are the heart of the system. I think that is something that can be corrected. If it can be corrected without us passing any bill, I would hope that you would do that, ascertain—really, the criteria of

being a veterinarian in all of these countries and see what type of training they have and what a degree means.

It has not been but a few years when you could be a veterinarian in the United States in all sorts of ways. Fifteen years ago, you could be a veterinarian if you were adept and said you were a veterinarian in many areas.

The practice of veterinary medicine was pretty much open. Even then, you could not be a veterinarian in meat inspection without really having got it mastered and having a degree from what at that time was probably only 10 recognized colleges in the United States. And it was a rather tough degree to get.

Meat inspection at that time was way ahead of the general practice of veterinary medicine in rigidity and requirements, background and training. I would not be surprised—in fact, I am very suspicious that in a number of these countries that the degree of veterinary medicine might be easy to come by and really not be very good background for determining what is not, or is, a diseased animal, therefore, a possible health hazard.

Dr. HOUSTON. I think the point you make about professional qualifications is a good one.

Senator MELCHER. I hope you can do something about it in the next year.

We are not importing—we talked a little bit about hogs.

We do not import very much in the way of fresh hogs or fresh pork.

Dr. STEINMETZ. No.

Dr. HOUSTON. Most of our pork that comes in is in canned products.

Senator MELCHER. Well, if a country wants to sell this product, can they? Fresh pork?

Dr. HOUSTON. Certainly, if they meet the requirements of the system, and they would meet the quarantine requirements.

For example, we have eliminated hog cholera now from the United States and we do not have certain other swine diseases that are present in other parts of the country.

African swine fever is another example.

Senator MELCHER. That is one that I was thinking of.

Dr. HOUSTON. So fresh pork could not come into the United States unless first it met the quarantine requirements established for health.

Senator MELCHER. Have we got any method of determining by our own means whether African swine fever is present in the Dominican Republic?

Dr. STEINMETZ. It has been established that it is present in the Dominican Republic.

Senator MELCHER. No product from there?

Dr. STEINMETZ. No pork; no, sir.

Senator MELCHER. All right.

We have a question of labeling.

I notice—and our friend in the House, Ben Rosenthal, pointed out a week or so ago that there are at least 284 food categories that are exempt from listing some of their ingredients.

Now, we are into the whole broad question of labeling. And I know, Carol, you have had a great deal of interest in this. But how is labeling going to be applied to meat products in terms of hot dogs, for instance, other than any preservative it may use?

Ms. FOREMAN. Well, there is no requirement that you label the source of the product, Senator.

Senator MELCHER. Would you be adverse to that?

Ms. FOREMAN. Yes. The Department and the administration have opposed legislation that would require labeling of imported product.

Senator MELCHER. You are adverse?

Ms. FOREMAN. You know that if it comes into the country and is sold in the container in which it comes into the country, it is labeled. Polish hams are labeled "Polish hams." It is only when it becomes mixed with a domestic product that it stops being labeled.

Senator MELCHER. Polish hams are listed Polish hams, and hot dogs—or bologna—are not required to be listed.

Ms. FOREMAN. That is correct. Because it has been mixed with the domestic product.

Senator MELCHER. Now, is there not some concern among consumers about the question of whether the meat has been previously frozen, and how long it has been frozen?

Ms. FOREMAN. I think there is some concern. In balancing the pros and cons of that particular issue, the Department and the administration have been influenced by the fact that the costs for labeling would be rather large, the costs of enforcement.

I asked the meat and poultry inspection staff to try to cost out a reasonable system of enforcement for labeling of import meat earlier this year. One of those estimates was \$500 million a year, as I recall, in order to have a completely effective system. It was—

Senator MELCHER. Is it not a concern?

Ms. FOREMAN. Oh, I think it is a concern among some people.

Senator MELCHER. Is it a legitimate concern?

Ms. FOREMAN. I suspect that in some cases it may be.

Senator MELCHER. Well, it—

Ms. FOREMAN. It may affect the quality of meat.

Senator MELCHER. Yes. I would think so.

Ms. FOREMAN. The eating quality, not the safety.

Senator MELCHER. Routinely, at our house, hot dogs are bought and frozen again.

Now, the concern over the first freezing is our own business, and we do not mind it. But I wonder if the second freezing—if it is imported meat, and we have no way of knowing whether there is imported meat in it—

Ms. FOREMAN. I do not believe in a product like a sausage, that you really have much to fear there. But I will defer to Dr. Houston on that.

With ground beef there might be possibly some deterioration.

Dr. HOUSTON. Most of the imported meat that comes in is frozen: and in many cases, when frankfurters are manufactured and imported meat is used, it really is not thawed. They have a huge machine which flakes meat and it goes right into the hopper and then is ground further, cured and cooked. So in many cases, it is not thawed. In others, it is. There are requirements to maintain it at certain temperatures so you do not get the microbiological buildup. If that would occur, if it were permitted to come to room temperature and held for a long period of time—

Senator MELCHER. Well, it has to be thawed.

Dr. HOUSTON. It is thawed in the sense that as it is ground up in the hopper and the other meats are added to it—seasonings and so forth—it does come down to where it thaws and is immediately cooked and refrigerated again, and distributed.

If a 60-pound block of imported meat can be taken out of a box and put into a piece of equipment, a hydroflaker, which immediately shreds that up into meat and goes right into the processing equipment.

Senator MELCHER. Well, the 60-pound block goes from Philadelphia to somewhere else—

Dr. HOUSTON. Yes, sir.

Senator MELCHER. [continuing.] And it is my observation that if the time—from the time it gets out of the ship's hold, it is beginning to thaw, including the wait on the dock—whatever it is, and including the trucks.

Ms. FOREMAN. Inspections would stop that, would it not?

Dr. HOUSTON. That product is transported frozen. Now, our technician will defrost his samples; that is correct. But the product itself is not thawed.

Senator MELCHER. I am speaking of unloading it on the docks, the change in temperature. It immediately begins to thaw.

Now, granted it is a chunk; it is a 60-pound chunk and it is not going to thaw out in 2 hours. But from the time—my observation is that from the time it leaves the ship's hold, going to the dock—and however long it stays there, whether it is 1 hour or 16 or 30 hours—it is beginning to thaw. It goes into a truck that is not lower than, I think, about 50°.

Now, it is thawing all during that time. Is my observation wrong?

Dr. HOUSTON. In some cases I am sure you are correct. Where it might be transported, under a situation where it might be thawing during transit, and when it gets to where it is going to be used—

Senator MELCHER. It is all going to be transported.

Dr. HOUSTON. Certainly. Sometimes it is transported in refrigerator trucks that keep it frozen. It goes into storage and is maintained in a frozen condition.

Senator MELCHER. All I am saying is that from the time it leaves the hold of that ship, it starts a thawing process. From then on, it's environment is about 32° F.

Dr. HOUSTON. As long as it is above 32, it is going to thaw.

Senator MELCHER. That is right, even in the trucks.

Dr. HOUSTON. Certainly.

Senator MELCHER. I do not know of any truck that runs around this country—in my observation, they do not run around this country in a temperature much lower than 45 or maybe 40. Usually 45 would be about the lowest. Is my observation faulty on that?

Dr. HOUSTON. I believe there is equipment capable of transporting meat and maintaining it in a frozen condition; yes, sir.

Senator MELCHER. Do you think that is usual or what?

Dr. HOUSTON. I think it is, and I think it is moved from the port of entry into this inland warehouse and is maintained in a frozen state, sometimes for several months.

Senator MELCHER. Wow. Two months on the water and 2 months—

Well, I grant that if it goes from the dock to the warehouse and is kept—but I am talking about, as I understand it, the smoothest

procedure is to take it from the dock to the plant that is going to process it, which may be in Philadelphia, right in Philadelphia, or maybe in Michigan—

Dr. HOUSTON. That is right. Go all over the country.

Dr. STEINMETZ. I just want to mention, Senator, another very strong trend is taking place in the shipment of foreign meats to this country and that is the use of the containerization procedure, whereby you have very little bulk storage of frozen meats in a ship's hold any more. Rather, you have individual containers with self-contained refrigeration units. And a lot of this will come off a ship in one of these containers and while it is waiting for further handling in transport, the maintenance of the refrigeration is carried on. This is a trend that is becoming more and more the case on importation meats.

Senator MELCHER. Well, that is fine. But those containers never leave the dock, do they?

Dr. STEINMETZ. Oh, yes. In some instances they go to the destination in the container. There are instances where they are removed, brought to the shipside freezer and removed. So there are those variations.

Senator MELCHER. Well, I guess it could go on a flatbed, right on the container, and hauled out that way. Is that it?

Dr. STEINMETZ. That is a possibility; yes, to a freezer plant or something of that sort; yes.

Senator MELCHER. Now, when it is flaked, it is my impression that it is—

Dr. HOUSTON. Certainly the thawing process commences right then. As you know, when frankfurters are made, it is emulsified and ground up so finely so that that process occurs very quickly. So from the frozen state to the thawed state, it is not carried out over a number of hours.

Senator MELCHER. There is no requirement of temperature on meat, is there?

Dr. HOUSTON. No.

Senator MELCHER. Imported meat?

Dr. HOUSTON. No temperature requirement. But for practical purposes—the purpose it has to be maintained cold, obviously it is going to spoil and would not be permitted entry.

Senator MELCHER. Now, I am talking about even after it is here. There is no requirement between the dock and the processing plant on the temperature?

Dr. STEINMETZ. If the product is identified as frozen and the inspector detects that the product—for one reason or another—has become defrosted, it is his responsibility to question the eligibility of that shipment. It could be a basis for rejection, or could be a basis for getting some samples for microbiological testing, to see if there is a problem.

Senator MELCHER. That is at the docks?

Dr. STEINMETZ. Yes, sir.

Ms. FOREMAN. Once it arrives, of course, at the packinghouse, Senator, it immediately falls under our domestic inspection system. If there is any reason to believe that it is not in good condition, the inspector on premises would stop it.

Senator MELCHER. Well, I have observed meats, just sitting on the docks. Nobody knows from USDA how long it is going to sit there.

In those circumstances, when it leaves the docks and goes to the processing plant, there is no requirement to check the temperature when it arrives, is there?

Dr. HOUSTON. No. But there is a requirement to check the wholesomeness of the product.

Senator MELCHER. Prior to it going into a freezer?

Dr. HOUSTON. Yes, sir.

Senator MELCHER. What if it comes at night?

Dr. HOUSTON. Well, it could come at night and enter the plant.

Senator MELCHER. And go right into the freezer?

Dr. HOUSTON. Certainly, it could.

Senator MELCHER. There is no checking on that?

Dr. HOUSTON. That is right.

If it would come at night and the plant would be operating, there would have to be an inspector. In other words, the plant cannot operate without an inspector on duty.

Senator MELCHER. Well, the plant is not operating when it puts something in its cooler, is it?

Dr. HOUSTON. Well, I would not call that "operating."

Senator MELCHER. My question is—and I think—I just do not think there is any temperature—I could not find any point where there was a temperature check. It does not take anybody very—

Dr. HOUSTON. You are correct.

Senator MELCHER. When you are looking at it and it is frozen, just really, really cold, you know that. But from the time those inspectors look at it on the docks, it was free to go wherever its destination was, and it was my understanding that there was no check point from that time on as to what the temperature was when it reached the processor.

Dr. HOUSTON. That is right.

Senator MELCHER. Is that not a point we can correct?

Dr. HOUSTON. Yes, sir.

Senator MELCHER. If we pass a labeling law, it is the administration's position that the only thing really against it is the cost and intricacies of labeling?

Ms. FOREMAN. No, sir.

In addition, the administration feels very strongly that it would be viewed as a nontariff trade barrier, and opposes it for that reason.

Senator MELCHER. Oh, well, that is—I can understand that. That is typical.

You know, Toyota advertises, with a great deal of pride, that they are Japanese. If they are Japanese, the television makers are not afraid to tell you. Anybody that has a product that they are proud of, and they think it has been handled right, could not possibly take exception to identifying its origin.

Now, freezing may or may not be detrimental to the consumer except in terms of quality, which we all understand. Does refreezing pose a health hazard in any way as far as we know?

Dr. HOUSTON. No.

Senator MELCHER. It is just a reduction problem?

Ms. FOREMAN. Yes, sir.

Senator MELCHER. On the cost of these inspections in foreign plants, we are paying for it all the way?

Ms. FOREMAN. Yes, sir. All costs of all meat inspection are borne by the Federal Government. The law specifically states that the Government bear the cost of inspection.

Senator MELCHER. How about overtime? Are we doing that?

Ms. FOREMAN. Overtime is the one exception.

Senator MELCHER. Overtime is the one exception?

Dr. STEINMETZ. Not in the foreign program.

Senator MELCHER. Overtime is the one exception here in the United States? If they work more than 5 days a week, you are going to pay the overtime?

Dr. HOUSTON. Right.

Senator MELCHER. Are there any other examples where we pass on these costs, somebody wants access to our market?

Dr. STEINMETZ. Well, in terms of the oversight of imported product, the foreign reviews, the port-of-entry inspection, the basic carry-out of those responsibilities are all appropriated funds.

Now, on the port-of-entry inspection—I am sorry. I missed this.

On the port-of-entry inspection, if the importing party requests the services that require a man to go in overtime, that is billed on the port-of-entry work.

Senator MELCHER. Well, you do not know of any other parallels where we pass on the costs to another country, for the cost of inspection?

Ms. FOREMAN. I am not familiar with this aspect, sir. I am certainly no expert on that.

Dr. HOUSTON. There may be some in nonmeat products, but I am not aware of it.

Senator MELCHER. I frankly do not know of any reason why foreign plants, to have access, to be licensed, and to maintain that license, should not pay the cost of inspection of their products.

Ms. FOREMAN. I think once again, sir, we run into the problem of nontariff trade barriers; and I am not familiar enough with the issue to be sure. We will be glad to check the record and get back to you.

But I doubt that there is any similar—

Senator MELCHER. Proposal?

Ms. FOREMAN [continuing.] Proposal imposed on us by the countries to which we export.

Dr. HOUSTON. In 1977, there was a user-fee system in effect in the United States in which the industry paid for all inspections for 1 year.

Ms. FOREMAN. It was a disaster, remember?

Senator MELCHER. This is entirely different, though. I do not see where it has ever been a burden on the taxpayers to run their own country and maintain their own standards on health and sanitation.

I would certainly like to be assured that health and sanitation is assured in imported product. But on the specific point of the cost of the surveillance, and what have you, and these quarterly or yearly inspections, I would not know any reason why Australia would object to paying the bill. They pay their Australian Meat Board—I mean the Australian Meat Board pays a lot over here just to be represented in Washington, to talk to us, or have people talk to us.

So I do not think these inspectors are too costly for Australia, even if they picked up the whole tab.

Ms. FOREMAN. Sir, I do have concerns that go beyond the cost, though, in asking a user-fee arrangement for a health and safety inspection function.

Senator MELCHER. For foreign plants?

Ms. FOREMAN. For foreign or domestic plants. It concerns me that there might be some pressure, then, to view that system as the property of the foreign country rather than the property of the people of the United States. And I think under the circumstances that we have today, there is no question about what the purpose of that inspection is. It is to protect the health of the American people. I would not like to see it transformed into such a system where it would be viewed as a system that insures the export of product from a foreign country rather than insuring the health of the American people.

Senator MELCHER. Well, I think reciprocal agreements with a country like Canada would be fine, because they take stuff from us and we take stuff from them. But we do not have the same relationship with Mexico; we do not have the same relationship with Australia. They will not take our product or our cattle, either.

Ms. FOREMAN. We did have some problems when we went to a user-fee system on inspection; and it is a situation that I have great concerns about. It pops up from time to time at budget time. And I must confess that I think that it is important that we insure that the system serves the public.

Senator MELCHER. Well, do you have any restraints or constraints imposed on you, Carol—in your budget process, if you request something and OMB knocks it out that you cannot discuss it with Members of Congress?

Ms. FOREMAN. It is an interesting thing, because there have been allegations, especially in the last year or so, that perhaps the Department of Agriculture has not been totally supportive of its meat and poultry inspection system. But in fact, when you look back over the history of the meat and poultry inspection within the Department of Agriculture, the Department has always been very willing and very successful in pleading its case at OMB to get sufficient funds to carry out a labor-intensive and rather expensive system of inspection.

The Department has given very great support to the system of meat and poultry inspection. Even in this past year, under very severe budget constraints within the department, there were no requests made to cut back on the number of personnel that we have. But our personnel are growing by leaps and bounds. The number of people involved in inspection each year as a result of plants being turned over to us by State inspections—and even more importantly, the incredible growth in the poultry industry. It is not a matter of cutting back on our staff but trying to keep it from growing and growing and growing.

We are now up to 10,000 inspectors, and \$271 million in budget for the Food Safety and Quality Service.

The overwhelming bulk of that is meat and poultry inspection, and we are very concerned about the way the program is growing. We feel an obligation to find new ways to do our job better and to try to cap that growth.

We are not talking about cutting back. We are trying to keep it from growing huge amounts more.

Senator MELCHER. Do you have any constraints imposed upon you as Assistant Secretary, that if your budget request is decreased by the

Office of Management and Budget that you cannot discuss it with Members of Congress?

Ms. FOREMAN. No, sir.

As a matter of fact, I believe that when we went into the ZBB process last year, we did make available to the House Committee what our requests were of the Secretary and in turn what his requests were of OMB. But I think that material was made available. It just never happened in this program.

Senator MELCHER. I am relieved that you have no constraints, because there are a number of points that we are talking about here that are going to cost a little money.

Ms. FOREMAN. I have not had those constraints. We have not had our requests rejected in the past.

I must tell you that we are under very, very strong orders to try to cap the growth in that program which has been going on for some time.

Senator MELCHER. Well, we do not need this foreign product. What we are really envisioning is a more comprehensive program of inspection for it. And there will be substantially more costs, although adequate residue sampling would be a minor item in your overall budget.

Two thousand four hundred samples is not a great deal; and if you start surveys of countries on just what kind of chemicals they use, and what is the potential hazard, that takes people and manhours.

Ms. FOREMAN. It does, indeed.

Senator MELCHER. We want to follow this along and see what kind of a program is mapped out in the next year to provide more adequate inspection. I would like to know directly what you request and where any problem is, if there is a problem developing.

The inspectors last fall that go to these foreign countries from here were being refused their travel vouchers for, I think it was, about 90 days. Now, what was the reason for that?

Ms. FOREMAN. When I got into office, Senator, I found that I am the one who signs all travel vouchers for travel in both agencies. Every day I would come to my desk and there were a stack of travel vouchers there. It seemed to me that an extraordinarily large number of them were for travel to various international meetings. I asked Dr. Alge-lotti to please tell me why people were running around the world all the time, especially to these international meetings. I asked for a travel plan for the year to be laid out so I would know what I was signing. He developed a travel plan which all of the people in his agencies were to live with.

During that period of development, they did not forward vouchers to me to be signed and inadvertently travel was in fact delayed for about 90 days.

I have checked—we did not intend for that to happen. Immediately when we realized it was happening, those vouchers were forwarded and I signed them for travel for foreign inspection.

We now have an annual travel plan worked out so that there is a justification for foreign travel. I sign the vouchers. Dr. Steinmetz tells me that there was one plant that missed its inspection, most of the plants were inspected before the end of the year. The period ran from September to about November?

Dr. STEINMETZ. That is correct.

Senator MELCHER. Well, these are not travel to foreign meetings.

Ms. FOREMAN. No, sir. It was never intended——

Senator MELCHER. Required by law?

Ms. FOREMAN [continuing]. that they would get into that pile of travel vouchers which was held up. It just happened that way.

Senator MELCHER. They are all in one stack, even though required by law?

Ms. FOREMAN. Yes, sir.

Senator MELCHER. How did you happen to change it, then?

Ms. FOREMAN. I am sorry? I do not understand, Senator.

Senator MELCHER. It went on for about 90 days. What were the circumstances of release of these veterinarians to go about doing their duties.

Ms. FOREMAN. I think that you brought it to my attention. I think that I got a letter from you saying: "What in the world is going on?" And when we checked, we found what was happening.

Am I correct? Had you caught it before that?

Dr. HOUSTON. No. Of course, the voucher system was halted until Ms. Foreman said we could develop a travel plan for an entire year's period. She wanted to see the total foreign travel picture of everyone under her jurisdiction and wanted the plan developed, which we did. It was during this period that the foreign travel ceased.

Senator MELCHER. You just made up for it afterwards?

Ms. FOREMAN. Yes, sir.

Senator MELCHER. And the blank spot in there of 3 months——

Dr. HOUSTON. Right.

Senator MELCHER. [continuing]. When regular inspections were not going on?

Well, thank you very much.

We will see what we can do about this bill.

Ms. FOREMAN. Thank you.

Senator MELCHER. Our next witness is Reuben L. Johnson.

Welcome to the committee.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION; ACCOMPANIED BY ROBERT J. MULLINS, ASSOCIATE

Mr. JOHNSON. Well, Mr. Chairman, we are very pleased to be here.

I would like the record to show that I am accompanied by my associate, Mr. Robert Mullins. He is along with me today because your very distinguished and capable staff aide, Mr. Ben Strong, said that we might be talking about most any aspect of the livestock industry.

We are into the lunch hour. We have a very brief statement.

Obviously, we are in support of S. 2343. I think that, as I look at my brief statement, all the points that we have made that we intended to make orally here have been covered and many besides. So I would just simply like to ask it be made a part of the record.*

Senator MELCHER. It will be made a part of the record.

Mr. JOHNSON. And also, Mr. Chairman, since this deals with the problems of livestock and we have been dealing in our organization with some of the other issues, I would like for the record to include the statement of Mr. Robert Mullins that he made before the Sub-

*See p. 44 for the prepared statement of Mr. Johnson.

committee on Trade of the Committee on Ways and Means on June 19. That is attached.*

Senator MELCHER. I am scanning through it now, and it is a rather good report. Mr. Mullins' statement will be made a part of the record.

Mr. JOHNSON. Sometime early this year, our national president asked the assistance of one of our consulting economists, Mr. C. Edward Pike, in documenting some of the problems in the livestock industry and giving us his views of what some of the answers may be in regard to improving marketing procedures.

And so I would like for his statement to appear in the record.**

Senator MELCHER. Mr. Pike's statement will be made a part of the record.

Mr. JOHNSON. Mr. Chairman, let me say with great sincerity that you have certainly produced here today the kind of record that has been needed, in regard to the inspection of meat. And we commend you very highly for that.

I am sure that our president in Montana, Jim Stephens, would highly approve and would be very pleased if he had been here today to hear the expertise that you displayed in questioning the department witnesses.

I hope that Mr. Stephens is also pleased, since he is on our National Board, that Reuben Johnson and Bob Mullins took the time to be here today in support of this legislation.

Mr. Chairman, the record that has been made here today, the most significant aspect of it is that the Department seems to have been making quite a case for your bill. And as I—if I understood the answers, their responses to your inquiries, they just simply are not geared up to make the kinds of inspections that are needed to insure that foreign imports of meat meet our domestic standards of equivalency.

I hope we do not give the image here today that this is a vested interest as far as farmers are concerned, because we have an obligation, through the inspection procedures and the personnel that administer it, to assure that the American public is going to be able to buy wholesome meat, wherever that meat came from.

And if you want to look at it in terms of one of the points you made, they are seemingly especially entitled to having equivalency standards imposed on the meat that we import, that we could really do without, that we really do not have to have. I commend you for the point that you made in that regard. If we are going to import meat, then we should take steps to see that that meat meets our domestic standards.

Mr. Chairman, it is into the lunch hour. We would be happy to respond to any questions that you may have.

I would like to say that I was hoping that Mrs. Allen would remain, because I wanted to welcome her to the committee and do just a little bit of politicking because I happen to have been born in the State of Alabama. I wanted her to know that, because I want to get on as good terms with her as I was on terms with her late husband.

Senator MELCHER. Thank you, Reuben.

The National Farmers Union—it has been my understanding—has always viewed trade as being truly significant for this country, and for the advantage of the world.

*See p. 45 for the statement of Mr. Mullins.

**See p. 50 for the prepared statement of Mr. Pike.

Now, when we impose our standards on chemical residues or other types of drug residues on imported product, because we found a health hazard, that does not in any way interfere with your philosophy of foreign trade, does it?

Mr. JOHNSON. Not at all. In fact, I can remember when some countries were imposing restraints on trade in pork products from the United States and they did not have a hog cholera problem as we did. We had no reason to take exception to that. And I think as long as the rules apply both ways, we are certainly not violating any of our concerns about expanding foreign trade.

Mr. MULLINS. Senator, may I add something?

Senator MELCHER. Yes.

Mr. MULLINS. When you look at other import products, automobiles, for example, having to meet the same standards for air-pollution control; electrical appliances have to meet the same standards as our domestic standards, they are willing to produce them. And I think this is a very similar situation. I do not see any problem with this interfering in trade at all.

Senator MELCHER. No problem at all? I do not view it as any problem. I just wanted to get other people's reaction.

I think that contrast on automobiles and electric equipment fits it perfectly.

In case of food products—you are looking at automobiles for safety and health purposes too, and for food products we are looking for health problems. And there is no—it should not be viewed as any kind of restriction. Also, sometimes for veterinarians—we are talking about veterinarians—it looks self serving.

Do you think it is—do you think it is selfish if we impose this type of standard?

Actually, the one thing they are going to determine is whether or not there is a health problem. Most health problems of livestock you cannot find from the meat itself. You have to know the animal, whether it is healthy at the time it is slaughtered.

Would that look too self-serving or an interference—

Mr. JOHNSON. Well, Mr. Chairman—

Senator MELCHER. I mean interference with our foreign friends.

Mr. JOHNSON. I do not think you get any better inspection than you have qualified inspectors.

Senator MELCHER. Yes. That is a point.

Mr. JOHNSON. And I have known quite intimately a number of veterinarians—when I was coming along at the University of Georgia and also after graduating from college—teaching vocational agriculture. I know of the quality of training that our veterinarians were getting.

Without knowing very much about the standards in other countries, I would have very severe reservations that any countries—except perhaps those that are English speaking—New Zealand, Australia, Great Britain, and some of the other Western European countries—come up anywhere close to our standards.

The Department of Agriculture here in the United States has done a creditable job, but they obviously have not done the same kind of job ascertaining qualifications of inspectors abroad.

Senator MELCHER. I was quite shocked by that myself. I had thought of it several times but I thought they may have some idea about the qualifications of foreign inspections.

I frankly have no problem with Canada. I know their veterinarians and the type of training they get. It is just like ours. They have veterinary colleges that are as old as any we have in the United States. And they have very demanding requirements.

I am rather like you, because Canada is that way and the United Kingdom is that way. I assume Australia is, too, and New Zealand. I am not sure about that, but I just assume the same level of training.

But I really have my doubts when I get down to some of these countries listed there, I suppose that same type of training exists and that some qualifications exist. I just do not know.

Mr. JOHNSON. Mr. Chairman, both you and I are young men, but I suspect we can both remember some of these self-annointed and appointed vets out in the country a few years ago that were treating "holler horn" and "holler tail." I guess I learned early that no such disease existed.

Senator MELCHER. It was quackery.

Mr. JOHNSON. Nothing but that.

Senator MELCHER. Those days are past, here at least. I hope they are past in other countries, too. I would hope that we approve some type of bill that tightens up the inspection.

Sometimes you have a law but it really is not being followed. I think the Assistant Secretary, Carol Tucker Foreman, is a very conscientious person. And I think that she has explained the circumstances where, for a 90-day period, the foreign inspections were actually shut off except for those veterinarians that happened to reside in the foreign country. They probably went on doing their job.

But the ones sent out from here—which is the case of most of these smaller countries in particular—I think they are the ones that need our attention the most—I guess the interruption in inspection just really happened because of the changes in the guard when the Carter people took over.

That interruption brought about this bill to require quarterly inspections and the quarterly report. I do not think it would be a big burden. I do not know how the rest of the committee will feel about adopting it, but I think the bill is just a framework for tightening up inspections abroad. The residue sampling part, and the real determination of the adequacy and the validity of foreign inspection systems is something that obviously is lacking in the current inspection act perhaps that should be added to this bill.

I think it is also apparent that a delisted plant, which has been taken off, should not come back on stream and send us product without actually being reinspected prior to coming back on stream by our own veterinarians because we get back to this point: well, how good is their system?

The example that Dr. Steinmetz mentioned, where the delisted plant would come back on once the country has certified that it made corrections, simply is something that should be changed. No federally-inspected plant in the United States can come back on until it has been reinspected by our own Federal veterinarians. We would not allow a State veterinarian to come on and certify that a plant is all right. We

have to have a Federal inspector look at it and we have been told that that is the law.

So I suspect that the law is not being followed here or that there is some vagueness in the law as it affects foreign plants. I think that maybe that should straighten that out in any bill we report.

Mr. JOHNSON. I would agree.

I would think your bill, as I look at it, just provides the beginning framework for what possibly needs to be done.

Senator MELCHER. Updating.

Mr. JOHNSON. Updating. If they do not feel that they have the legal sanction to move in and to make a Federal inspection of the foreign country, once a plant has been closed down, before it can be operative and export meat to the country, then the law should be amended to cover that.

Senator MELCHER. Well, I thank you both very much.

Mr. JOHNSON. We thank you, Mr. Chairman.

Senator MELCHER. The next witness is Tom Cook, associate director, policy development, National Cattlemen's Association.

Tom, welcome to the committee.

STATEMENT OF TOM COOK, ASSOCIATE DIRECTOR, POLICY DEVELOPMENT, NATIONAL CATTLEMEN'S ASSOCIATION

Mr. Cook. Thank you, sir.

I appreciate the opportunity to be here. I would just as soon my statement be submitted for the record, and I will maybe make just a couple of—

Senator MELCHER. Your statement will be made a part of the record.*

Mr. COOK. A few comments might be made that most everything that is to be covered probably has already been covered this morning. And our concerns are your concerns.

And it is known, I think, with our association, that we do have established policies that all meat items, containing imported meat be so identified; that slaughter processing transported facilities that handle foreign meats be subject to comparable inspection and sanitation requirements, applicable to federally inspected plants in the United States; and that imported meat be subject to the same restrictions as domestically produced meat with respect to animal drugs, feed additives, pesticides, and other chemicals. And that pretty well puts our position in a short, concise paragraph.

One thing that does concern us—and it was brought out this morning in the application of the current foreign meat inspection program—is that there is a continual erosion of public confidence in it, not only from our industry, but from the consumers as well. And we as cattlemen in this country are very concerned with the image of the foreign meat inspection program as well as our own because it has an effect on the acceptance and the reliability of the overall product.

So as I say, our concern is for a stronger meat inspection program. And we think it only logical that foreign meat be subject to the same restrictions and requirements that our product is in this country.

Senator MELCHER. Your testimony—and I am glad it does—goes into considerable detail in the aspect of labeling. Would you label processed meat if it contained any foreign meat?

*4 for the prepared statement of Mr. Cook.

Mr. COOK. We feel that it ought to be labeled if it contains foreign meat; yes.

Senator MELCHER. You do not view that as any impediment to trade?

Mr. COOK. Not really.

Senator MELCHER. I do not, either. In fact, for a long time in my life, Swiss watches were considered more desirable than American watches—everybody who sold them was proud to identify them as a Swiss watch. And as I mentioned to Carol and her associates, Japanese cars—or the German Volkswagen—or any of those Japanese television sets are clearly identified and advertised.

Sometimes—look at George's ad in this area—it is hard to find an American television set. The labeling ought to be there. We want good product in beef, or any other meat product, so it should be labeled so the consumer knows what he is getting.

Would you label it as to country of origin, or just "foreign"?

Mr. COOK. We are not that specific in policy, but I would guess not.

One thing, it was brought out this morning is that there is some misunderstanding about the foreign meat inspection program, and we have heard a lot of accusations about the sanitary conditions about meat that might come into this country from foreign countries. And our association has no documented evidence that that is the case.

But a year ago, at the International Trade Commission hearings, where inspection seemed to be a key issue in the testimony of a lot of the producers and a lot of organizations, we acknowledged that we did not have any documented cases of some of the violations that were being illustrated at the hearing. But we felt that a thorough study and review of the foreign meat inspection program ought to be undertaken by a task force which would include industry as well as consumer representatives.

It appears this morning that there is a task force. But I did not see any indication that industry or consumers were being represented. But I think that would go a long way in creating more confidence in the system, in developing better understanding of what it is all about.

Senator MELCHER. I think I agree. We do have other labeling bills, and I am not sure—I am not sure whether we are getting anything done on them in terms of getting the bills processed through Congress.

I think there is a strong feeling among consumers that they are entitled to labeling. I will try to ascertain whether we will get an opportunity this year to pass a labeling bill.

There are some obvious defects in our foreign inspection surveillance. We cannot determine in some of these countries, whether their system is really very good. How does the National Cattlemen's Association view this question of interfering with foreign trade in relationship with other countries?

Do you see this as a risk involved in such type legislation?

Mr. COOK. I do not see it as a risk. I do not think it is even an argument, from the inspection standpoint. I guess it is debatable as far as a judgment on the labeling standpoint. But I do not see it as a risk in our trade with them.

I do not think there will be any restrictions. I do not think it will slow down the movement of beef to this country.

Senator MELCHER. What about a tight residue-sampling process? Would that pose a problem with our relationship between ourselves and Mexico?

Mr. COOK. I do not believe so. I am not familiar enough with live cattle. Most of the cattle that come from Mexico are feeder cattle and end up in feed lots in this country. I do not know what degree of residues are found there.

Senator MELCHER. I think it was Dr. Steinmetz who told us—I am sure he is correct—that you do not know when you ever get rid of some of the hydrocarbon residues. The tolerance of them is very low.

I do not know that anybody can really determine how much chlorinated hydrocarbon actually causes cancer. I do not know that we can ascertain that. We know enough about it to just be scared to death of it. And I would suppose that the department—in this residue sampling program, if it becomes comprehensive—would have to start trace backs to cattle of origin. And it is my feeling that benzene hexachloride is not used any more in cattle in this country; but it is possible, it is possible because it can still be acquired for certain purposes. It is extremely effective and somebody might still be using it even though they know that it is not supposed to be used on cattle.

But I would not be surprised if we find, on trace back, we might be finding that some of the Mexican feeder steers have been treated with benzene hexachloride. That may put a strain on us with Mexico. I would hope not.

Mr. COOK. I would, too. You are speaking about a chemical that, you know, is not used in this country. And I wonder if we are a big enough customer of Mexico, for instance, that I think they would abide by it, if we do not allow it in this country.

Why should it be allow in that country? It is a concern. The same with several other drugs that are banned in this country, or restricted, and they are allowed to be used in other countries to the advantage of the producer in those countries, where we are not able to use them.

Senator MELCHER. The trace-back system on cattle is not possible. From the Western States it is not too hard if you can identify the brand. But I do not know about other States.

A lot of Mexican cattle come into our country. And probably they are here a year and then marketed.

Mr. COOK. They come up mostly for the grass.

Senator MELCHER. Yes. And those are all branded by the owners, and so a trace back there is not hard.

Well, I do not know how you do it on unbranded cattle. It seems to me to pose quite a serious problem on the trace-back. But nevertheless I would assume from what Assistant Secretary Forman said today that there will be—that she does envision a comprehensive residue sampling program for the imported product, as well as more—I think she said—on the domestic product also.

So I would be very interested in a trace-back system in this country to find out where such things as the chlorinated hydrocarbon residues are coming from. A suspicion does not mean very much until you have some facts.

My suspicion is that it could well be from the cattle coming in from Mexico.

Senator Young also mentioned the Canadian cattle. And it would even be a shorter time frame for the Canadian cow movement. Those cows were coming into the United States and being slaughtered in a day or two.

Mr. COOK. Most all of them were going straight to slaughter.

Senator MELCHER. On those lots, a trace-back would be very simple. They were not in this country long enough to get a residue of anything within this country.

Mr. COOK. Right.

Senator MELCHER. Well, we will see what we can do with this bill and see whether some of the points that were raised here this morning from the Department and by you, that seemed to be flaws or loopholes, can be corrected.

Thank you very much.

Mr. COOK. Thank you.

Senator MELCHER. That will conclude the hearing this morning.

The subcommittee will stand adjourned.

[Whereupon, at 12:45 p.m., the subcommittee adjourned subject to call of the Chair.]

APPENDIX

STATEMENT OF HON. CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman, I appreciate the opportunity to testify today on S. 2343, a bill that would amend Section 20 of the Federal Meat Inspection Act.

Presently, under subsection (e) of Section 20, the Secretary of Agriculture is required to submit to the Congress by March 1 of each year a comprehensive and detailed written report with respect to inspection at foreign meat plants that export to the United States. The Secretary is required to include in the report certification that foreign plants have complied with inspection standards at least "equal to" U.S. standards, the names and location of the plants, the number of USDA inspectors assigned to review foreign plants, the number of inspectors licensed by the Government of the exporting country, and the total volume of carcasses, meat, and meat products imported during the previous calendar year.

S. 2343 would provide additional reporting requirements. The Secretary would be required to submit quarterly reports to the Congress that all foreign plants exporting to the U.S. during the previous 3 months have complied with USDA standards and that each of these plants have been inspected by inspectors appointed by the Secretary.

We testified earlier this year before the House Commerce Committee and discussed the need for improvements in our foreign inspection program. So we understand the concerns that lay behind S. 2343. However, it is our view that the additional reporting requirements in S. 2343 would unduly restrict our ability to administer the foreign inspection program. Our main concern is the requirement that every foreign plant be reviewed at least once every 3 months by one of our inspectors. We believe this requirement would actually tend to diminish the effectiveness of our inspection controls over foreign plants.

The export of meat to the United States is a highly diverse activity. There are approximately 1,100 plants that are permitted to export to the United States. Some of these are located in countries involved in comparatively high volume continuous export to this country. Some produce specialty products exported occasionally and in very small quantities. Some plants may be eligible to export but may go for several years without exporting to us. Still others may not export directly to the U.S. but supply carcass meats to a further processing plant that is the exporting plant of record.

Our review system must be shaped to meet the demands of this diverse export trade. In countries such as Australia and New Zealand, which export a large volume of fresh frozen beef to the United States, all eligible plants are reviewed at least four times a year. There are other plants in other countries, however, that we review only once a year. For example, there are a number of plants in Canada that are eligible to export to the U.S., but that may in fact send only an occasional shipment to the United States. Given the very low volume from these plants, we believe that a review once a year is sufficient.

The reviews, however, are only one part of a system of safeguards in our foreign inspection program. We also have inspectors stationed at ports of entry to sample every shipment of meat from abroad. Another essential safeguard against adulterated meat from abroad is the inspection program of the exporting country. If a foreign plant is to export to us, we require that trained inspectors be in that plant on a regular basis just as they are in the United States. We require that these inspectors enforce sanitation requirements, construction and maintenance requirements, ante- and post-mortem examination requirements, and labeling requirements that are just as stringent as those in the United States. Just as state inspection systems in this country must be "equal to" Federal standards, the inspection at foreign plants exporting to the U.S. must be at least "equal to" the inspection carried out at our Federally inspected plants. Whenever we discover that a foreign plant is no longer equal to Federally inspected domestic

plants, we do not allow product from that plant to enter the U.S. But the day-to-day inspection programs of the foreign governments are the American consumer's main safeguard against adulterated meat from abroad. Our monitoring simply insures the effectiveness of these programs.

We are now looking at ways to improve foreign inspection programs. In April the Administrator of the Food Safety and Quality Service appointed a special task force to study the effectiveness of the present controls on the safety of imported meat, and to report back with recommended improvements. We do not expect a final report until some time this fall, but I would like to share with you some of their preliminary findings.

The task force has been looking at two major areas where we believe the foreign program can be strengthened. The task force found, first, that the present system of plant reviews does not provide for the most effective use of resources. Their findings would call for even greater flexibility, rather than going to a more rigid and uniform system of reviews. Foreign plants would be placed in risk categories based upon such factors as the animal disease level in the country, the pattern of pesticide use, animal drug use, and the effectiveness of the control programs of the foreign government. Our resources would be concentrated at those plants or at those points of the distribution chain where the risks of adulteration are the highest. The risk of contamination from chlorinated hydrocarbons, for example, may be significantly higher in meat from South America than it is in meat from Australia. If this is the case, it would make sense to intensify our monitoring of those countries where the risk is the highest. We want to make the most effective use of our resources to protect the American consumer.

The second area of concern to the foreign programs task force has been our control program for residues in imported meats. In the past, we simply have not had enough information to adequately monitor imported meat for chemical residues. In 1977, our inspectors took 2414 random samples from imported meat. These samples were tested for chlorinated hydrocarbons, organophosphates, sulfonamides, hormones, trace metals, and antibiotics. Only 20 of these samples, or .8 percent were found to contain violative residues. But even though we can test for residues at ports of entry, quite frankly we often do not know what chemicals to test for. We believe we can strengthen our program in this area by issuing new regulations that would require foreign countries to provide us with more detailed information on their residue control programs and the patterns of chemical use in their country. We also plan to set up a testing program to evaluate the laboratory capabilities in the countries that export to us.

This Administration is dedicated to effective meat inspection. We take the mandate of the meat and poultry inspection acts to prevent the sale of adulterated foods very seriously. However, we believe everyone in this country wants government to be efficient as well as effective. We are looking at ways to employ our resources in a new and more effective and efficient manner. S. 2343 would present some logistical difficulties and would impose some additional costs. There is a need to plan in advance the complex travel required in foreign reviews. But if S. 2343 were to become law, it would be necessary to make sudden trips to review formerly inactive plants that began exporting near the end of a reporting period. Under these circumstances it would be extremely difficult to carry out an orderly program. We estimate that S. 2343 would increase costs, largely in support staff and travel, by a significant amount.

I know that the committee has a number of questions, and we appreciate this chance to discuss with you some of the ways that we might improve our foreign inspection program. There are a number of people accompanying me here today who can describe for you the different aspects of our program. Let me introduce Dr. Donald Houston, Deputy Administrator of FSQS for meat and poultry inspection, Dr. Hyman Steinmetz, Director, foreign programs staff, and Dr. Grace Clark, staff officer, residue and evaluation staff. We will be happy to answer your questions.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. Chairman and Members of the Committee, Farmers Union presented testimony on June 19, 1978, to the Subcommittee on Trade, House Committee on Ways and Means, concerning the recent increase in imports of foreign-produced beef.

I do not intend to belabor this issue today, but I would appreciate very much the opportunity to include in this record of hearing, following these remarks, a copy of this testimony.

There is, in fact, a relationship between the objective of S. 2343 and the escalation of imports of foreign beef. That relationship relates to the need to assure the consuming public that imported meat and meat products are produced and processed under sanitary conditions on farms, in storage, including transportation, at least equivalent to the quality standards which are required for domestic meat and meat products under the Federal Meat Inspection Act.

S. 2343 has a very simple objective. It would require the Secretary of Agriculture to appoint qualified inspectors to inspect foreign beef imported to assure that the standards for processing, including buildings and other facilities, meet the same standards that are set for domestic meat processing. The bill would require that the information provided the Secretary through this procedure would be presented to both the Senate and House Committees not later than January 1, April 1, July 1, and October 1 of each year.

We strongly endorse the bill, and commend Senator Melcher and the co-sponsors. We in National Farmers Union have been attempting over the last decade to find some of the answers related to the need to give farmers more control over marketing and pricing of beef, including other livestock. In recent years, we have had a number of hearings dealing with the problems of producers and the marketing of livestock. These hearings have produced testimony which leave no question as to the serious problems facing not only independent cattle operations, but also diversified livestock and grain operations and cattle-feeding operations.

For example, almost everyone representing producers have expressed grave concern over the continued use of the so-called "yellow sheet" in establishing prices of cattle. Recently, the Small Business Subcommittee chaired by Neal Smith heard witnesses representing meat purveyors in New England express their concern over the constraints placed on meat pricing through the limited amount of information currently available from private meat market news services or from the Department of Agriculture.

In this connection, it would appear to be highly desirable to make use of the information-gathering resources of the Department of Agriculture to provide pricing information which could be used to supplant the so-called yellow sheet. It appears that the yellow sheet is continuing to be widely used because there is no substitute that can serve as a source of information for the livestock industry. The Department of Agriculture should move to correct this situation.

Earlier this year, our National President, Tony Dechant, asked one of our consulting economists, Mr. C. Edward Pike, to prepare a paper dealing with the problems of marketing and pricing of livestock. This paper not only documents some of the problems facing livestock producers, but also provides information as to some of the actions that should be considered to assist producers in their effort to strengthen their power in the marketplace.

I would appreciate it very much if you would also permit me to insert this paper in the record of hearings in order that we may share the information that it provides with others who may be also concerned with how we may assist livestock producers.

STATEMENT OF ROBERT J. MULLINS, ASSISTANT DIRECTOR OF LEGISLATIVE SERVICES
NATIONAL FARMERS UNION—(BEFORE THE SUBCOMMITTEE ON TRADE OF THE
COMMITTEE ON WAYS AND MEANS, JUNE 19, 1978.)

"AMENDMENTS TO THE MEAT IMPORT QUOTA ACT OF 1964 (P.L. 88-482)"

Mr. Chairman and Members of the Subcommittee. I am Robert J. Mullins, Assistant Director of Legislative Services, National Farmers Union, 1012-14th Street, N.W., Washington, D.C. I appreciate the opportunity to appear before this Subcommittee today and present the views of the farmer and rancher member of the National Farmers Union on the proposals before this Subcommittee to amend the "Meat Import Quota Act of 1964" (Public Law 88-482).

Mr. Chairman, the members of the National Farmers Union are independent family farmers and ranchers. Our membership represents states where over 60 percent of the cattle are raised in this country. Most of the members of the National Farmers Union raise livestock to some degree, it is a part of their diversified farming operations. Therefore, the actions taken by this Subcommittee are of direct financial concern to our members.

PRESIDENT'S ACTION DETRIMENTAL

The recent action by the President to increase foreign beef imports by 200 million pounds simply must be viewed as political "window-dressing". The action will not bring down retail beef prices. At best it could be reflected in a 1.5 to 2.0 cent per pound change in retail ground beef prices. The real losers in the end, because of this action, could be the consumer. The psychological effect that this action will have on producers is yet to be seen. However, if they view this hostile action of the President as an indication of future political and economic moves, further suspensions of quotas or imposition of price controls, they will continue the liquidation phase rather than build up their herds. If they follow the liquidation pattern, beef will remain high for a much longer period of time, if they choose to rebuild, price and supply stability will re-enter the market picture.

The beef cattle industry in the United States has suffered severe economic damage during the past half-dozen years.

The first cause was the over-expansion of the cattle herd that had been artificially stimulated by the abundance of cheap grain that became available when the Nixon Administration sharply reduced government loan rates for grains during the first years of the 1970's.

This was followed by a period when adverse weather in various producing and consuming regions of the world led to heavy demands upon U.S. grain supplies. This world-wide grain shortage was compounded by the severely reduced U.S. feed crop in 1974.

The consequences for the beef cattle industry was drastic reductions in the equities of ranchers and farmers, and in the value of the U.S. cattle inventory. During the single year of 1974, the total market value of the U.S. cattle herd was slashed approximately in half, from \$41 billion on January 1, 1974 to \$21 billion twelve months later—notwithstanding that total cattle numbers had increased by three million during that same twelve month period.

A second year of disastrous weather in 1976 prolonged and deepened the economic crisis of the beef cattle industry. Ranchers and farmers in the drought areas of Wisconsin, Minnesota, South Dakota and North Dakota and in many other areas of the West, were forced into a drastic liquidation of breeding herds which severely depressed beef prices.

All elements of the beef cattle industry have suffered severely during this period of economic and natural disasters. As an example of the losses suffered by one segment of the industry, I would draw your attention to the attached Table I "Costs and Net Margins for a Corn Belt Cattle Feeding Operation, 1972-First Quarter 1978", and Table II "Cost of Raising Feeder Cattle, 1976—Great Plains Region".

"COW-CALF" PRODUCERS ARE BASIC

But the most fundamental damage to the overall beef cattle industry has been that suffered by the ranchers and farmers who keep the mother cows and produce the calves that are later sold for placement in feedlots for fast growth on grain and high-protein concentrate feed.

This is the segment of the industry where the beef animal originates, and it is the foundation for the whole beef production economy. Whether the meat that makes its way to consumers is produced primarily from grass and crop residues on the ranges and fields, or from grain in a feedlot, the original beef animal which converts these raw materials into highly-nutritious and valued meat foods has its beginning in the cow-calf sector of the cattle production economy.

The nation's basic beef breeding herd has been severely depleted as a result of these economic and natural disasters. The number of beef cows and beef heifers for breeding herd replacements has been slashed by eighteen percent during the past three years from 54,351,000 in 1975 to 44,581,000 in 1978.

Obviously this has resulted in severe injury to the livelihoods of hundreds of thousands of farm and ranch families. Many have been forced out of business, with the loss of most or all of their equities, and the crippling of their economic future. This represents a tragic human cost.

It also endangers the nation's food supply, in an era of high risk of worldwide food shortage. Despite the present seeming "surpluses" of both meat and grain, the reality of worldwide food shortages is still fresh in our memory. The recurrence of actual food shortages can happen again as soon as a single crop season results in poor crops, or with a new surge in demand for food on the scale of our actual experiences within the past half-dozen years.

The disaster experience by our beef cattle industry also endangers our opportunity as a nation to convert resources that otherwise would be wasted to human food. This includes the grass produced on two-thirds of the nation's total arable land, which is unsuitable for crop production except at great cost and high risk to the soil. It also includes millions of tons of corn stalks, grain straw and stubble and other crop residues which can be salvaged for production of human food only by ruminant animals, principally beef cattle.

LIVE IMPORTS WORSENED SITUATION

Imports of cattle and meat have had and continue to have adverse effects in this economic calamity, bearing most severely upon the cow-calf sector.

In each of the last thirty-two months from September 1975 through April, 1978, U.S. imports of live cattle from Canada have ranged from 19,976 to 80,196 head per month—averaging 42,110 head per month, higher than any but three months of the entire preceding four and one-half years. (Table III attached).

The volume and duration of this flood of cattle from Canada has been bad enough. The circumstances that have prevailed in the market during the period of these heavy imports made the effect even worse.

In the few scattered months when imports of Canadian cattle during the 1970's were comparably high, imports of Canadian cattle had little adverse effect upon the market and upon the U.S. beef cattle industry. Cattle prices were then relatively strong in the United States, and the cattle herd was in an expansion phase, resulting in relatively short supplies of cull cows and bulls and other lean grass-fed cattle to supply the ground beef sector of overall demand for meat.

But the past thirty-two months have been a time of grave stress for U.S. cattle producers, particularly cow-calf producers. The drought forced a large-scale sell-off of breeding herds. Low prices for cow beef and range-fed slaughter cattle intensified this sell-off, both by discouraging producers from hanging on, and by denying them enough income from sale of their cull cows to buy the costly feed they needed in order to save part of their basic breeding herd. The cattle imported from Canada compete primarily with this type of beef, and therefore accentuated the difficulties of the American cow-calf producers at the very time when their circumstances were most desperate.

Imports of live cattle from Mexico also have similar adverse effects upon the U.S. cattle economy, and also bore most heavily upon the cow-calf sector of the industry. Imports were particularly heavy in 1977, totalling 593,990 head, up from the 1976 figures of 507,768 head, and triple the imports of 1975 from Mexico (196,043 head). (Table IV attached).

IMPORTS NOT RELIABLE SOURCE OF MEAT

American consumers cannot depend upon imports of cattle or beef as a reliable source of meat. Exporters are subject to the domestic needs of the exporting countries. In September 1976, for example, Mexico imposed an export quota on 515,000 head for the following year. Imports may be a penny-wise but pound-foolish expedient for U.S. consumers. Imports tend to make meat cheaper when it is cheap. But, in doing so, imports undermine the U.S. cattle economy; and imports will not be available when meat becomes scarce worldwide.

Imports of meat from Australia and New Zealand compete directly for the ground beef segment of the market. Thus the impact of these imports also is concentrated upon the basic cow-calf sector thereby tending to undermine the economic security of the cow-calf producing farmers and ranchers who are the foundation of the entire cattle industry.

The interest of the public, as well as the interest of the cattle producers, requires realistic and responsible measures to be taken by the government to promote orderly development and operation of the beef cattle industry.

RECOMMENDED "VARIABLE DUTY" SYSTEM

A basic element that is necessary in order to maintain a stable, progressive and secure cattle economy is effective and orderly regulation of imports.

Two primary considerations need to be taken into account:

The protection of producers against price-depressing imports in periods of oversupply; and

Assured access by consumers to supplies in the world market in times of shortages.

To accomplish this, the Farmers Union recommends the use of a system of variable import duties.

The object of this system would be to prevent the importation of foreign cattle or meat at prices that would depress the price in the domestic market below the level determined to be "fair" and necessary in order to maintain a healthy domestic livestock economy.

We propose that this be done by charging a variable rate of duty on all livestock and meat imported into the United States, equal to the difference between 110 percent of the price established as "fair" for U.S. producers and the current world trading price.

With this system in effect, the cost to buyers of imported livestock or meat in the United States would be roughly equal to the "fair" price of similar products sold by U.S. farmers and ranchers. The 10 percent markup from the "fair" U.S. price used as the basis for computing the variable rate of duty would allow a reasonable margin for error and uncertainty in determining world trading prices.

This system would provide a fair, efficient and effective means of achieving the government's proper goals for its import regulatory activities. It would eliminate the need for arbitrary import quotas and bi-lateral "informal understandings" with exporting country governments, which are rightly regarded by authorities on international trade as the very worst form of government interference in commercial markets.

It would adjust itself automatically to the current realities of the market situation. It would slow down imports when domestic supplies are high, prices are low, and foreign supplies are not needed. It would increase the flow of imports under the reverse conditions—when domestic supplies are low, prices are high, and foreign supplies are needed by U.S. consumers.

Under this system, no duty at all would be imposed during periods when domestic supplies are short and domestic market prices are at the "fair" level. Under such circumstances, U.S. consumers would enjoy free and unrestricted access to world market supplies at market prices.

Thus it would balance the interest of producers and consumers, and be fair to both.

SUMMARY

Mr. Chairman, in summation, the recommendations of the National Farmers Union seeks two compatible goals: First, economic security for the nation's cattle producers; and, Secondly, stability in price and supply of meat products for the American consumer. We believe by implementing policies as outlined in this statement, those goals can be achieved:

Imposition of quotas on live cattle imports;

Counting live feeder imports against the importing nation's total allowable quotas;

Imposition of a variable duty tariff system for beef and cattle imports.

Thank you.

TABLE I.—COSTS AND NET MARGINS FOR A CORN BELT CATTLE FEEDING OPERATION, 1972—FIRST QUARTER 1978¹

[Amounts in dollars]

Year and quarter	Total costs per head	Selling price per hundredweight to cover		Choice steers, Omaha	Net margin per hundredweight	Net margin per head
		Feed and feeder costs	All costs			
1972:						
I.....	360.85	29.91	34.37	36.26	1.89	19.84
II.....	375.55	31.20	35.77	35.12	-.65	-6.82
III.....	391.90	32.64	37.32	43.28	5.96	62.58
IV.....	411.32	34.37	39.17	45.84	6.67	70.04
1973:						
I.....	464.72	39.08	44.26	48.57	4.31	45.26
II.....	506.15	42.77	48.20	40.47	-7.73	-81.16
III.....	568.34	48.46	54.13	45.46	-8.67	-91.04
IV.....	615.02	43.62	49.14	40.01	-9.13	-95.86
1974:						
I.....	536.82	45.39	51.13	43.91	-7.22	-75.81
II.....	468.99	48.98	44.67	38.19	-6.48	-68.04
III.....	479.99	40.10	45.71	35.72	-9.99	-104.90
IV.....	460.50	38.27	43.86	48.03	4.17	43.78

TABLE I.—COSTS AND NET MARGINS FOR A CORN BELT CATTLE FEEDING OPERATION, 1972—FIRST QUARTER 1978¹—Continued

[Amounts in dollars]

Year and quarter	Total costs per head	Selling price per hundredweight to cover		Choice steers, Omaha	Net margin per hundredweight	Net margin per head
		Feed and feeder costs	All costs			
1975:						
I.....	426.92	34.79	40.28	48.64	8.36	87.78
II.....	456.19	37.86	43.45	46.05	2.60	27.30
III.....	468.86	38.97	44.65	38.71	-5.94	-62.37
IV.....	466.52	38.55	44.43	41.42	-3.01	-31.60
1976:						
I.....	477.82	39.56	45.51	37.30	-8.21	-86.20
II.....	516.78	43.06	49.22	39.00	-10.22	-107.31
III.....	487.49	40.19	46.43	37.88	-8.55	-89.78
IV.....	452.66	37.88	43.11	40.77	-2.34	-24.57
1977:						
I.....	475.34	39.26	45.27	40.47	-4.80	-50.40
II.....	489.50	40.39	46.62	42.42	-4.20	-44.10
III.....	452.56	36.91	43.10	45.77	2.67	28.03
IV.....	456.10	37.24	43.44			
1978: I.....	515.07	42.41	49.05			

¹ All costs are valued at prices paid in the month the cattle were placed in feedlot. Costs represent the quarter in which cattle were placed in feedlot while the steer prices and net margins reflect selling prices 2 quarters later.

Source: "Livestock and Meat Situation," Economics, Statistics, and Cooperatives Services, USDA. Various issues.

TABLE II.—COST OF RAISING FEEDER CATTLE, 1976—GREAT PLAINS REGION

[Amounts in dollars]

Item	Costs per cow			Costs per hundredweight feeder sold ¹		
	Cash	Noncash	Total	Cash	Noncash	Total
Private pasture and range.....	11.58		11.58	3.76		3.76
Public grazing.....	1.84		1.84	.60		.60
Hay.....	25.39	9.68	35.07	8.24	3.14	11.35
Silage.....	4.90	2.19	7.09	1.59	.71	2.30
Grain and concentrates.....	1.93		1.93	.63		.63
Protein supplements.....	13.21		13.21	4.29		4.29
Salt and minerals.....	1.98		1.98	.64		.64
Subtotal, feed.....	60.83	11.87	72.70	19.75	3.85	23.60
Veterinary and medicine.....	3.61		3.61	1.17		1.17
Livestock hauling.....	1.13		1.13	.37		.37
Marketing.....	1.85		1.85	.60		.60
Fuel, lube, and electricity.....	8.49		8.49	2.76		2.76
Machinery and building repair.....	9.22		9.22	2.99		2.99
Subtotal, other production items.....	24.30		24.30	7.89		7.89
Hired labor.....	7.79		7.79	2.53		2.53
Interest on operating capital.....	1.96	0.82	2.78	.64	.27	.91
General farm overhead.....	6.72		6.72	2.18		2.18
Total direct costs.....	101.60	12.69	114.29	32.99	4.12	37.11
Machinery and equipment, DITI ²	0.95	7.00	7.95	.31	2.27	2.58
Buildings and facilities, DITI.....	1.30	7.91	9.21	.42	2.57	2.99
Livestock, DITI ³		30.10	10.30		9.77	9.77
Subtotal, ownership costs.....	2.25	45.01	47.26	.73	14.61	15.34
Operator and family labor.....		20.01	20.01		6.50	6.50
Management.....		14.49	14.49		4.70	4.70
Land taxes.....	10.54		10.54	3.42		3.42
Total nonland costs.....	114.39	92.20	206.59	37.14	29.93	67.07
Less cull cow credit.....	35.12		35.12	11.40		11.40
Net total nonland costs ⁴	79.27	92.20	171.47	25.74	29.93	55.67

¹ Sum of designated costs per cow divided by 3.08 hundredweight per cow of steer and heifer feeder calves and yearlings sold.

² Applicable depreciation, interest, taxes, and insurance. Repairs are included above.

³ Depreciation on herd bulls only. Assumes that all bred cows are raised from heifer calves born on each operation, so the costs of raising replacements is included in the per-cow costs, and salvage values are recovered through the sale of culls.

⁴ Specified cost less the cash cull cow credit.

Source: Preliminary unpublished estimates prepared by Economics, Statistics, and Cooperatives Service, USDA.

TABLE III.—U.S. IMPORTS OF DUTIABLE CATTLE AND CALVES FROM CANADA¹—1971-78 BY MONTH

[Head]								
Month	1971	1972	1973	1974	1975	1976	1977	1978 ²
January.....	4,819	6,224	12,666	9,161	229	36,326	27,626	25,987
February.....	5,821	7,182	23,119	11,296	474	32,112	25,202	44,939
March.....	19,029	20,115	39,587	11,370	1,214	41,000	31,119	46,751
April.....	28,019	28,983	43,605	19,197	164	50,750	53,741	76,117
May.....	29,340	22,852	51,612	24,282	89	40,426	80,196	-----
June.....	20,124	22,822	38,716	13,164	90	32,498	25,036	-----
July.....	14,881	17,859	21,108	4,932	6	20,888	21,547	-----
August.....	15,212	10,445	41,567	4,388	2,992	19,976	27,472	-----
September.....	10,432	9,890	14,242	2,798	24,395	25,728	46,442	-----
October.....	10,102	26,209	22,238	4,408	39,980	31,925	50,728	-----
November.....	13,710	42,442	13,889	4,315	49,280	65,420	75,470	-----
December.....	9,232	12,827	7,991	1,955	64,477	51,106	62,861	-----
Total.....	180,721	227,850	330,340	111,266	183,390	448,165	527,440	193,794

¹ Feeder and slaughter animals.² Preliminary.TABLE IV.—U.S. IMPORTS OF DUTIABLE CATTLE AND CALVES FROM MEXICO¹—1971-78 BY MONTH

[Head]								
Month	1971	1972	1973	1974	1975	1976	1977	1978 ²
January.....	58,204	102,133	136,319	99,859	6,596	53,240	77,694	73,562
February.....	58,124	78,308	76,518	82,232	6,081	19,127	37,604	70,854
March.....	90,049	140,154	64,035	41,423	4,405	26,546	44,618	48,355
April.....	66,936	64,519	33,693	28,745	7,662	26,035	29,411	67,895
May.....	46,222	41,161	20,806	52,895	18,070	55,668	27,925	-----
June.....	30,379	15,754	33,845	64,983	32,314	42,937	56,069	-----
July.....	8,926	26,478	10,213	28,624	18,026	4,803	13,896	-----
August.....	9,977	11,119	13,917	7,317	1,344	818	4,531	-----
September.....	5,877	3,410	3,732	11,476	785	968	3,817	-----
October.....	13,974	42,135	2,071	3,096	1,182	-----	12,607	-----
November.....	127,426	163,363	100,489	1,390	31,564	70,403	123,046	-----
December.....	236,115	227,233	177,016	12,660	68,014	207,223	162,772	-----
Total.....	752,209	915,767	672,654	434,700	196,043	507,768	593,990	260,666

¹ Feeder and slaughter animals.² Preliminary.

[The following statement was submitted by Reuben L. Johnson, director of legislative services, National Farmers Union:]

THE MARKETING AND PRICING OF LIVESTOCK: CHANGE AND CHALLENGE

[By C. Edward Pike, Consultant (International Agricultural Economist)]

PRODUCERS IN TROUBLE

Testifying before the Small Business Committee of the U.S. House of Representatives on October 13, 1977, Dr. Harold Breimyer, Professor of Agricultural Economics at the University of Missouri stated: "The truly independent cattle rancher and cattle feeder are both in serious trouble."

It is not difficult to substantiate Professor Breimyer's statement or to discover that it also applies to other livestockmen. For example, by January-June, 1977 the prices paid by farmers to operate their farms had more than doubled since 1967 (up by a whopping 109 percent). But the prices received by farmers for meat animals had increased by less than two-thirds.

Although this paper directs itself to marketing and pricing problems, the man who makes his living by raising livestock faces unfair competition from the very start. A point stressed by Professor Breimyer was that: "Tax shelter financing of both cattle ranching and cattle feeding and apparently an increase in tax angles in some hog operations are simply killing the independent farmer. . . . In my opinion, unless something is done about it the time will come when a man must have a tax angle or an outside income to stay in the cattle business."

If there is to be a profitable meat-animal production industry in this country, livestockmen themselves are going to have to work together on agreed programs. Nevertheless, there is widespread awareness, and concern, in the Congress, in the Administration, and elsewhere, that all is not well with the nation's livestock industry.

Almost everyone appearing at the various congressional hearings in 1977 on problems facing the livestock industry expressed grave concern over the way livestock and meat marketing and price reporting has evolved. A notable exception was Mr. Lester Norton, President of The National Provisioner, Inc., Chicago, Illinois—publisher of the controversial but widely-used meat price report, *The Daily Market & News Service* (familiarily known as The Yellow Sheet).

A Small Business Committee press release of October 18 states, in part: "The Committee, chaired by Rep. Neal Smith (D-Ia), listened to all these witnesses express their concern over the domination of the meat industry by large retailers and constraints placed on meat pricing through the limited amount of information currently made available by either private meat marketing news services or the Department of Agriculture."

And the press release concludes: "Today California State Senator John Garamendi, who recently conducted hearings in that State into the meat marketing situation, commented: 'One trend that I find particularly disturbing is the increased economic concentration by food retailers and food manufacturers. Traditional economic notions of supply and demand simply do not, any longer, govern the price of beef in California. Instead, there is frightening evidence that a few large corporations are able to dominate the market and in fact, are able to set the price.'"

Another congressional action was the introduction last May, by Congressmen Bedell and Thone, of a bill: "To require that all reports concerning certain sales of meat and meat food products meet standards set by the Secretary of Agriculture concerning accuracy and completeness." Referred to the Committee on Agriculture, hearings were held before the Subcommittee on Livestock and Grains, in Sioux City, Iowa in August and in Washington in October. Little enthusiasm was expressed for this particular bill (several witnesses felt that it duplicated powers already provided under the Packers and Stockyards Act, 1921, as amended), but much evidence was presented that structural changes in the industry have reduced competition among livestock buyers and rendered price and other market information inadequate and misleading.

Also in 1977, The Beef Research and Information Act, a "self-help" plan, was passed by the Congress; but it failed to get the necessary two-thirds approval of producers required for it to become operative. Under the Act a market development program—with emphasis on promotion, education, and nutrition research—would have been financed by the collection of a fee on each beef animal marketed (with some exceptions). It was not, however, directed toward solving the more fundamental marketing and pricing problems brought out at the congressional hearings.

Under a directive from the Secretary of Agriculture, the Packers and Stockyards Administration is currently conducting a comprehensive investigation of meat marketing and pricing. In a letter of October 3, 1977 to Chairman Foley of the House Committee on Agriculture, Deputy Secretary of Agriculture John C. White stated: "The results will provide the necessary information to determine the best corrective course of action and whether any new legislation is necessary."

MARKETING STRUCTURE CHANGED

There has been a virtual revolution in the livestock and meat marketing structure in this country. For decades terminal (central) markets in major railroad centers (Chicago, Kansas City, Omaha, Sioux City, South St. Paul, etc.) handled most of the livestock sold from farms and ranches. In 1923, for example, meat packers purchased 90 percent of their cattle in terminal markets. Although the development of trucking initiated changes, in 1951 slaughterers still bought 73 percent of their cattle at these markets.

But in 1975 slaughterers acquired only 14 percent of their cattle at terminal markets. Two-thirds were purchased in the countryside directly from farmers and feeders or from country-dealers; one-fifth was bought at auction. There are now nearly 2,000 auction markets, and scattered throughout the country are thousands of livestock buyers—packer buying stations, country-dealers, order-buyers, etc.

As the terminal markets developed in the late 1,800's and early 1,900's packers located slaughtering and processing facilities nearby. And the bulk of the business was in the hands of a relatively few firms. In 1930, for example, the four largest firms (Armour, Cudahy, Swift, and Wilson) accounted for about one-half of all cattle slaughtered in the United States. These major firms maintained sales outlets in principal cities throughout the country.

Improved highways and the growth of the giant food chains were accompanied by a decentralization of processing as well as marketing. Technological developments made it possible for a small plant in the countryside to be as efficient as a large one in the city. Federal inspection and grading contributed to the growth of small firms by making it possible for them to compete with large firms without investing in brand names or large sales organizations. The food chains have never been interested in pushing packer brands, and some chains have turned to processing their own meat. As a consequence of these changes, the four principal firms now account for barely one-fifth of the total slaughter.

Although over the past quarter-century the number of packing plants has doubled and buyers have proliferated, at most points of sale there are now fewer buyers than in the past—frequently there is only one buyer. Consequently, the farmer's competitive position vis a vis the buyer has deteriorated.

PRICING IN DISARRAY

Even in the heyday of the terminal markets, the farmer's competitive position was weak. Buyers were nearly always better informed about market conditions. And a farmer, once he had shipped his livestock, was almost irrevocably committed to sell. Still there were usually several buyers to bid on each lot of animals offered for sale. So as long as sales on central markets accounted for a high percentage of total sales, price quotations and other trading information from these major markets provided a logical basis for establishing prices elsewhere. The main concern was that the information be accurate and unbiased; this was reasonably assured following the establishment of Federal livestock and meat market reporting in 1917.

Although fewer than one in seven of the animals destined for slaughter now passes through a terminal market, livestock buyers throughout the country still buy from farmers on the basis of price quotations from the public stockyards. Thus livestock prices are no longer determined where the bulk of sales are made—because today most livestock are sold in the countryside, at farms, ranches, and feedlots.

"Even more alarming is the decline in genuine spot trading in dressed products," stated Dr. Breimyer in his testimony on October 13. "The trend for all meat is toward a host of supply contracts between processors and retailers and along with them much use of formula pricing. There is nothing wrong with formula pricing. All that is required is a good base for the formula. . . ."

"The two most common base prices for formula pricing of beef are the USDA market news reports and the National Provisioner Yellow Sheet. If the information that has reached me from several sources is correct, the managers of the Yellow Sheet year by year find themselves stuck with fewer good sound trading prices on which to base their price reports. I have no reason to say whether the managers of the Sheet are doing a good job. I feel no constraint whatever to say that basing the prices of the whole livestock and meat economy on one man's judgment, which in turn rests on an even thinner volume of market trading, is so flimsy, so insubstantial, that it simply cannot be regarded as satisfactory. Why livestock producer organizations haven't risen up in violent protest, and proposals for correction, I cannot understand. . . ."

"Now that a few large firms have risen to prominence in both processing and retailing, and particularly now that so much of the trade is on formula priced orders, the conditions for getting good market information are no longer present. Furthermore, we may as well face the fact that with so much trading done on formula the incentive for any firm with even the slightest inclination toward guile, to try to influence the base price for the formula is almost irresistible."

Whether the price quotations are obtained from the Yellow Sheet or elsewhere, the fact is that open market sales of meat are no longer sufficiently numerous or sufficiently representative of the total trade in meat to provide a sound basis for others to trade on. Some students of the situation think that compulsory reporting of the price and volume of all sales would go a long way toward alleviating this problem.

Testifying on October 4 before the House Subcommittee on Livestock and Grains, Mr. Charles B. Jennings, Administrator, Packers and Stockyards Admin-

istration, expressed his concern: "There are clearly problems in the growing tendency toward formula pricing in the trading of wholesale meat. Instead of arriving at prices to be paid for the products traded, prices are geared to an established quotation on some date in the future, after the transaction has been completed. As this practice continues to grow, the base of open market reportable sales in which prices arise and can be reported by market news services becomes restricted. As open market transactions decrease, the problem of arriving at reliable market price quotations becomes more difficult."

Because of incorrect price signals they get back from the market place, producers waste a lot of resources in producing fat (which the consumer does not want) instead of lean (which the consumer so greatly desires). All too frequently no premium is forthcoming for animals that will dress out a higher-than-average percentage of lean.

This writer can only conclude that today livestock and meat prices are in a very large measure arbitrarily determined by those in a position to make their price decisions stick. These most certainly do not include the farmer, rancher, independent feedlot operator, or the super-market shopper.

WHAT SHOULD PRODUCERS DO?

Why should livestock producers initiate change? Because producers receive whatever is left after all marketing, processing, and distribution charges are paid; therefore, they stand to gain the most by changing the system. And simply because no one else is going to alter the system to enhance the bargaining power of the farmer and rancher.

Several innovations are being advocated. For maximum effectiveness, all would provide for payment to producers on the basis of carcass weight, quality grade, and yield grade; they could include mandatory price reporting. Let's take a quick look at some of these proposals.

Telephone auctions (teleauctions).—A USDA pamphlet, "How to Improve Lamb Marketing" by Dr. David L. Holder, explains how such a system works: "In a teleauction, the buyers meet with the auctioneer by conference telephone call, and the lambs remain on the farm or range until the sale. Teleauctions are operating successfully in both Virginia and Idaho. But the industry needs . . . regional (multi-State) systems . . . to . . . concentrate the selling activities of producers to coincide with the concentrated buying activities of packers.

"There are several advantages to a teleauction marketing system. First, it increases the number of buyers. Prior to the teleauction in Virginia, for example, only one buyer purchased lambs. Now there are 8 or 10. With telephone communication, a number of buyers from a large area can 'afford' to compete on Virginia lambs. While this is good for producers, it is also good for packers. It decreases their buying costs. With an hour or two on the telephone, a packer could buy enough lambs to keep his plant going all week, and he could buy all the lambs directly. He would not have to send several buyers into the country to find lambs. And because the lambs stay on the farm until after the sale, the packer could schedule deliveries to his plant. The result would be a more efficient system, moving lambs directly, or as directly as possible, from the farm to the packer on a scheduled basis. The lambs would get there in less time, with less stress, less shrink and less death loss than by conventional auctions, dealers, or order buyers. All this translates into higher prices to producers."

Teletype auction.—Convincing research evidence has been presented by Dr. Ralph D. Johnson of USDA (stationed at the University of Nebraska Experiment Station) that the inauguration of a national teletype marketing system for slaughter livestock would lead to a substantial increase in returns to livestock producers. This would result from a sharp reduction in marketing costs and higher selling prices stemming from increased competition between buyers. Under this system all offers to sell and all bids to buy would be by an integrated teletype system; all sales would be on the basis of description (using USDA grades) and prices paid on carcass weight, and quantity and yield grades as determined by Federal inspectors.

A teletype marketing system, such as that proposed by Dr. Johnson, has been successfully operated in Canada since 1961 by the Ontario Hog Producers' Marketing Board.

Sale by video tape.—This method is being used to a limited extent in several Western states. Cattle are filmed on farm and ranch and the film sent to prospective buyers for bids. The animals are not moved until sold.

Busing buyers.—Another new method being used in California is the busing of a group of buyers from ranch to ranch. Again the animals are left undisturbed until the buyer is ready for them.

Cooperative processing.—This alternative provides an opportunity for a producer organization to coordinate production, feeding, processing, and distribution. A drawback is the large capital outlay required for the purchase of processing facilities. This might be overcome, however, by the cooperative leasing existing facilities, or by contracting with existing packers and other middlemen to perform the services needed by the producer organization.

Cooperative bargaining.—Another alternative is for livestock producers to join together in national (or regional) associations to bargain collectively with packers to get a better price for their livestock. Bargaining cooperatives have been quite successful for some commodity groups, especially for dairymen and for some fruit and vegetable producers.

Livestockmen should take the time to understand these and other possible alternatives, what they can and cannot do, and the kind of producer commitment necessary before any new marketing system can become a reality. Others may help, but if there is to be a profitable meat-animal production industry in this country, livestockmen themselves are going to have to do a lot of working together on agreed programs.

STATEMENT OF TOM COOK, ASSOCIATE DIRECTOR POLICY DEVELOPMENT, NATIONAL CATTLEMEN'S ASSOCIATION*

NCA POLICY ON LABELING AND INSPECTION OF IMPORTED MEATS

It is the established policy of the National Cattlemen's Association that all meat items containing imported meat be so identified; that slaughter, processing, and transporting facilities that handle foreign meats for importation be subject to comparable inspection and sanitation requirements applicable to federally inspected plants in the U.S.; and that imported meat be subject to the same restrictions as domestically produced meat with respect to animal drugs, feed additives, pesticides, and other chemicals.

In accordance with this policy, the National Cattlemen's Association appears in support of the legislation under consideration which would require the labeling of imported meat and testing and inspection comparable to that to which domestically produced meat is subjected.

The National Cattlemen's Association appreciates the opportunity to be here today to present its views on S. 2343 and other related bills dealing with foreign meat inspection and labeling.

U.S. cattle producers are very much concerned and have a real interest in the foreign meat inspection program. We feel that inspection procedures and conditions in the packing plants of foreign countries which export meat to the United States should be no less than the same standards which are applied in this country.

It is difficult for us to understand the attitude of our State Department and of foreign trading nations regarding proper inspection of meat and meat products entering the United States. Nothing can more quickly destroy a market than loss of public faith in the product being marketed. The quality and purity of beef is constantly being tested and questioned within the United States. Without doubt, a large reason for the high public acceptance is their confidence in the product. Any challenge to that confidence, whether it emanates from domestic products or foreign products, will ultimately hurt the total market. For that reason alone, proper inspection of foreign beef must be accomplished. The prattlings of the State Department (non-tariff barriers) and the executive (too costly to regulate) must be discounted on their face value as ridiculous, short-sighted and shallow arguments.

The cattle industry supports various legislation, such as S. 2343, dealing with foreign meat inspection because it moves in the direction of restoring faith and confidence in a program that so vitally affects our domestic industry.

*The National Cattlemen's Association is the national spokesman for all segments of the nation's beef cattle industry—including cattle breeders, producers, and feeders. The NCA represents approximately 280,000 professional cattlemen throughout the country. Membership includes individual members as well as 51 affiliated state cattle associations and 13 affiliated national breed associations.

Our position on a stronger foreign meat inspection program is based on our concern for the acceptance of our product and the well being of the consumer. We do not accept the notion of some that we are just attempting to find a way of limiting imports into this country. Why shouldn't the standards of an imported product, whatever it may be, not be the same as what our domestic products are subject to?

INSPECTION

American consumer deserves and demands a sanitary, wholesome and pure food supply. The Federal Food, Drug and Cosmetic Act and the Federal Meat Inspection Act support these consumer demands and are rigidly administered and enforced by Federal regulatory agencies when dealing with domestically produced beef.

In the interest of the consuming public, U.S. consumers must be assured that (1) Imported products are subjected to inspection standards for wholesomeness and sanitary handling at least equal to the established standards for domestically produced meats, including the testing for residues; and (2) No meat or meat products be accepted for importation from countries where animal drugs, feed additives, or other livestock and agricultural chemicals are allowed to be used which are disallowed in the United States because of their alleged harmful properties or have not been approved for use by U.S. producers.

Foreign Meat Inspection Act

Section 20 of the Federal Meat Inspection Act requires that imported meat be subject to the same inspection standards as domestically produced meat. Section 327.2 of the Meat and Poultry Inspection Regulations, promulgated under the Act, are based on and designed to implement Section 20 of the Law. To be in compliance with the Law and the Regulations, a country's meat inspection system must be equal to the system established and in operation in the United States for that country to be able to export meat to this country.

As the members of the Subcommittee are aware, however, many cattlemen have questioned whether the statutory requirements are indeed being thoroughly and effectively applied to foreign products. The NCA predecessor associations, the American National Cattlemen's Association and the National Livestock Feeders Association, have counseled with the Secretary and meat inspection officials periodically since the passage of the Federal Meat Inspection Act on this problem and much progress has been made in upgrading the inspection systems of those countries exporting meat to the U.S. Many of the unsanitary and unwholesome product conditions which did exist at the start of large volume exports of fresh, chilled, and frozen beef and veal to this country have been corrected.

LABELING

Certainly, the consumer has the right to know what he or she is buying. It follows that buyers of meat and meat products are entitled to know if those products are of domestic or foreign origin. Consequently, legislation which requires plainly visible labels stating that the products are, or contain, meat of foreign origin has the support of the National Cattlemen's Association.

Meat and meat products should be clearly and truthfully labeled to enable the consumer to compare, evaluate, and make an intelligent choice in purchasing such products. This principle is also valid as it applies to imported meat and meat products. The consumer has the implicit right to know the origin of the product offered for sale in making purchase decisions.

If it is desirable to require that cameras, watches, television sets, radios, tools, clothes, and other hard and soft goods, ad infinitum, be labeled as to their origin, then it follows that the same practice is desirable when applied to food products and meat in particular.

Passage of S. 2343 would reinforce the present Law and its application to imported products, and thereby, bring about greater confidence on the part of U.S. meat consumers and cattle producers.

[The following report was prepared by the Congressional Research Service, Library of Congress, at the request of Senator Leahy:]

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WASHINGTON, D.C.

INSPECTION OF MEAT IMPORTED INTO THE UNITED STATES

[A REPORT PREPARED ACCORDING TO THE INSTRUCTIONS OF THE SUB-COMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION, OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY]

[By Food and Agriculture Section, Environment and Natural Resources Division—
March 14, 1978]

SUMMARY

1. The Federal Meat Inspection Act, Title I of the Wholesome Meat Act of 1967, was designed to ensure the quality, safety and wholesomeness of both domestic and imported meat and meat food products.

2. The Act requires that imported meat must not be adulterated or misbranded and that it comes from establishments which comply with all the inspection and other regulations and standards applied to domestic meat plants under the provisions of the Act. In addition, the Secretary of Agriculture is required to submit a detailed annual report to Congress concerning the inspection of imported meat.

3. The activities of the Foreign Programs Staff of the Food Safety and Quality Service of the U.S. Department of Agriculture (USDA) appear to comply with the letter and spirit of the Federal Meat Inspection Act.

4. The program which USDA operates with regard to imported meat comprises three major activities:

A review of the organization and operation of the foreign country's meat inspection system for plants eligible to export to the U.S.

A visual reinspection of a sample of each lot arriving in the U.S. to determine that the meat is neither adulterated nor misbranded.

A reinspection, through test analysis, of samples arriving at ports for residues of pesticides, drugs, antibiotics, hormones, and trace elements.

5. The Foreign Programs Officers of USDA have been successful in obtaining the compliance of foreign meat inspection regulations and systems with the requirements of the Federal Meat Inspection Act and its regulations. This has resulted in foreign standards and operating procedures at least equal to those of meat inspection standards and procedures in the United States.

6. In 1976, there were approximately 7.5 foreign inspectors per establishment eligible to export meat to the U.S. In comparison, there were only 1.3 Federal inspectors per Federally-inspected domestic plant in that year.

7. The visual reinspection of imported products at ports of entry is an added inspection which is not performed on domestic meats.

8. In addition, the testing for residues carried on both abroad and at the ports is made on proportionately greater numbers of samples than residue testing performed on domestic products.

9. It is impossible, however, to guarantee that imported meat is absolutely and completely safe and wholesome, just as it is impossible to guarantee the same for domestic meats. Human error, damage in transit, defects and violations not caught by the sampling procedures, and other problems are bound to occur.

10. When violations are uncovered, the "hold and test" procedure applied to imported meats provides a greater degree of safety than the procedures applied

to domestic meat, where meat is often marketed before test results have been ascertained.

11. The inspection of imported meat and meat food products has improved significantly over the years, partly because the program has been periodically reviewed by the General Accounting Office and by the Office of the Inspector General of USDA. In addition, the Secretary's annual report to Congress emphasizes the accountability of the Foreign Programs Staff of USDA.

12. Further improvements in the program, primarily in the area of residue testing, are planned. Additional research on analytical procedures and refinements in their use should enhance the program with respect to determining the presence of residues in meats.

INTRODUCTION

Concern about the quantity and quality of U.S. meat imports has grown significantly since 1960. Such concern is a response to the growing level of these imports. During the last two years, the level of U.S. beef imports, for instance, was about 2½ times greater than in 1960-61.

An indication and measure of the concern over meat imports was the enactment of two Federal laws during the mid-60's—one dealing with the quantity of imported meats and the second with the quality of these products. Under the Meat Import Law of 1964, imports of fresh, chilled, or frozen beef, veal, mutton, and goat meat have been limited to an established share of the U.S. market.

The second law, the Wholesome Meat Act, was signed on December 15, 1967. The Act represents an attempt to assure quality meat products—both domestically produced and imported—to U.S. consumers. Title I of this Act is the Federal Meat Inspection Act, of which Sections 20 and 21 provide for the inspection of imported meats or meat food products.¹ Specific regulations governing this inspection are contained in Part 327 of Section 21. It is the provision for the inspection of meat imported into the U.S. which is considered and assessed in this report.

Specifically, this paper addresses the question whether the meat inspection program, as conducted by the U.S. Department of Agriculture, fulfills the requirements of the Federal Meat Inspection Act so as to guarantee that imported meats are as safe and wholesome as domestic meats.

To aid in this analysis, a brief history and description of the nature of U.S. meat imports, inspection activities prior to the Federal Meat Inspection Act, the provisions of the Act, and the agencies, operations, and procedures which provide for the administration of the Act are included. The development and evolution of the inspection program and comparisons with inspection programs for domestic meats are also described.

The background information, especially that dealing with previous USDA inspection activities, is provided in order to indicate how deficiencies and defects in the system have been recognized and corrected during the past twelve years. This process of review and evaluation is ongoing, and it must continue if U.S. consumers are to be assured of safe and wholesome meats and meat products.

A description of current USDA Inspection activities begins on page 63 and includes plans for further improvements in the program. The appraisal of USDA's current inspection operations in relation to the requirements of the Federal Meat Inspection Act begins on page 65.

THE NATURE OF U.S. MEAT IMPORTS

Four out of every five pounds of red meat imported into the United States are beef, with pork accounting for almost all of the balance. Imports of lamb and veal are very small. Poultry imports (all from Canada, France, or Hong Kong) are negligible. Data on U.S. red meat imports since 1960 are provided in Table 1.

Imports of beef into the U.S. were extremely small until 1958. By then, Australia and New Zealand, whose beef industries had been built to supply the U.K. market, undertook to find new markets because deficit payments to British producers under the Fatstock Guarantee Scheme had lowered U.K. market prices. The development of the E.C. import system for beef in the 1960's and Japanese import quotas also helped divert most exportable supplies of Australian and New Zealand beef toward the U.S. market.

¹ A meat food product is defined as human food made from any meat or other portion of the carcass of any cattle, sheep, swine, goats, horses, mules, or other equines.

As would be expected, U.S. beef imports rose rapidly, and during the last two years they were considerably more than double their levels in 1960 and 1961. During 1976, imports of meats and meat products totaled 2.4 billion pounds (carcass weight equivalent), of which 80 percent were beef, 1 percent veal, 2 percent lamb and mutton, and 17 percent pork. Of the beef, 88 percent was chilled or frozen, 8 percent was canned, 4 percent cooked and frozen, and a negligible quantity cured.

Frozen boneless beef is by far the largest single meat item imported and accounts for over 60 percent of all red meat imports.

TABLE 1.—FOREIGN MEAT AND MEAT PRODUCTS PASSED FOR ENTRY AND REJECTED AT U.S. PORTS, ANNUALLY 1960-77

Year ¹	Passed for entry								Rejected
	Fresh, chilled, frozen			Canned			Cooked and frozen	Total ³ products	
	Beef and veal	Mutton and lamb	Pork	Beef	Pork	Sausage ²			
1960.....	510	51	41	93	121	4	2	870	2
1961.....	427	46	35	80	125	4	9	753	4
1962.....	666	63	42	93	139	5	12	1,069	6
1963.....	896	82	34	95	159	5	11	1,355	8
1964.....	989	62	39	108	148	5	12	1,433	13
1965.....	578	29	43	80	161	6	15	988	12
1966.....	661	69	49	96	216	6	21	1,206	13
1967.....	782	61	43	98	214	7	38	1,348	16
1968.....	887	72	51	105	236	8	55	1,510	21
1969.....	986	89	46	111	233	11	70	1,681	21
1970.....	1,123	80	59	118	234	13	78	1,820	21
1971.....	1,069	60	60	81	233	12	79	1,676	29
1972.....	1,180	75	60	77	232	12	49	1,756	29
1973.....	1,403	46	68	94	321	15	53	2,063	31
1974.....	1,034	22	52	1	2	13	44	1,579	15
1975.....	1,229	26	42	61	287	9	37	1,735	12
1976.....	1,296	34	34	111	263	10	59	1,848	13
1977.....	1,218	19	34	92	248	9	53	1,721	11

¹ Fiscal year through 1968, calendar year thereafter.

² Trichina treated.

³ The total is larger than the sum of the categories shown; some categories are not listed.

Source: U.S. Department of Agriculture, Food Safety and Quality Service, foreign programs staff.

It comes principally from Australia and New Zealand, but it is also received from every country eligible to ship chilled or frozen beef to the U.S. (countries free of foot and mouth disease mainly Canada, Central America, Iceland). It is used for comminuted or hamburger-type products, ground meat, frankfurters, bologna, luncheon-type meats, and baby food. A small portion of the chilled or frozen beef imported is in the form of carcasses and cuts, from roughly the same sources as the boneless product. These are used largely by the less expensive restaurants and by institutions.

About 8 percent of the beef imported into the U.S. is canned beef—primarily corned beef and about three percent is cooked and frozen beef. Both of these processed items come largely from Argentina and Brazil. The cooked and frozen product is processed further here and is used largely for soups and TV dinners.

Imports of veal are chilled and frozen, about $\frac{3}{4}$ for manufacturing and $\frac{1}{4}$ in the form of carcass and cuts. Veal comes mostly from New Zealand and Australia. The manufacturing veal is used largely for baby food.

Imports of mutton and lamb are chilled and frozen, about $\frac{2}{3}$ carcass and cuts, $\frac{1}{3}$ for manufacturing. New Zealand is the principal source, with Australia a poor second. The manufacturing product is used mostly for baby food.

Eighty-five percent of the pork imported into the U.S. is canned, 8 percent chilled or frozen, 6 percent is luncheon meat or chopped ham, and one percent is sausage. Denmark, Poland and the Netherlands are the largest suppliers of canned hams, picnics, luncheon meat, and chopped ham. Practically all of the imports of chilled pork come from Canada. The manufacturing pork is used largely for sausage and luncheon meats. The bulk of the imports of sausage originates in Denmark, with Canada providing much of the remainder. Poland is the largest supplier of canned luncheon meats and chopped ham, followed by Denmark, Romania, Hungary, and the Netherlands.

In 1976, imports of beef accounted for 7 percent of total U.S. beef consumption, imported veal accounted for 3 percent of U.S. veal consumption, and imports of pork and lamb accounted for 3 and 9 percent of U.S. pork and lamb consumption, respectively. About 6 percent of total U.S. red meat consumption derives from imports.

INSPECTION PROGRAMS PRIOR TO THE FEDERAL MEAT INSPECTION ACT

Legislation governing the inspection of imported meat prior to the enactment of the Wholesome Meat Act was provided under a USDA appropriation act of 1907, as amended.² The Wholesome Meat Act of 1967 completely revised this legislation.

Prior to fiscal 1963, U.S. Department of Agriculture personnel did not inspect foreign meat packing establishments shipping meat and meat products to the U.S. At that time, determination of eligibility of any foreign country to export meat and meat products to the U.S. was based on a review of that country's laws and regulations governing meat packing and processing. If these regulations were "substantially equivalent" to U.S. laws and regulations, importation of meat from the country in question was permitted. This review was made by personnel of the Meat Inspection Division (MID) of USDA, then located in the Agricultural Research Service (ARS).

A major turning point in the development of the U.S. inspection program for imported meat followed the release, in 1965, of an audit report³ by the Office of the Inspector General (OIG) of the U.S. Department of Agriculture. The audit report covered the period July 1, 1963 through June 30, 1965. It found many serious deficiencies in the system for inspecting imported meat and meat products, as well as in the system for inspecting domestic meats and meat products.

With respect to imported meats, the report warned that "serious unsanitary" conditions existed in foreign countries, making their inspection programs not "substantially equivalent" to that of the U.S. The report also noted that little or no action had been taken by the Meat Inspection Division to see that improvements were made in the foreign inspection systems.

The audit report cited the example of Mexico, which refused to report additions to or deletions from the list of plants approved to ship meats or meat products to the U.S. Thus, the MID was not really informed about approved Mexican plants, yet it did not know how to deal with the problem. The report further cited the MID practice of inspecting boneless meats in their frozen condition—a perfunctory inspection. Further deficiencies in the system were cited in the report also.

In short, the audit report indicated that the MID was not operating effectively as a regulatory agency. The report contained a number of recommendations to the Consumer and Marketing Service (C&MS) regarding inspection of foreign meats. (The MID was transferred from ARS to C&MS on February 8, 1965, during the period of audit). These recommendations were:

A more effective program for reviewing foreign meat inspection systems should be established including:

1. a planned program for reviewing foreign systems,
2. a requirement for reporting in detail to MID the results of onsite reviews of foreign systems and establishments, and
3. an expanded review program for all establishments currently approved to export to the U.S.

A prompt and aggressive follow-up should be made when foreign systems or individual establishments were not substantially equivalent to the U.S. systems; MID should immediately reconcile with all foreign countries, and especially Mexico, its list of approved establishments;

Entry into the U.S. of all products not approved from approved establishments should be refused;

Computer programs should be adjusted to notify management of foreign establishments not approved;

Informal agreements with foreign meat inspection officials to restrict the exportation of certain products to the U.S. should be done away with (i.e., restrictive actions should be published);

² P.L. 59-242, approved March 4, 1907, 34 Stat. 1260.

³ United States Department of Agriculture, Office of the Inspector General, Audit Report P1W6.

A policy should be established that horses and other species cannot be slaughtered in the same establishment if it is to be approved for export to the U.S.;

More effective inspection of imported meats should be carried out by:

1. refusing to inspect boneless meat while frozen;
2. inspecting all samples piece by piece;
3. selecting samples according to the regulations;
4. requiring larger samples from questionable foreign establishments and countries—especially Guatemala, Costa Rica, Nicaragua, and Mexico; and
5. establishing guidelines for the size of samples.

After the audit report, the MID stepped up its activities to visit foreign countries in order to review their meat inspection systems. In fiscal 1963, three countries were visited. Fifteen countries were visited in fiscal 1964 and sixteen countries in 1965. In addition, the Foreign Inspection Group of the MID was formed in April 1966, consisting of a Supervisor and six Foreign Program Officers. After the Wholesome Meat Act was signed, the size of the Foreign Inspection Group was increased to 13 Foreign Programs Officers so that the requirements of the new Act could be enforced.

THE FEDERAL MEAT INSPECTION ACT OF 1967

According to the House Committee Report, the proposed Federal Meat Inspection Act was intended to apply to foreign meats the "same high standards for meat inspection required of domestic firms," and to replace the "substantially equivalent" policy in regard to foreign meat slaughtering and processing.⁴ The Senate report on the bill stated, "It is not intended that imported products be inspected by U.S. inspectors during their preparation in the foreign country, but it is intended that the foreign country enforce inspection and other requirements with respect to the preparation of the products at least equal to those applicable to the preparation of like products at Federally inspected establishments in the United States, and that imported products be subject to inspection and other requirements upon arrival in the United States to assure freedom from adulteration and misbranding."⁵

Regulations promulgated under the Federal Meat Inspection Act:

Set forth the criteria for determining the eligibility of foreign countries to export meat products to the U.S.;

Outline the requirements and procedures required of an acceptable foreign meat inspection system;

List the countries eligible to ship meat products to the U.S.;

List requirements for the minimum size of pieces of meat and maximum sizes of containers for ground or comminuted meat or chopped meat products;

Specify the foreign certificates required to accompany each consignment of fresh or frozen meat or processed meat product imported into the U.S.;

Outline procedures to be followed by importers in arranging for inspection;

Set forth requirements for import inspection facilities and procedures for inspection and importation;

Set forth requirements for marketing and labelling products offered for importation;

Provide for the taking of samples for laboratory examination;

Provide special instructions for inspecting frozen boneless manufacturing meat.

Of particular interest are the requirements for determining the acceptability of a foreign meat inspection system. The foreign system must have a program organized and administered by its national government. It must provide standards at least equal to U.S. Federal standards with respect to:

Organizational structure and staffing;

Control and supervision over employee activities;

Assignment of competent, qualified inspectors;

Authority of inspection officials to enforce laws and regulations;

Adequate administrative and technical help;

The imposition of requirements at least equal to those in the U.S. with respect to:

⁴ U.S. Congress. House. Committee on Agriculture. Federal Meat Inspection Act. Washington, U.S. Govt. Print. Off., 1967. (90th Congress, 1st session. House. Report no. 653) P. 10.

⁵ U.S. Congress. Senate. Committee on Agriculture and Forestry. Federal Meat Inspection Act. Washington, U.S. Govt. Print. Off., 1967. (90th Congress, 1st session. Senate. Report no. 799) p. 12.

1. Ante-mortem inspection of animals;
2. Post-mortem inspection of carcasses and parts;
3. Government controls over establishment structure, facilities, and equipment;
4. Direct and continuous official supervision of slaughtering and preparation of products;
5. Complete separation of establishments certified to export to the U.S. from those not so certified;
6. Requirements for sanitation and sanitary handling of the product;
7. Controls over condemned material until destroyed or removed; and
8. Other matters for which requirements are established.

Definition of Wholesome or Safe Meat

Title I of the Wholesome Meat Act defines wholesome or safe meat as meat that is not "adulterated." A meat or meat food product is "adulterated" if it contains any poisonous or deleterious substance which may make it injurious to health; if it contains unsafe pesticide residues, food additives, or color additives; if it contains any filthy, putrid, or decomposed substance; or if it contains or is composed of any other substances injurious to health. See appendix A for a complete definition of adulterated meat.

Definition of Misbranded Meat

Any meat or meat food product is defined as "misbranded" if its labelling is false or misleading; if it is an imitation of another food but not so labelled; if the container is misleading; and unless its package or container label shows its source and contents. Appendix B provides the complete definition of misbranded meat.

Administering Agencies

The administration of all aspects of the Act with respect to the safety and wholesomeness of imported meats and meat products; with the exception of toxic residues in meat and meat products, is carried out by the Food Safety and Quality Service (FSQS) of the U.S. Department of Agriculture.

The Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), and the U.S. Department of Agriculture (USDA) share responsibility for insuring that raw meat products do not contain illegal residues of drugs, pesticides, or other unwanted substances.

FDA is responsible, under the Federal Food, Drug, and Cosmetic Act, for setting a limit or tolerance on the amount of an animal drug or environmental contaminant allowable in food. It is also responsible for preventing the marketing of raw meat and meat products containing residues that exceed established tolerance levels.

EPA is responsible, under the Federal Food, Drug and Cosmetic Act, for setting a limit or tolerance on the amount of an animal drug or environmental contaminant allowable in food. It is also responsible for preventing the marketing of raw meat and meat products containing residues that exceed established tolerance levels.

EPA is responsible, under the Federal Food, Drug and Cosmetic Act, for establishing safe tolerance levels for pesticides likely to leave residues in food.

USDA is responsible for preventing the marketing of adulterated meat and meat products, including those containing residues in excess of tolerances set by FDA or EPA.

INSPECTION OPERATIONS DURING THE FIRST YEARS OF THE MEAT INSPECTION ACT

To enforce the provisions of the new Act, the Foreign Inspection Group of the MID was expanded, as noted above. In 1968 the Foreign Programs Officers made 1,443 inspections of foreign establishments authorized to ship meat to the U.S. During the year the list of establishments authorized to ship meat to the U.S. was reduced from 1,820 establishments to 1,143 establishments. Historical data on USDA foreign inspection operations are provided in Table 2.

In February 1972, The General Accounting Office (GAO) reported to Congress on the adequacy and effectiveness of the Consumer and Marketing Service's

(C&MS) practices and procedures in determining that foreign countries' inspection systems comply with all U.S. requirements and in inspecting foreign meat U.S. ports of entry.⁶

The report concluded that the C&MS should improve its review of foreign meat inspection programs. Specifically, the GAO report cited delays (averaging 45 days) between recommended and actual delisting of foreign plants, infrequent reviews of foreign plants (an average of 10 months elapsed between reviews of foreign plants in 1970), and the practice of allowing meat from delisted plants to enter the U.S. if it was certified prior to the date that delistment took place.

TABLE 2.—DATA RELATING TO OPERATIONS OF USDA FOREIGN PROGRAMS (VETERINARY) OFFICERS, 1968-77

Calendar year	Foreign programs' officers ¹	USDA veterinary inspections in—		Foreign inspectors in authorized plants	Foreign plants authorized to ship to United States	
		Authorized plants	Nonauthorized plants		Start of year	End of year
1968	² 13	1,443	124	NA	1,820	1,143
1969	11	1,607	148	7,477	1,143	1,141
1970	11-12	1,587	262	9,402	1,141	947
1971	11-18	1,801	319	7,902	947	948
1972	18-20	2,779	63	7,770	948	1,042
1973	19-21	3,317	62	8,460	1,042	1,077
1974	19-21	3,057	466	7,425	1,077	1,080
1975	19-20	2,783	203	7,986	1,080	1,085
1976	15-20	2,840	97	8,338	1,084	1,104
1977	15-20	2,502	218	8,616	1,105	1,141

¹ Does not include foreign programs' director or assistant director.

² There were 6 officers until April; 13 thereafter.

Source of data: USDA, Food Safety and Quality Service, foreign programs staff.

The report also concluded that the C&MS should improve its inspection at ports of entry by establishing a sampling plan for packaged meats and improving its sampling procedures for processed meat products. It recommended that criteria should be established for identifying and classifying defects found in packaged and processed meat so as to insure uniformity and consistency in inspection procedures among ports. It concluded that more program officers were needed.

The C&MS responded by:

Tightening up its inspection requirements for foreign plants;

Giving Foreign Programs Officers authority to provisionally delist foreign plants found to be unsatisfactory;

Increasing the number of Foreign Programs Officers from 13 to 18;

Appointing an import inspector correlator, with increased emphasis on training; and

Promising to implement sampling plans for checking imported meats.

As of December 31, 1970, C&MS had approved inspection systems in 42 countries. Thirty-seven of them had a total of 947 meat plants certified to ship meats to the U.S.; five did not have any.

An audit report of the Office of the Secretary of Agriculture regarding foreign meat inspection activities as of June 30, 1974 found that the Animal and Plant Health Inspection Service (the USDA service responsible at that time for meat inspection activities) had implemented procedures substantially eliminating the adverse conditions cited in previous OIG and GAO reports.

As of December 31, 1973, 45 foreign countries were certified to export meat or meat products to the U.S. There were 1,077 approved meat plants in these countries. There were 20 Foreign Programs Officers at that time, of which 12 were stationed abroad.

During the 1973 the Foreign Programs Officers carried out over 3,000 inspections in foreign plants authorized to export meat to the U.S. The audit report observed that about half of these certified foreign plants did not export meat to the U.S. and that inspection visits were costly. It therefore recommended that inspection visits should be limited to plants actually shipping meat or meat

⁶ U.S. General Accounting Office, "Better Inspection and Improved Methods of Administration Needed for Foreign Meat Imports," General Accounting Office Report to the Congress, February 18, 1972.

products to the U.S. As a result, the inspection visits to non-exporting foreign plants (largely in Canada) were stopped, and total inspections of eligible foreign plants dropped to around 2,800 by 1975.

CURRENT USDA INSPECTION PROCEDURES

Inspection activities for meat and meat products imported into the U.S. are conducted in two locations by the U.S. Department of Agriculture: in foreign plants and at U.S. ports of entry.

Procedures in Foreign Countries

By 1976 the Foreign Programs Staff consisted of 20 veterinarians, 12 of whom were stationed overseas. Three were stationed in Australia and one each in New Zealand, Uruguay, Costa Rica, Mexico, Canada, Denmark, the Netherlands, W. Germany and Austria. The remaining 8 were stationed in Washington, D.C. and traveled to assigned countries.

Foreign plants are visited by the U.S. veterinarians at varying intervals. Plants exporting large volumes to the U.S. or plants having past difficulties meeting U.S. standards were visited at least four times a year in 1976. All other certified plants were visited at least twice a year, with the exception of some certified but non-exporting plants in Canada.

The U.S. veterinarians check the same items that supervisory inspectors check in U.S. plants. These include ante- and post-mortem examinations, clean practices, construction and maintenance of sanitary facilities, sampling for laboratory analysis, controls over materials entering and leaving the plant, safe water supplies, and effective supervision of inspectors.

The Foreign Program Officers may not order changes in plant procedures, but they may issue a "letter of advisement" to the official in charge of the foreign system if they believe that a plant soon will be delisted. This means that any product prepared from then on cannot be exported to the U.S. if the plant is subsequently determined ineligible. Actually this letter of advisement is rarely used, since foreign establishments prefer to remove themselves from the eligible list, and foreign inspection systems prefer to delist the plants rather than have them delisted by USDA.

During their visits to foreign plants, the Foreign Programs Officers are accompanied by representatives of the foreign inspection service and communicate with them regarding any concern they have with respect to existing or potential shortcomings in the establishment visited.

The entire purpose of these visits is to ensure that each foreign plant shipping meat and meat products to the U.S. complies with all the regulations and standards governing the operation of U.S. plants and that the products are not misbranded or adulterated. Because of the requirements of the USDA inspection program, these foreign plants, as far as operations are concerned, can almost be thought of as U.S. plants located in other countries. Refer again to Table 2 for a summary of foreign inspection activities.

Procedures at U.S. Port of Entry

Each shipment of meat offered for entry into the United States is accompanied by a meat inspection certificate issued by the responsible official for the exporting country. The certificate identifies the product, the quantity, the establishment of origin, shipping marks and destination. It certifies that the meat comes from animals that received veterinarian ante-mortem and post-mortem inspection; that it is wholesome, not adulterated or misbranded; and that it is otherwise in compliance with requirements at least equal to the Federal Inspection Act and its regulations.

To verify the wholesomeness of the meat, each lot of imported meat or meat products is sampled at the port of entry. The U.S. inspectors are provided with a schedule of the number of samples to be taken from each lot upon the size of the lot.

These sampling procedures result in about $\frac{1}{2}$ of 1 percent of the imported product being inspected at the port of entry. Score sheets are provided for the rating of the sample. The sampling plans and criteria for acceptance or rejection of imports are the same as those used for U.S. Federally-inspected domestic meat. Frozen products selected in the sample are defrosted prior to inspection. The condition of canned meat containers is checked and sample cans are opened

for inspection of contents. Labels are verified for prior U.S. approval, and the accuracy of stated net weights is checked. Sample cans from each lot are subjected to incubation for signs of spoilage. Specimens from every fifth lot are submitted to meat inspection laboratories to check compliance with compositional standards.

Reconditioning of damaged or dented canned meat products which may be sorted or reoffered for entry, and for correction of slight irregularities in labeling, is permitted. However, reconditioned lots are allowed to enter U.S. commerce only after all tests show conformity to U.S. standards. Products failing to qualify are either reexported or kept from human food purposes.

In addition, meat imports are monitored for residues such as pesticides, antibiotics and other drugs, hormones, and trace elements.

In 1976, 2,192 samples of imported meats were tested for residues. In that year 12,389 samples of domestically-produced red meat were so analyzed. This comparison is significant on two counts. First, remember that imported meats account for only 6 percent of total U.S. red meat consumption; hence, 6 percent of the meat consumed in the U.S. was subject to rather intensive sampling compared to the 94 percent represented by domestic production. And secondly, the sampling done at the ports is a second sampling for imported meats, because it has already been sampled in the country of origin. According to the Assistant Director of the Foreign Programs Staff, 26 foreign countries reported that a total of over 73,000 samples⁷ of meat destined for the U.S. were analyzed in these countries in 1976.

The number of samples taken on arrival is based upon the number of pounds of the product imported. At port, the inspector takes a sample for residue testing from one or more lots from the same exporting establishment. The samples of imported meals are tested at several USDA laboratories, but most are shipped to the Peoria, Illinois laboratory. Test results normally are received in two weeks; with special handling, in about one week. For imported meats, 67 percent of the tests on samples are for residues of chlorinated hydrocarbons, 12 percent are for residues of antibiotics and other drugs, 9 percent for residues of organophosphorous compounds, 7 percent for residues of hormones and 5 percent for residues of trace elements.

The type of testing done is based on a number of considerations: the results of previous residue testing (i.e., the heavy emphasis on chlorinated hydrocarbons reflects the experience in 1976 when all residue violations in imported meats were due to residues of chlordane, dieldrin, endrin, BHC, or DDT); whether acceptable testing methods are known; and whether laboratories are capable of performing the required tests. Thus, the residues to be analyzed are determined largely on the basis of the judgment of the scientist developing the program.

The Foreign Programs Staff has worked out an interesting procedure to use in testing residue violations—i.e., cases where the residues in the sample of imported meat exceeded the "action level" or maximum tolerance level established by FDA or EPA.

If a violation occurs, "selective sampling" is undertaken. This means that all products from the offending establishment are sampled. At the same time, a cable is sent to the country of origin informing the officials that a "hold and test" procedure will be followed.

During this time, all products are held while being tested and are not allowed entry until test results are satisfactory. If the exporting country desires to test the product and will certify that the shipment has been pretested and results are satisfactory, the USDA will test the product but not hold it. If the next 5 consecutive shipments from that establishment test satisfactorily, the USDA will relieve that establishment of the "hold and test" requirement.

If, however, another violation occurs while on "hold and test," a mandatory pretest and certify requirement for lots from that establishment is imposed upon the country of origin. And if still another violation occurs (before 5 consecutive lots prove satisfactory), both a mandatory pretest and certify requirement is imposed and a "hold and test" procedure is followed at U.S. ports of entry. Before this restriction is removed, the establishment must demonstrate a history of compliance—a procedure usually requiring several months.

⁷ The number actually reported was considerably larger, but the figures reported for the Netherlands, France, Romania, Switzerland, Yugoslavia, and Argentina were divided by 10 in the belief that these reported analyses rather than samples. Often many analyses are made from one sample of meat. These countries had reported numbers of samples that were proportionately greatly in excess of their exports to the U.S.

ASSESSMENT OF USDA'S INSPECTION PROGRAM

The Federal Meat Inspection Act has two major requirements. First, imported meat or meat food products must not be misbranded or adulterated and must comply with all the inspection, building construction standards, and all other regulations applied to domestic meats in the United States. Secondly, the Secretary of Agriculture must report in detail to the Congress each year regarding the inspection of imported meat.

The activities of the Foreign Programs Staff of the Food Safety and Quality Service of the USDA appear to comply with the letter and spirit of the law. These activities are basically those of a reinspection service. Since the passage of the Wholesome Meat Act, the Foreign Programs Officers have demanded, and obtained, the compliance of foreign meat inspection regulations and systems with the requirements of that Act and its regulations and systems with the requirements of that Act and its regulations. Because of the compliance with the requirements and regulations of the Act, we conclude that foreign establishments exporting meat to the United States are operating under standards and procedures equal to those of meat inspection standards and procedures in the United States.

The program consists of (a) reviewing the organization and operation of the foreign country's meat inspection system for those plants eligible to export meat and meat food products to the U.S.; (b) visually reinspecting a sample of each lot arriving in the U.S. for wholesomeness and misbranding; and (c) reinspecting samples for residues of pesticides, drugs, antibiotics, hormones, and trace elements.

By way of comparison, there are more inspectors per foreign establishment certified to ship meat, meat products to the U.S. than there are per Federally-inspected domestic establishment in the U.S. During 1976, about 9,600 Federal employees operated in 7,326 Federally-inspected U.S. meat and poultry establishments. This is about 1.3 inspectors per plant. In contrast, approximately 8,300 foreign inspectors operated in 1,100 plants eligible to export meat to the U.S. This is 7.5 inspectors per plant.⁸ On the basis of inspectors per pound of inspected meat, the comparison is equally striking: 1 Federal inspector for every 3,950 pounds of domestic red meat *vs.* 1 inspector for every 300 pounds of imported red meat.

In addition, the reinspection at port of arrival for wholesomeness and misbranding is an added inspection not performed for the domestic meat trade. And finally, the inspection abroad and the reinspection of products arriving in the U.S. for residues of pesticides, drugs, and other items is made from a proportionately greater number of samples than those in the domestic meat trade.

The inspection of foreign meats and meat products shipped to the United States has improved significantly over the past 15 years. In the early 1960's, the program appeared to be inept and ineffective. Today it appears to be operating on a well-planned and effective basis. Two reasons seem to have contributed to this sharp improvement.

First, the Federal Meat Inspection Act requires that the Secretary of Agriculture must account to Congress through a comprehensive report on the administration of the surveillance of imported meats and meat products. This requires the Foreign Programs Officers to account, in detail, for their activities.

Second, the inspection of imported meats and meat products has been a sensitive issue ever since the early 1960's when imports began to increase in size. And as a result, there have been numerous audits or examinations of the program, by the OIG of the USDA and by the GAO. These have been healthy for the program, and the Foreign Programs Officers are doubly conscious of their accountability.

The Act's requirements provide USDA's Foreign Programs Officers with precise guidelines for reviewing foreign laws, procedures, systems, and establishments. But it also tends to hinder U.S. exports of meats and meat products. Some foreign countries now are demanding that their meat imports from the

⁸ Sources: For domestic operations, Meat and Poultry Inspection, 1976, USDA, May 1977, pp. 5, 7. For foreign activities, Foreign Meat Inspection, 1976, USDA, March 1977, pp. 8, 81.

Note that data on domestic activities are for Federal meat inspections only. Some states have inspection programs judged to be equal to Federal programs for meat shipped intrastate and are administered by state inspectors. These state inspectors and plants are not included in this calculation.

U.S. comply with their own inspection requirements. U.S. requirements often are at variance with foreign requirements, so this has presented some inconvenience for the U.S. meat industry. This was not a problem, or at least it was less of a problem, when meat with "substantially equivalent" requirements was traded on world markets.

The number of inspections of foreign plants authorized to ship meat products to the U.S. declined from 2,840 in 1976 to 2,502 in 1977. At the same time the number of plants authorized to ship to the U.S. rose slightly over the period. This was the result of a cessation of certain foreign travel during a brief period in 1977. USDA officials insisted that this was a temporary problem which would not occur again in the future.

Proposed Changes in the Inspection Program

The Foreign Programs Staff is planning two improvements in the program of testing samples of imported meat products for residues of pesticides, drugs, hormones, and other substances.

The first relates to the method of obtaining the samples to be tested. Currently the prescribed number and type of samples is worked out and requisitions for samples are distributed to regional offices. These offices in turn distribute them to the ports based on past performance. This led to a failure at times to obtain the number and types of samples required if the ports do not have the supplies.

This year a new system will be introduced under which the inspector at the port will notify the computer center of anticipated or actual arrivals. Then he will receive instructions regarding samples to be taken for residue analysis.

The second improvement is the initiation of a comprehensive survey of laws, practices, uses, and problems relating to pesticides, drugs, hormones, chemicals, and trace elements in each foreign country exporting meats and meat food products to the U.S. A questionnaire designed to obtain information on these matters will be sent to each country. This will be followed by teams which will visit the exporting countries to review the practices and problems relating to residues and the procedures used in testing for residues. This, in turn, should lead to a more precise basis for determining which residues should be tested for in future re-inspection activities at U.S. ports.

There is a further need for scientists in USDA, FDA, and EPA to increase their efforts to devise new methods for testing compounds where no satisfactory tests are now available. USDA scientists have indicated that there are not satisfactory tests for residues for many of the herbicides and hormones used today. This opinion is shared by officials in the General Accounting Office.⁹

Does the Program Guarantee a Safe or Wholesome Product?

The Wholesome Meat Act was passed to provide protection to U.S. consumers and to safeguard the health of the Nation by eliminating diseased or otherwise bad meat from human consumption, maintaining sanitary conditions during slaughtering and processing, preventing the addition or use of harmful ingredients, and preventing false or misleading labeling of meat and meat products—no matter where the meat originated. This is an immense assignment, and its fulfillment requires a large and well-trained staff, up-to-date equipment and test procedures, and constant vigilance. Because of this, meat inspection procedures which carry out the letter and intent of the law may still not guarantee a completely "wholesome" or "safe" product.

Basically, the imported meat inspection program does ensure that all meats and meat products are inspected continuously at the time of preparation and that U.S. foreign programs officers review the operations of foreign inspection systems. In addition, samples of the products are checked for wholesomeness, misbranding, contents, and residues at U.S. ports of arrival.

But human error, damage in transit, defects and violations not caught by the samples, and other problems are bound to occur. In 1976, seven-tenths of one percent of all the meat offered for inspection was refused entry into the U.S. Even if all of it had passed inspection, there could be no guarantee that every pound of imported meat was safe or wholesome.

Domestic meats, likewise, are subject to human errors in inspection and difficulties of ascertaining violations through testing of samples. Recently the GAO

⁹ Ahart, Gregory J., Human Resources Division, General Accounting Office, "Federal Efforts to Regulate Toxic Residues in Raw Meat and Poultry," a statement before the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, February 16, 1978, p. 15.

contended that most domestic raw meat identified by USDA's monitoring program as containing illegal residues was actually sold to the public.¹⁰ This is because meat is generally marketed within 48 hours after slaughter, whereas it takes between 6 and 25 days to complete the sample analysis. The same thing can happen in the first instance of a violation from a foreign establishment, but the "hold and test" procedures prevent further cases of adulterated meat from that establishment from going into the market place. This safeguarding procedure is not used with domestic meats.

Conclusion

Concern about the quality of food consumed in this country has resulted in a system of meat inspection programs which is designed to ensure that both imported and domestic meat and meat products are equally wholesome and safe. In some instances, the scrutiny given to imported meats offers better protection to the consumer. The degree of sampling and testing, the reinspection procedures, and the procedures utilized with violations all enhance the probability that the wholesomeness of imported meat is at least as great as domestically-produced products.

The system for inspecting foreign meat and meat products is under continual review. Improvements have been warranted and many have been made. Further improvements are required, and some of these are imminent. The Federal Meat Inspection Act was designed to ensure a wholesome and safe product, and USDA procedures for the inspection of imported meats appear to be appropriate to this purpose.

APPENDIX A

Definition of "adulterated" from the Federal Meat Inspection Act, Title I, Section 1 (m).

(m) The term "adulterated" shall apply to any carcass, part thereof, meat or meat food product under one or more of the following circumstances:

(1) if it bears or contains any poisonous or deleterious substance which may render it injurious to health, but in case the substance is not an added substance, such article shall not be considered adulterated under this clause if the quantity of such substance in or on such article does not ordinarily render it injurious to health;

(2) (A) if it bears or contains (by reason of administration of any substance to the live animal or otherwise) any added poisonous or added deleterious substance (other than one which is (i) a pesticide chemical in or on a raw agricultural commodity; (ii) a food additive; or (iii) a color additive) which may, in the judgment of the Secretary, make such article unfit for human food;

(B) if it is, in whole or in part, a raw agricultural commodity and such commodity bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act,

(C) if it bears or contains any food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act,

(D) if it bears or contains any color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act. *Provided*, That an article which is not adulterated under clause (B), (C), or (D) shall nevertheless be deemed adulterated if use of the pesticide chemical, food additive, or color additive in or on such article is prohibited by regulations of the Secretary in establishments at which inspection is maintained under title I of this Act:

(3) 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;

(4) if it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may have been rendered injurious to health;

(5) if it is, in whole or in part, the product of an animal which has died otherwise than by slaughter;

(6) if its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health;

(7) if it has been intentionally subjected to radiation, unless the use of the

¹⁰ Ahart, *op. cit.*, p. 8.

radiation was in conformity with a regulation or exemption in effect pursuant to section 409 of the Federal Food, Drug, and Cosmetic Act;

(8) if any valuable constituent has been in whole or in part omitted or abstracted therefrom; or if any substance has been substituted, wholly or in part therefor; or if damage or inferiority has been concealed in any manner; or if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is; or

(9) if it is margarine containing animal fat and any of the raw material used therein consisted in whole or in part of any filthy, putrid, or decomposed substance.

APPENDIX B

Definition of "misbranded" from the Federal Meat Inspection Act, Title I, Section 1(n).

(n) The term "misbranded" shall apply to any carcass, part thereof, meat or meat food product under one or more of the following circumstances:

(1) if its labeling is false or misleading in any particular;

(2) if it is offered for sale under the name of another food;

(3) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word "imitation" and immediately thereafter, the name of the food imitated;

(4) if its container is so made, formed or filled as to be misleading;

(5) if in a package or other container unless it bears a label showing (A) the name and place of business of the manufacturer, packer, or distributor; and (B) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count: *Provided*, That under clause (B) of this subparagraph (5), reasonable variations may be permitted, and exemptions as to small packages may be established, by regulations prescribed by the Secretary;

(6) if any word, statement, or other information required by or under authority of this Act to appear on the label or other labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;

(7) if it purports to be or is represented as a food for which a definition and standard of identity or composition has been prescribed by regulations of the Secretary under section 7 of this Act unless (A) it conforms to such definition and standard, and (B) its label bears the name of the food specified in the definition and standard and, insofar as may be required by such regulations, the common names of optional ingredients (other than spices, flavoring, and coloring) present in such food;

(8) if it purports to be or is represented as a food for which a standard or standards of fill of container have been prescribed by regulations of the Secretary under section 7 of this Act, and it falls below the standard of fill of container applicable thereto, unless its label bears, in such manner and form as such regulations specify, a statement that it falls below such standard;

(9) if it is not subject to the provisions of subparagraph (7), unless its label bears (A) the common or usual name of the food, if any there be, and (B) in case it is fabricated from two or more ingredients, the common or usual name of each such ingredient; except that spices, flavorings, and colorings may, when authorized by the Secretary, be designated as spices, flavorings, and colorings without naming each. *Provided*, That, to the extent that compliance with the requirements of clause (B) of this subparagraph (9) is impracticable, or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the Secretary;

(10) If it purports to be or is represented for special dietary uses, unless its label bears such information concerning its vitamin, mineral, and other dietary properties as the Secretary, after consultation with the Secretary of Health, Education, and Welfare, determines to be, and by regulations prescribes as, necessary in order fully to inform purchasers as to its value for such uses;

(11) If it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact: *Provided*, That, to the extent that compliance with the requirements of this subparagraph (11) is impracticable, exemptions shall be established by regulations promulgated by the Secretary; or

(12) If it fails to bear, directly thereon or on its container, as the Secretary may by regulations prescribe, the inspection legend and, unrestricted by any of the foregoing, such other information as the Secretary may require in such regulations to assure that it will not have false or misleading labeling and that the public will be informed of the manner of handling required to maintain the article in a wholesome condition.



The first part of the report deals with the general situation of the country and the progress of the work done during the year. It then goes on to discuss the various projects and the results achieved. The second part of the report is devoted to a detailed account of the work done on the various projects. It is followed by a summary of the work done and the results achieved. The report concludes with a list of references and a list of names.

