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HEARING

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 5395 and H.R. 1998

JUNE 24, 1980

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IMPORTED MEAT INSPECTION AND LABELING

TUESDAY, JUNE 24, 1980

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. Charles Rose (chairman of the subcommittee) presiding.

Present: Representatives Bedell, Daschle, Stenholm, de la Garza, Skelton, Baldus, Hance, Sebelius, Hagedorn, Coleman and Marlenee.

Staff present: Peggy L. Pecore, clerk; John P. Bailey, Bernard Brenner, Anita R. Brown, Kathleen Harris, Gerald R. Jorgensen, and Gary Norton.

OPENING REMARKS OF HON. CHARLES ROSE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. ROSE. The Subcommittee on Livestock and Grains will please come to order.

The purpose of today's hearing is to consider H.R. 5395 and H.R. 1998, title I. Several similar bills have also been introduced on the subject by other Members, including Congresswoman Virginia Smith.

This subcommittee is well aware of these bills, their provisions and their sponsors. These bills would impose more stringent testing and inspection requirements for imported meat and meat food products than are now required. Foreign exporters would be required to pay fees to cover the costs of these inspections, certification and tests. In addition, these bills would require extensive changes in the labeling of imported meat and meat products. In my opinion, these bills, if enacted, would have a significant effect on foreign exporters as well as all segments of the U.S. meat industry from producers to consumers.

In other words, what we are considering here today has implications for U.S. trade policy, for U.S. farmers, processors as well as consumers.

The record of this hearing, including both the statements which will be made personally by witnesses and those that will be submitted for print will be very important to the careful consideration of this proposal.

Before proceeding, and without objection, copies of these two bills, H.R. 1998 and H.R. 5395, will be inserted in the record at this point.

[The bills H.R. 1998 and H.R. 5395 follow:]

96TH CONGRESS
1ST SESSION

H. R. 1998

To require that imported meat and meat food products made in whole or in part of imported meat be subjected to certain tests and that such meat or products be identified as having been imported; to require the inspection of imported dairy products and that such products comply with certain minimum standards of sanitation; to require that the cost of conducting such tests, inspections, and identification procedures on imported meat and meat food products and on dairy products, as the case may be, be borne by the exporters of such articles, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1979

Mr. MARLENEE introduced the following bill; which was referred to the
Committee on Agriculture

A BILL

To require that imported meat and meat food products made in whole or in part of imported meat be subjected to certain tests and that such meat or products be identified as having been imported; to require the inspection of imported dairy products and that such products comply with certain minimum standards of sanitation; to require that the cost of conducting such tests, inspections, and identification procedures on imported meat and meat food products and on dairy products, as the case may be, be borne by the exporters of such articles, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—MEAT AND MEAT PRODUCTS

4 SEC. 101. Section 20(a) of the Federal Meat Inspection
5 Act (21 U.S.C. 620(a)) is amended by inserting “(1)” after
6 “(a)”, and by adding at the end thereof the following:

7 “(2) The Secretary shall, with respect to any carcass,
8 part of a carcass, meat or meat food product of a cow, sheep,
9 swine, goat, horse, mule, or other equine which is capable of
10 use as human food and which is imported into the United
11 States, require by regulation or otherwise that any such arti-
12 cle or any product made in whole or in part from any such
13 article, if capable for use as human food, or that the package
14 or container of such article or product, be labeled or other-
15 wise marked in such manner as the Secretary determines
16 practicable to inform the retail consumer of such article or
17 product at the time of purchase that such article or product
18 was imported, in whole or in part, as the case may be, into
19 the United States.

20 “(3) No carcasses, parts of carcasses, meat or meat food
21 products of cattle, sheep, swine, goats, horses, mules, or
22 other equines which are capable of use as human food shall
23 be imported into the United States unless—

24 “(A) tests have been conducted on the carcasses,
25 parts of carcasses, and meat and meat food products,

1 including internal organs, of the animals from which
2 such articles came, to determine whether such articles
3 (i) contain any substance prohibited in any carcass or
4 meat or meat food product from any domestically pro-
5 duced animal referred to above, and (ii) contain a level
6 of any substance in excess of the maximum level of
7 such substance permitted under law or regulation in
8 any carcass or meat food product from any domestical-
9 ly produced animal referred to above;

10 “(B) such tests have been conducted, in the coun-
11 try from which such articles are being imported, by
12 persons who have been initially certified (and subse-
13 quently recertified) in the same or similar manner and
14 under the same criteria as persons who are initially
15 certified (and subsequently recertified) by the Depart-
16 ment of Agriculture to conduct such tests on articles of
17 animals produced in the United States; and

18 “(C) the appropriate government official of the
19 country from which any such article is being imported
20 has certified to the Secretary that such article has been
21 tested in accordance with regulations issued by the
22 Secretary and that such article does not contain any
23 substance referred to in subparagraph (A) or contain a
24 level of any substance in excess of the maximum level
25 referred to in such subparagraph, as appropriate.

1 “(4) In order to verify the accuracy of testing required
2 for substances referred to in paragraph (5), the Secretary
3 shall conduct a program under which inspectors of the De-
4 partment of Agriculture take, from time to time, samples of
5 carcasses, parts of carcasses, and meat and meat food prod-
6 ucts of animals referred to in paragraph (5) which are intend-
7 ed for export to the United States, including the internal
8 organs of the animals from which such carcasses and meat
9 and meat food products came, and send such samples to the
10 United States for appropriate testing.

11 “(5) As used in paragraphs (3) and (4) of this subsection,
12 the term ‘substance’ means any chemical matter for which
13 the Department of Agriculture conducts tests on carcasses,
14 parts of carcasses, and meat and meat food products, includ-
15 ing the internal organs, of cattle, sheep, swine, goats, horses,
16 mules, or other equines which are capable of use as human
17 food, for the purpose of determining whether residues of such
18 chemical matter are present in such articles or to determine
19 whether the residues of such chemical matter present in such
20 articles exceeds levels authorized by law or regulation.

21 “(6)(A) The Secretary shall prescribe such assessments
22 and fees on imported meat and meat food products as he
23 determines necessary to cover the costs of inspections, certifi-
24 cations, testing, and labeling (or other marking) required
25 under this section.

1 “(B) In establishing the level or rate of assessments and
2 fees to be imposed under this title, the Secretary shall take
3 into consideration the volume of exports, the value thereof,
4 and such other factors as he deems appropriate in order to
5 achieve a fair and equitable allocation of such assessments
6 and fees among exporters.

7 “(C) The Secretary shall have authority to suspend or
8 revoke the privilege of any exporter of meat or meat food
9 products to export such products to the United States if such
10 exporter fails to pay the assessments or fees for which he is
11 responsible to pay under this title.”.

12 TITLE II—DAIRY PRODUCTS

13 SEC. 201. For purposes of this title—

14 (1) The term “Secretary” means the Secretary of
15 Health, Education, and Welfare.

16 (2) The term “person” means any individual, partner-
17 ship, corporation, association, or any other business unit.

18 (3) The terms “dairy products” and “milk products”
19 mean those food products derived from milk, or any combina-
20 tion or portion thereof; such as all forms of butter, cheese
21 (whether natural or processed), milk, cream, skim milk,
22 whey, buttermilk, edible casein, caseinates and frozen des-
23 serts; and any other food product which is prepared in whole
24 or in part from any of the aforesaid products as the Secretary
25 may hereafter designate.

1 (4) The term "wholesome" means sound, healthful,
2 clean, and otherwise fit for human food.

3 (5) The term "labeling" means labels and other written,
4 printed, or graphic matter on or attached to the container of
5 any dairy product.

6 (6) The term "purity" means free from poisonous or del-
7 eterious substances which may render the product injurious
8 to health.

9 (7) The term "administration and supervision" means
10 the administrative review of foreign country laws, regula-
11 tions, and enforcement procedures offered as being compara-
12 ble to United States laws, regulations, and enforcement pro-
13 cedures, under the provisions of this title, and the supervision
14 of inspection personnel both inside and outside the United
15 States.

16 (8) The term "inspection" means the official service
17 rendered by the Department of Health, Education, and Wel-
18 fare, under the administration and supervision of the Secre-
19 tary, for the purposes of carrying out the provisions of this
20 title.

21 SEC. 202. (a) No dairy product shall be imported into
22 the United States unless the Secretary shall first certify that
23 such **product** originated from supplies of milk which are pure
24 and **wholesome** and unless the plants in which such products
25 were **produced**, manufactured, or processed comply with all

1 minimum standards of sanitation prescribed by the Secretary
2 pursuant to the provisions of this title. The standards pre-
3 scribed by the Secretary shall include standards for sanitation
4 procedures in the production, cooling, storage, transporta-
5 tion, and handling of milk, and in the manufacture, process-
6 ing, handling, and transit of dairy products, as well as stand-
7 ards concerning the wholesomeness and purity of the final
8 product.

9 (b) The standards established by the Secretary for any
10 imported dairy product and for the establishments in which
11 such imported dairy product is produced, manufactured, or
12 processed shall be comparable to those standards of purity,
13 wholesomeness, and sanitation recommended by the Secre-
14 tary for domestic dairy products produced, manufactured, or
15 processed in the United States and for establishments in the
16 United States in which domestic dairy products are produced,
17 manufactured, or processed.

18 SEC. 203. (a) For the purpose of establishing compara-
19 ble inspection requirements and preventing the importation of
20 dairy products produced, manufactured, or processed in for-
21 eign plants not meeting the minimum standards prescribed by
22 the Secretary pursuant to the provisions of this title, the Sec-
23 retary shall, where and to the extent necessary, cause to be
24 inspected imported dairy products and require such products
25 to be accompanied by a certificate of compliance issued by

1 the Secretary in accordance with rules and regulations pre-
2 scribed by the Secretary establishing minimum standards as
3 to the sanitation of the milk, plant facilities, equipment, and
4 procedures used in the production and transportation of milk,
5 and the manufacture, processing, handling, and transit of
6 such imported dairy products.

7 (b) All imported dairy products shall, after entry into the
8 United States, be subject to the Federal Food, Drug, and
9 Cosmetic Act.

10 SEC. 204. The Secretary shall require all dairy products
11 imported into the United States, or the packages or contain-
12 ers of such products, to be labeled or otherwise marked in
13 such manner as he determines practicable to inform the retail
14 consumer of such products at the time of purchase that such
15 products were imported, in whole or in part, as the case may
16 be, into the United States.

17 SEC. 205. (a) The Secretary is authorized to prescribe
18 rules and regulations to carry out the purposes of this title.

19 (b) In carrying out the provisions of this title, the Secre-
20 tary may cooperate with foreign governments, other depart-
21 ments and agencies of the Federal Government, and with
22 appropriate State agencies, and may conduct such examina-
23 tions, investigations, and inspections as he determines neces-
24 sary or appropriate through any officer or employee of the

1 United States, of any State, or of any foreign government,
2 who is licensed by the Secretary for such purpose.

3 SEC. 206. The provisions of this title shall be in addition
4 to the requirements of all other laws relating to imports of
5 dairy products.

6 SEC. 207. (a) The Secretary shall prescribe such assess-
7 ments and fees on imported dairy products as he determines
8 necessary to cover the cost of inspections, certifications, and
9 labeling (or other marking) required under the provisions of
10 this title.

11 (b) In establishing the level or rate of assessments or
12 fees to be imposed under this title, the Secretary shall take
13 into consideration, in the case of any exporter, the annual
14 volume of exports, the value thereof, and such other factors
15 as he deems appropriate in order to achieve a fair and equita-
16 ble allocation of such assessments and fees among exporters.

17 (c) The Secretary shall have authority to suspend or
18 revoke the privilege of any exporter of dairy products to
19 export such products to the United States if such exporter
20 fails to pay the assessments or fees for which he is responsi-
21 ble under this title.

22 SEC. 208. The cost of administering and supervising the
23 provisions of this title shall be borne by the United States.

1 SEC. 209. There is hereby authorized to be appropriated
2 such sums as are necessary to carry out the administration
3 and supervision of the provisions of this title.

4 SEC. 210. If any provisions of this title or the applica-
5 tion thereof to any person or circumstances is held invalid,
6 the validity of the remainder of the title and of the application
7 of such provision to other persons and circumstances shall
8 not be affected thereby.

96TH CONGRESS
1ST SESSION

H. R. 5395

To require that imported meat and meat food products made in whole or in part of imported meat be subjected to certain tests and that such meat or products be labeled "imported" at all stages of distribution until delivery to the final consumer; to require that the cost of conducting such tests, and the cost of conducting certain inspections and identification procedures on imported meat and meat food products, be borne by the exporters of such articles; to require certain eating establishments, which serve imported meat, to inform customers of that fact; and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1979

Mr. BEDELL (for himself, Mr. HARKIN, Mr. SKELTON, Mr. LOTT, Mr. WHITTAKER, Mr. MURPHY of Pennsylvania, Mr. MIKVA, Mr. SHELBY, Mr. HANCE, Mr. BUCHANAN, Mr. BALDUS, Mr. ANDREWS of North Dakota, Mr. JEFFORDS, Mr. SCHEUER, Mr. DORNAN, Mr. BEVILL, Mr. DELLUMS, Mr. PANETTA, Mr. WEISS, Mr. BONIOR of Michigan, Mr. STANGELAND, Ms. HOLTZMAN, Mr. ICHORD, Mr. SIMON, Mr. DOWNEY, Mr. SOLARZ, Mr. MCGUIRE, Mr. HAGEDORN, Mr. GLICKMAN, Mr. ABDNOR, and Mr. HEFTTEL) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To require that imported meat and meat food products made in whole or in part of imported meat be subjected to certain tests and that such meat or products be labeled "imported" at all stages of distribution until delivery to the final consumer; to require that the cost of conducting such tests, and the cost of conducting certain inspections and identification

procedures on imported meat and meat food products, be borne by the exporters of such articles; to require certain eating establishments, which serve imported meat, to inform customers of that fact; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—MEAT LABELING AND INSPECTION**

4 **SEC. 101.** Section 20(a) of the Federal Meat Inspection
 5 Act (21 U.S.C. 620(a)) is amended by inserting “(1)” after
 6 “(a)”, and by adding at the end thereof the following:

7 “(2) Any imported meat or meat food product referred
 8 to in paragraph (1), and any meat food product made in
 9 whole or in part of such imported meat, or its package or
 10 container, shall be labeled as ‘imported’, ‘imported in part’,
 11 or ‘may contain imported meat’, as appropriate. This para-
 12 graph shall not apply if the meat or meat product, or its
 13 package or container, is marked and labeled to show the
 14 country of origin as required under regulations referred to in
 15 paragraph (1).

16 “(3) If any person other than the ultimate consumer
 17 cuts meat or a meat food product into pieces or breaks a
 18 package or container containing meat or a meat food product
 19 and such meat, product, package, or container is required to
 20 be marked or labeled as provided in paragraph (1) or (2), such
 21 person shall affix a label to each piece of such meat or prod-
 22 uct or to each package or container in which any such meat

1 or product is placed to provide the information required by
 2 paragraph (2). For purposes of this paragraph and paragraph
 3 (2), the term 'label' includes 'labeling' as defined in section
 4 1(p).

5 “(4) No carcasses, parts of carcasses, meat or meat food
 6 products of cattle, sheep, swine, goats, horses, mules, or
 7 other equines which are capable of use as human food shall
 8 be imported into the United States unless—

9 “(A) tests have been conducted on the carcasses,
 10 parts of carcasses, and meat and meat food products,
 11 including internal organs, of the animals from which
 12 such articles came, to determine whether such articles
 13 (i) contain any substance prohibited in any carcass or
 14 meat or meat food product from any domestically pro-
 15 duced animal referred to above, and (ii) contain a level
 16 of any substance in excess of the maximum level of
 17 such substance permitted under law or regulation in
 18 any carcass or meat food product from any domestical-
 19 ly produced animal referred to above;

20 “(B) such tests have been conducted, in the coun-
 21 try from which such articles are being imported, by
 22 persons who have been initially certified (and subse-
 23 quently recertified) in the same manner or similar
 24 manner and under the same criteria as persons who
 25 are initially certified (and subsequently recertified) by

1 the Department of Agriculture to conduct such tests on
2 articles of animals produced in the United States; and

3 “(C) the appropriate government official of the
4 country from which any such article is being imported
5 has certified to the Secretary that such article has been
6 tested in accordance with regulations issued by the
7 Secretary and that such article does not contain any
8 substance referred to in subparagraph (A) or contain a
9 level of any substance in excess of the maximum level
10 referred to in such subparagraph, as appropriate.

11 “(5) In order to verify the accuracy of testing required
12 for substances referred to in paragraph (4), the Secretary
13 shall conduct a program under which inspectors of the De-
14 partment of Agriculture take, from time to time, samples of
15 carcasses, parts of carcasses, and meat and meat food prod-
16 ucts of animals referred to in paragraph (4) which are intend-
17 ed for export to the United States, including the internal
18 organs of the animals from which such carcasses and meat
19 and meat food products came, and send such samples to the
20 United States for appropriate testing.

21 “(6) As used in paragraphs (4) and (5) of this subsection,
22 the term ‘substance’ means any chemical matter for which
23 the Department of Agriculture conducts tests on carcasses,
24 parts of carcasses, and meat and meat food products, includ-
25 ing the internal organs, of cattle, sheep, swine, goats, horses,

1 mules, or other equines which are capable of use as human
2 food, for the purpose of determining whether residues of such
3 chemical matter are present in such articles or to determine
4 whether the residues of such chemical matter present in such
5 articles exceeds levels authorized by law or regulation.

6 “(7)(A) The Secretary shall prescribe such assessments
7 and fees on imported meat and meat food products as he
8 determines necessary to cover the costs of inspections, certifi-
9 cations, testing, and labeling (or other marking) required
10 under this section.

11 “(B) In establishing the level or rate of assessments and
12 fees to be imposed under this title, the Secretary shall take
13 into consideration the volume of exports, the value thereof,
14 and such other factors as he deems appropriate in order to
15 achieve a fair and equitable allocation of such assessments
16 and fees among exporters.

17 “(8) The Secretary shall have authority to suspend or
18 revoke the privilege of any exporter of meat or meat food
19 products to export such meat or products to the United
20 States if such exporter fails to pay the assessments or fees for
21 which he is responsible to pay under this title.”.

1 TITLE II—REQUIREMENT OF CERTAIN EATING
2 ESTABLISHMENTS TO INFORM CUSTOMERS
3 THAT IMPORTED MEAT OR MEAT FOOD
4 PRODUCTS ARE SERVED IN SUCH ESTAB-
5 LISHMENTS

6 SEC. 201. (a) The owner of any eating establishment
7 shall inform individuals purchasing food from such establish-
8 ment that such establishment serves meat or meat food prod-
9 ucts imported from a foreign country, or meat food products
10 containing meat imported from a foreign country. The owner
11 shall inform such individuals—

12 (1) by displaying, in a conspicuous place in such
13 establishment, a sign indicating that food containing
14 meat imported from a foreign country are served in
15 such establishment; or

16 (2) by indicating such fact on the menus offered to
17 such individuals.

18 (b) Any owner of an eating establishment who knowing-
19 ly violates subsection (a) of this section, or whose employee
20 or other agent knowingly violates such subsection, shall be
21 fined an amount not to exceed \$100 for each day such sub-
22 section is violated.

23 (c) For purposes of this section—

24 (1) The term “eating establishment” means any
25 restaurant, cafeteria, lunch counter, or other facility

1 (including any such facility located on the premises of
2 any retail establishment)—

3 (A) which engages in operations affecting
4 commerce; and

5 (B) which sells (for consumption on the
6 premises) meat or meat food products which have
7 been imported from a foreign country, or food
8 containing meat imported from a foreign country.

9 (2) The term "commerce" means travel or trans-
10 portation between any of the several States, or be-
11 tween any foreign country and any State, or between
12 points in the same State but through any other State
13 or any foreign country.

14 (3) The term "owner" means a corporation, part-
15 nership, association, any other legally organized entity
16 or an individual.

17 (4) The term "State" means any State of the
18 United States, the District of Columbia, the Common-
19 wealth of Puerto Rico, and the territories and posses-
20 sions of the United States.

21 (d) For purposes of this section, an eating establishment
22 engages in operations affecting commerce if (1) such estab-
23 lishment serves or offers to serve food to any individual en-
24 gaged in commerce, or (2) a significant portion, as deter-
25 mined by the Attorney General of the United States under

1 section 202, of the food which such establishment offers for
2 sale has moved in commerce.

3 SEC. 202. The Attorney General of the United States
4 shall prescribe a regulation defining the term "significant
5 portion", as used in section 201(d) of this Act, within thirty
6 days from the date of the enactment of this Act.

7 SEC. 203. The provisions of this title shall become effec-
8 tive ninety days after the date of the enactment of this Act or
9 thirty days after the effective date of the regulation described
10 in section 202 of this Act, whichever occurs later.

Mr. ROSE. Our first witness today is Congressman Ike Skelton, a respected member of this committee and a Member of Congress from Missouri.

Congressman Skelton, we are glad to have you, sir, and look forward to your statement.

**STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MISSOURI**

Mr. SKELTON. Thank you.

Mr. Chairman, I appreciate the opportunity to testify before this Subcommittee on Livestock and Grains, on which I sit as a member, to express my strong support for H.R. 5395. It is a bill which would significantly improve our Nation's meat inspection and labeling procedures. I have been a cosponsor of this bill or similar legislation every year that I have been in Congress. This is the fourth year running of such cosponsorship. I believe that this year, Mr. Chairman, this subcommittee should move swiftly to approve this measure.

H.R. 5395 would require that imported meat and meat food products made in whole or in part of imported meat be subjected to the same strict inspection standards that are imposed on domestically produced meats. In addition, this bill requires that imported meat be labeled as such at each stage of distribution until delivery to the consumer, and it requires that public eating establishments that serve imported meat to so inform their customers of this fact.

Mr. Chairman, the American people have the right to know whether the meat they purchase at the grocery store or that they eat and pay for at a restaurant has been imported or not. Further, they have the right to the assurance that these imported meats have been inspected in the same manner and to the same degree as meats produced here in the United States.

If our American meat producers must compete with meat imported from foreign nations, they at least have the right to be assured that this competition will be fair and that they will not be placed at a disadvantage because of lower inspection standards and because consumers are purchasing foreign-produced meat erroneously believing it to be domestically produced.

Mr. Chairman, the requirements imposed by this proposed legislation are certainly not onerous, and the benefits to be derived from its passage certainly outweigh any costs involved. As a matter of fact, I think the costs would be minimal compared to the benefits that would be derived from the legislation.

It is a reasonable and fair proposal, and I urge my colleagues on this subcommittee to give it their full, as well as their speedy, approval.

I think, Mr. Chairman, we must look at this from two points of view. The first, of course, is that of the consumer. The consumer who purchases meat either in a store or in a restaurant, impliedly is told that this meat has been inspected, and has met the same standards as those of the American producer or American farmer. This at the present time is not the case. I think that consumer who is purchasing that meat has the right to have every piece of meat that he consumes meet the same standards as that which comes from farms in Missouri, Texas, or North Carolina.

Second: I think we should look at this from the point of view of the producer. Are we not without legislation such as this creating an unequal competition? Are we not saying that we as American meat producers must live up to a certain standard but those who produce meat in foreign countries do not have to do that. I think that this inspection and labeling would help from the competitive point of view. I think we as American meat producers should not have to unduly compete with others without the ultimate consumer knowing the difference between the two pieces of meat that he or she may buy on any one day.

I do appreciate the opportunity to testify before this subcommittee, and I certainly hope this bill will receive speedy passage.

Mr. ROSE. Thank you, Mr. Skelton. We appreciate your service on this subcommittee and the full committee, and we appreciate very much your interest in this legislation.

Mr. Bedell, do you have any comments?

Mr. BEDELL. I have no questions of our colleague, but I want to echo the statements of our chairman. We certainly appreciate your support of this bill, and we appreciate greatly the fine service you have performed on this committee, Mr. Skelton.

Mr. SKELTON. Thank you.

Mr. ROSE. The next witness is the Honorable Tom Harkin, a Member of Congress from Iowa. He is another member of the full committee. He is another respected observer and activist in the field of legislation affecting the livestock industry and a long-time exponent of the principles embodied in this legislation.

Mr. Harkin, we are glad to have you here, and we look forward to whatever you have to say.

STATEMENT OF HON. TOM HARKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. HARKIN. Thank you very much, Mr. Chairman. I appreciate the opportunity to be here.

Last year I took it upon myself to try to learn as much as I could about the whole aspect of imported meat into this country. I basically traced a shipment all the way from its point of origin through the plant, through the process, through the processing, through the inspection procedures and on down to the consumer in the United States. We studied the Agriculture Department records to see what they were doing. We studied the inspection system.

To sum it up, first, Mr. Chairman, I would just say that it is my opinion that there is a substantial amount of foreign meat that enters this country which has not met the same high standards that American produced and processed meat is required to meet.

I also believe that our foreign meat inspection system needs to be changed and improved to provide more protection for American consumers. Our consumers have a right to know that they are buying or eating foreign meat. What I have to say I hope convinces you.

Let me begin by talking about how the system works.

First of all, let's take the foreign country. The inspectors that we have in foreign countries who work for the U.S. Department of Agriculture do not inspect the meat in those foreign countries—they inspect the inspection system. They go to the different plants to make

sure the system is operating. The inspection of the meat in the foreign country is done by employees in that country. This is either of the company or of the government, but not by our own. Our inspectors only inspect the inspection system. Our inspectors visit those plants on an average of about three times a year. This is in Central America. It is sometimes four times a year.

In most countries—in fact, all countries with the exception of Canada and Australia, they call ahead and they arrange to set up the inspection. I believe this is a major flaw in the whole thing. Those plants know when our inspectors are coming. They know a long time ahead when they are coming. After our USDA inspector goes to that plant, he files a report back to USDA which consists of about one paragraph that says that they inspected the plant and the system and everything is OK. Then they move on to another plant.

I guess the main point that I want to make is that we do not do any inspection of the meat in those foreign countries. They only inspect the system itself to make sure the system is operating.

The meat that is slaughtered in a foreign country is packaged and either chilled or frozen. It is then shipped to this country and inspected at our port of entry.

Mr. Chairman, I have a series of pictures to submit for the record or for your perusal and to the members of this committee which will give you a good visual representation of how an inspection system works at the point of entry.

Mr. ROSE. Without objection, copies of the pictures will be entered in the record at this point.

[The photographs referred to are held in the subcommittee file.]

Mr. HARKIN. I would like to go through them one at a time. They are numbered one through nine, and then I will pass them up to the committee.

The first is simply a picture of the boxed beef itself just to show you how it comes in. It comes in 60-pound boxes. They usually strip it and send it in or it is chunked and it is put in these boxes. That is the first picture.

The second picture shows how it is stacked up. These 60-pound boxes are all stacked up. That happens to be a stack which was refused entry. It is then sent back out of the country, and I will talk about that a little bit later.

After the boxes are selected for inspection—and I will get into that in 1 minute—the meat is thawed, or a certain sample is thawed, and the inspector looks at it and checks it visually to see if it is OK. If it is, then they take a slice of the fat to see if there are any pesticides. This is the pesticide residue inspection. They take a slice of the fat, and they put it in a little plastic bag. It is sent off to either a USDA inspection facility or a private inspection facility that is contracted with the USDA to inspect for pesticide residues.

Here is a closeup picture of one of the boxes. I took that picture because it shows the stamp that is used. It says "USDA Inspected." There are two points. No. 1, this box was never inspected. It just happened to be in a shipment from which a sample was taken and inspected and approved, so that box was stamped "USDA Inspected" even though it was never inspected.

The second point is that we looked at those stamps, and we asked the question, "Couldn't those stamps be duplicated? Couldn't some

employee or somebody have a stamp like that and go around and stamp all of those and duplicate it?" They said, "Not really, because we do little things to the stamp. We put a little notch in it here so when we stamp it we know that it is our stamp." The way they are stamped sometimes you don't see the notches or the little marks. I asked them at the time to show me the little marks on the stamp, and they could not find them.

I point it out for those two reasons—the stamping and the fact that the box itself was never inspected.

Here is a shipment of beef that was approved for entry into the country. You can see that the lid was torn off and the meat is exposed. Yet that was approved for entry into the country.

Here is a sample of a bunch of meat that was refused entrance. You can see that it was thawed. All the blood has seeped out, thawed, and then refrozen again. That whole shipment was refused entry.

Again, and I will come back to that, I ask a question. "Here is a whole stack that was refused entry. What happens when it is refused entry?" They said it goes out of the country. I then asked what happens when it goes back out of the country and nobody knows. They said they had no control over it, but I will come back to that.

Here is probably one of the more important pictures of all. It is a picture of just a steel cage door with a lock. When the samples are selected out of the stack to be inspected, they are put into this cage to wait for the inspector to come along to inspect it. They may sit in the cage just overnight. It may sit in the cage for a week or two, waiting for the inspector to come. Now, none of that meat that is in that warehouse can move out until these samples have been taken and inspected, visually.

The point is this. I looked at that lock. That is the only lock that keeps that door closed. I asked the inspector who had keys to it, and he said that every inspector in the whole Southeast region of the United States—this is Miami, by the way—had the key to that lock. The same key opened that same lock. I asked what was to keep from having a duplicate key to open that lock. He said, "You can see right on the key it says 'Do not duplicate'." I will have more to say about that.

I would like to pass these out to you so that you can take a look at them. If you have any questions about what is in any of the pictures, I will be glad to talk about them.

Let me just say that once they take a sample, and visually inspect it, if the visual inspection is OK—if there are no big blood clots, hair, bones, and things like that—then the whole shipment of beef can enter the commerce in this country.

Now, they take a slice of fat to check the residue of pesticides. As I said, that goes to a lab. That can take 2 or 3 weeks, to get inspected. During all that time the beef is gone into our general commerce in this country. If the inspection comes back on the pesticides, and they find a high level of residue—let's say a chlorinated hydrocarbon which they have been finding—then they go back out and recall that beef back to the warehouse. Mind you, it has already left. It has been trucked or shipped to wholesalers, the wholesalers to the processors.

When we first contacted USDA about how much meat was refused entry into this country, they gave us this. I will just cite one country. I don't even have to name the country. We have a bunch of them. For

example, they told us that there was this one country where there were 133,000 pounds of beef that were inspected and rejected.

On further examination, what had happened was that from that country 400,000 pounds had come in. It had been visually inspected, approved for entry, and had gone on into general commerce. They found that their samples had a high residue of DDT. They went and they recalled that meat, and they could only recall 267,000 pounds because the rest of it had been sold. I am sorry—it was 267,000 pounds that were not recalled. It was 133,000 pounds that were recalled, and that was sent back out of the country.

So, out of 400,000 pounds of that shipment that came in, 267,000 pounds found its way into the meat counters and markets, through hotdogs, TV dinners, et cetera, and 133,000 pounds left the country. That is the figure that the USDA used to say it was rejected. They did not tell you how much had come in of that rejected sample.

One other point on this inspection procedure is this. We have what we call our skip lots. That is another thing, I think, we really have to address. Country *x* ships in a number of shipments of beef into this country. They come through Miami, for example, or New York. Let's say that they go for three, or four, or five times and nothing is found. They may send in small lots of meat. Nothing is found to indicate that there is any pesticide residue or any problems whatsoever. The meat goes through OK. The USDA then will put that country on a skip lot—skip one, skip two—which means they will inspect one lot and skip over two. They will inspect one lot and skip over two.

So a foreign company, let's say, that has a lot of beef that they believe may be high in residue or they know from their own inspection procedure that it is high in residue, and they want to slip it into this country—they will send three, four, or five good shipments. They will get put on a skip two, and they know they are on a skip two and, bang, they will send in a big shipment. It comes through, and it is never inspected. There is not even one little sample taken out of the shipment on that skip lot.

That is another thing I think has to be looked at.

The last thing I said was, "What happens when that rejected meat leaves the United States?" They said, "We don't know." I was told that some of it goes to the Bahamas. Some of it goes back to the point of origin. It actually leaves Miami and goes right back to the point of origin. What happens then? Who knows? Perhaps, who knows—they may box it and bring it back into the country again. We have no control once it leaves this country whatsoever.

Mr. Chairman, I want to support this bill by Mr. Bedell. I am going to ask you to consider an amendment that I prepared. In fact, I have prepared it as a separate bill, and I am going to ask that it be considered as an amendment which would provide for unannounced visits by our inspectors to those foreign plants to the maximum extent feasible—they don't announce when they are coming.

That should be part of our agreement with those countries—that we have access, or that our inspectors have access to those plants for unannounced visits.

I also believe, Mr. Chairman, that all meat that comes into this country should be put on a hold and test. None of it should be on skip lots. It should be on hold and test. In other words, that meat ought to be held until it is tested to prove that it can go into general commerce.

As I said earlier, when that meat is visually inspected, as long as the visual inspection is OK, it leaves that warehouse. I believe they should hold it until the samples come back on the pesticide residues before they release it. I say that because many countries do not have the same kind of restrictions that we do environmentally on our pesticide application.

Many—South America and Central America to use an example—still use heavy doses of DDT which finds its way into the meat. So I would say that we have to hold and test all of it and do away with the skip test. Mr. Chairman, I would also say that we have to tighten security. On these cages where they keep the meat stored—the samples for testing—I am disturbed that they have one lock and a key that many people have. I think there ought to be some system of either a double lock where you have to have two people to open it or some better security system. I am not a security expert, but some way could be found to insure that no one other than bona fide inspectors could ever open that door.

Also, I would say this about the stamps they use to stamp the boxes—a better system could be devised. Change the stamps periodically and have a numbering system that is randomly picked so that they could not have a duplicate stamp, for example, to stamp the box to say that the meat was approved.

Mr. Chairman, I am not making any allegations. I am not saying this is what happened. I am saying that the system is so lax that it would invite that kind of procedure, that is, of making different stamps and making duplicate keys and that kind of thing.

I believe, Mr. Chairman, that the consumers of this country have a right to know what they are eating and where it comes from and to have every assurance that what they are eating is wholesome meat. I would really take issue—I know that you are having the Meat Importers Council of America here. They will be testifying. I just happened to read the first page of their testimony, Mr. Chairman. I know that they are in business, and I am not trying to cut off all meat imports in this country. I suppose there is going to be some coming in. We just passed legislation changing the formula which I think is long overdue.

Again, I believe that the people of this country have a right to know. If I have to know that my coat was made in Japan, or a furcoat was made in someplace else, and they have to have all of these stamps on them—I don't know why we can't have the same thing with meat.

The statement on the first page of Mr. Morrison's testimony from the Meat Importers Council of America says the following:

These bills

I assume he is talking about Mr. Bedell's bill.

serve no legitimate consumer purpose. They are not prompted by the consumer's "right to know". They are thinly disguised protectionist devices promoted by cattle interests with some simple purpose—to reduce the amount of imported meat.

I will tell you what, Mr. Chairman. If we continue with the same present inspection system that we have on imported meat, you are darn right I want to cut it off because I don't think the consumers ought to be eating the stuff that is coming in unless and until it is thoroughly inspected and tested the same way our meat is.

Mr. Rose. Thank you, Mr. Harkin.

I used to be chairman of the Dairy and Poultry Subcommittee. I faced a similar concern, as I am sure the current chairman does, in the question about imported dairy products. The thing that I never resolved in my own mind as we applied the question of labeling dairy products from outside the United States as imported, as to whether or not that was actually a plus or a minus.

If you are from a beef-producing part of America, there would certainly be more loyalty toward the local beef products, and that is understandable. I have the same situation with products that are grown in North Carolina versus the imported competitors. Tobacco is of particular tremendous importance to us right now with thousands of tons of imported tobacco coming into the country.

What effect do you think it would have on the general public in parts of the country other than beef-producing parts of the country to know that the meat was imported? Would it have any effect on consumption at all? That does not appear to be your real concern. What you really appear to be saying to us today is that you think the current inspection system for imported meat is so lax as to amount to a health hazard to the American public and that that is the main thing you are saying needs to be corrected. Is that right?

Mr. HARKIN. If I understand the question correctly, Mr. Chairman, I think the answer would be yes. I do not look upon myself as a protectionist. I believe in free trade. I believe in trade that is equal. I don't mind having this kind of trade, but why give them an advantage that our own beef producers and processors or cattlemen in this country do not enjoy? Like I said, I believe that the meat that reaches the consumer that is produced in America and that is processed in America, and that goes through those channels here—the American consumer has a high level of confidence in that. They are getting a whole-some product.

Mr. ROSE. Would you be satisfied if we strengthened the imported meat inspection and left off the part about labeling the fact that the meat was imported? I have in my mind the question as to who is going to be impressed by the fact that it says imported meat—that is, are they going to be positively or negatively impressed. It may well be that in some parts of this country it becomes a plus selling factor that it is imported.

Mr. HARKIN. That is right.

Mr. ROSE. You go out to a restaurant in Washington and the restaurant advertises that the dish has been flown in from Paris or from France. They don't charge less. They charge more. This steak has been flown all the way from Argentina. If you weren't a good old Iowa fellow like you, you might think that was fine. It would turn you off. You would leave the restaurant.

In other words, can we separate these two items, or are they so intertwined? I was concerned that in the dairy business people would say, "Imported cheese? Sure." Especially if you don't live in Wisconsin or any of the other good dairy-producing areas.

Mr. HARKIN. Again, I think your thing has two parts. I guess mine also has two parts: No. 1, the health part is making sure the inspection procedures are adequate. The second part, I think, revolves around the consumer's right to know. I believe that is a very important aspect, the consumer's right to know what he or she is buying.

In almost every other aspect of marketing, they do know. This is just one very glaring loophole—that right to know by the consumer.

Mr. ROSE. Thank you, my friend. Mr. Bedell?

Mr. BEDELL. Mr. Chairman, following up on this a little with your last question, I would like to commend Mr. Harkin for his total testimony and for his involvement in this area. It has been really great.

I don't think the question is whether it would increase sales or decrease sales. I think the question is, as Mr. Harkin has just answered, should consumers have the right to know? If consumers prefer to buy Argentine beef, and I am confident they would not after they had compared the two, but if they did, shouldn't they have the right to know. Or if somebody is going to fly in fish from Paris, should they not have the right to know that? I think this is the whole issue that we face in regard to labeling, and it is hard for me to understand when at least most knowledgeable people would recognize that the way we fatten cattle here in the United States in order to try and make a product that will be preferred by the consumer, as compared to what is done in most foreign countries—I think most people would certainly prefer to have American-fed cattle which, by the way, we go to more trouble to try to provide a better product for the consumer—and I think it is only proper that the consumer should know what he is buying in those two cases.

Mr. Harkin, I thought before when you talked to me before your testimony you indicated that there was some indication that on this skip policy, where you inspect one and skip two, that the size of the shipments from some countries that came in under those skip shipments were substantially larger normally than the size of the shipments that came in for the inspection. Did I understand that correctly, or was that incorrect?

Mr. HARKIN. We looked into that. We could not determine quantitatively how many came in on the skip and how many did not. We were told by people knowledgeable in the business in Miami that they had observed, and they had knowledge of that, that when they were on a skip, the lots were much larger than when they were not on a skip. A country or a company would take that chance, for example. They would know, for example, that they were on a skip basis. If they were on a skip two—let's say, if one load was sampled—they would have at least two chances out of three that the next two would not be.

Mr. BEDELL. I really can't imagine, if you were inspecting something to see if it was all right, that you would warn the people who were bringing the product in that you were going to check this shipment but not the next two, and this one and not those next two. Can you imagine that sort of a system?

Mr. HARKIN. As I understand it, they are not actually told which one will be tested, but they know after the test is done. Do you see what I mean? Let's say they are shipping into the country—

Mr. BEDELL. Don't they know that one will be checked and the next two not checked, the next one will and the next two not?

Mr. HARKIN. Let's say they sent in a bunch of samples, and let's say they have checks. Let's say that they send in one and they know they are on a skip two because they sent in the sample and the next two are not checked. The next one is. The next two aren't. Then they know they are on a skip two, and then they know when they can do this.

Mr. BEDELL. Thank you.

Mr. HARKIN. I am saying that they know that the probability is two out of three they will not be checked. They might be. They might be caught. Sometimes they are, but the odds are still two times out of three that they will not be checked.

Mr. BEDELL. I want to thank you for your testimony and your activity in this area.

Mr. HARKIN. I might add one other thing here to show how rapidly this stuff moves in commerce. We had traced a shipment through Miami. It had been inspected visually and approved to leave the warehouse. It left the warehouse and went to a wholesaler in Pittsburgh.

We found that from Pittsburgh it then went out to a number of different processors. On the next Saturday I received a phone call from a person who works in a packing plant in Mason City, Iowa. They were making hotdogs. He informed me he had read in the paper about my trip on this and he said they had just received a big shipment of this meat, 100,000 pounds, and wondered if I wanted to come up and take a look at it. This was on Saturday and I didn't have time. So, I called on Monday to a processor in Mason City. They had it in on Saturday and on Monday I called. I called the head of the plant up there and asked him if I could come up and look at it. He said, "Congressman, we don't have that stuff any more. Don't you know how fast we make hotdogs?" He said the 100,000 pounds went through the day before. It was all gone in 2 days. It wasn't even there any longer. This was possibly a part of a shipment, by the way, that had been recalled. Later on, the pesticide residues came back and they recalled that beef. However, that had already been put in hotdogs under a label called Amana Colonies, or something like that. It went out for the Fourth of July.

Mr. BEDELL. Thank you for your testimony.

Mr. ROSE. Mr. Sebelius?

Mr. SEBELIUS. I don't have any questions.

Mr. ROSE. Mr. Marlenee?

Mr. MARLENEE. Just a couple of questions, Mr. Harkin.

I appreciate your appearing before the subcommittee, and I want to expand on the labeling aspect of the bill.

You people in Iowa, I am sure, are proud of the beef that you produce there, aren't you?

Mr. HARKIN. It is the best in the United States.

Mr. MARLENEE. I know they have a little steak fry up here every year. They are pretty proud of that corn-fed beef from Iowa. How much money do you think that the Iowa beef producers spend in promoting their product? Would you supply that to the subcommittee?

Mr. HARKIN. I think the National Cattlemen's Association could probably give you a much better idea of that than I can.

Mr. MARLENEE. We spend millions of dollars promoting American beef, and I don't see why any of that money should lap over to promotion of foreign beef, and unless we label imported beef, that is exactly what we are doing. We are spending our money promoting foreign beef.

Mr. HARKIN. That is a good point that I had not thought of before.

Mr. MARLENEE. That comes right out of the pocket of our producer. I think the consumer has a right to know if that is corn-fed beef or beef that has been finished on barley or beef that has been finished on cactus and sagebrush. I think it is that simple.

I yield to the gentleman.

Mr. ROSE. Are there any other questions from members of the subcommittee?

[No response.]

Mr. ROSE. Mr. Harkin, we appreciate your testimony. Thank you very much.

Mr. HARKIN. Thank you.

Mr. ROSE. Our next witness is Hon. Ron Marlenee.

Mr. MARLENEE. Mr. Chairman, I would like to yield to our colleague from Nebraska, Mrs. Smith. I am going to be here all day.

Mr. ROSE. Thank you, Mr. Marlenee.

We are honored to yield to the distinguished Congresswoman, Virginia Smith, from Nebraska.

Mrs. Smith, we are delighted to have you, and we look forward to your statement.

STATEMENT OF HON. VIRGINIA SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mrs. SMITH. Thank you, Mr. Chairman and members of the committee.

I appreciate this opportunity to appear before this group in support of legislation to provide for inspection and labeling of imported meat and meat products.

Adoption of substantive legislation concerning the manner by which we admit and certify these foodstuffs from overseas has been a special crusade of mine since I have been in Congress. In the last three Congresses, I have sponsored legislation identical to H.R. 754, now pending before this subcommittee.

It was at my urging that a hearing was scheduled in November 1977 in Scottsbluff, Nebr., and I very much appreciated this committee's traveling to our area to hear firsthand what the folks in our area felt about this whole situation.

My constituents and I were honored that you came. Our State is among the leaders in livestock production in the United States. It was a tribute to us that the members of the subcommittee traveled there to take testimony on the problem and the proposed legislative remedies to deal with it.

Statements were received in person, or filed for the record, from 42 witnesses. A wide range of interest and expertise was represented by the State legislators, cattlemen, farm organization leaders, women's groups, and others actively involved in the farm economy.

I commend this testimony to anyone who is interested in this issue.

Personally, I see the hearing today as an extension of the Scottsbluff proceedings. I was led to believe at that time that additional hearings would be held in Washington, D.C., before the adjournment of the 95th Congress. For a variety of reasons, they were not held. I commend you, Mr. Chairman, and the members of your subcommittee, for picking up where we left off in November 1977. It is apparent that improvements must be made in the inspection and labeling of imported meat, and the substance of the testimony you receive today should substantiate that fact. If further hearings are necessary, I trust they will be held.

We have established in this country that our customers are entitled to nothing less than the purest, most wholesome, and most nutritious

food products. We go to great lengths to insure that these high standards are met here in the United States. As far as red meat is concerned, our inspection system to require high quality, purity, and wholesomeness is probably unmatched in the world.

If we could be sure that the same inspection standards applied to meat that comes into this country from other lands, then this legislation would not be necessary; but that is not the case.

In 1979 we imported 2.2 billion pounds of beef. It came to us from 1,154 plants in 33 foreign countries. Through a system of spot checking of meat shipments at U.S. ports of entry, 11.1 million pounds of that imported meat were rejected. Our inspectors took 3,561 residue samples and they rejected 4½ million pounds because of unsafe residue levels. It is not known to what extent unacceptable meat and meat products, missed in the spot checking process, were sold to consumers in the United States. Any amount would have been too much. If there had been adequate inspection at the packing plants abroad, there would have been less likelihood of bad meat getting through.

As you well know, Mr. Chairman, the Food Quality Safety Service of the Department of Agriculture has 20 U.S. meat inspectors who monitor the meatpacking plants overseas—those 1,154 plants that send meat to us. Only 11 of our inspectors are on overseas duty at any one time. They have a tremendous responsibility, and it is far beyond their physical capabilities, I fear, to do all that is expected of them. They have to accept a great deal on faith that the foreign plants are abiding by the regulations spelled out in our Federal Meat Inspection Act that requires that imported meat be subject to the same inspection standards as domestically produced meat. If there is any departure from these standards and it goes undetected because it is physically impossible for our inspectors to check all of the shipments, it is the American consumers who suffer primarily, but the domestic livestock industry suffers as well.

There is no way for the consumer to know the country of origin of much of the meat purchased at the meat counters and in the supermarkets. It is not labeled as imported and the absence of such a label robs the consumer of an important right, the right to choose between an imported product and one domestically produced.

Because of these inspection and labeling shortcomings, I have been pressing for the adoption of legislation that will remove any doubts about the quality of the meat in this country.

My bill, H.R. 754, deals not only with imported meat and meat products, but also with dairy products. Since the jurisdiction of this subcommittee is confined to livestock and grains, I want to point out what this bill seeks to do in improving the inspection and labeling requirements for imported meat.

Under the provisions of H.R. 754, products in whole or in part for human consumption must be properly labeled to let the consumer know they are imported. Tests must be conducted to determine whether imported meat and meat products contain any substance prohibited in domestically produced animal meat and meat products, or whether the imports contain substances—chemicals and chemical residues—in excess of levels permitted by law in this country.

In addition, the tests must be conducted in the country from which the articles are imported by persons who have been certified according to the same criteria established by the Department of Agriculture for

U.S. inspectors. The exporting country must also certify to the Secretary that the imports have been tested in accordance with our regulations and they do not carry substances prohibited by law in domestic meat.

H.R. 754 also requires that U.S. officials sample the imports from time to time, and that the Secretary set assessments and fees to cover the costs of inspection, certification, testing and labeling, and that he have the authority to suspend or revoke the privilege of any exporter who fails to pay the assessments or fees.

Mr. Chairman, on the basis of the information I have presented, and the previous testimony you have on file, it is obvious that there is a serious problem and need for a change in the law in order to upgrade our foodstuffs to meet the high standards of quality and purity we have in this country.

Permit me to add in closing, Mr. Chairman, that I sincerely hope this legislation has the endorsement of the Department of Agriculture. When the Assistant Secretary for Food and Consumer Services, Ms. Carol Tucker Foreman, testified before the Senate committee on exactly the same type bill in 1977, she had some very interesting and pertinent comments. Let me quote one. She said:

In order to safeguard the health of all American consumers, we must demand that importation be limited to wholesome and unadulterated meats and dairy products which comply with the standards imposed on domestic products.

When I learned that these hearings were going to be held today, I wrote to Ms. Foreman and asked her to come and testify. I understand she is going to be here this afternoon, and I will be interested in what she says.

I have submitted a copy of the letter which I sent to her in which I refer to a number of the very concise and interesting and supportive statements she made for this legislation.

Thank you again for this opportunity to speak in behalf of this legislation.

Mr. ROSE. Thank you very much.

Without objection, the letter referred to will be made a part of the record at this point.

[Mrs. Smith's letter to Ms. Foreman follows:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 12, 1980.

MS. CAROL FOREMAN,
Assistant Secretary, Food and Consumer Services,
U.S. Department of Agriculture, Washington, D.C.

DEAR MS. FOREMAN: Once again the Livestock and Grains Subcommittee of the House Agriculture Committee is holding hearings on legislation to improve the inspection standards for imported meat and meat products, and to require that these commodities be labeled as "imported".

One of the bills under consideration during the full day of hearings on June 24 will be H.R. 754, a bill, the language of which, I have sponsored in the last three Congresses. A copy is enclosed.

You will recall that hearings on a similar bill were held in Scottsbluff, Nebraska, on November 22, 1977. I consider the June 24th proceedings to be a continuation of the initial hearings held in 1977.

This legislation is based on a bill (S. 2598), originally introduced by Senator Robert Packwood of Oregon, and on which hearings were held before the Senate Subcommittee on Agricultural Research and General Legislation on March 18, 1976.

At that time in your official capacity as Executive Director of the Consumer Federation of America, you submitted a statement for the hearing record in support of the adoption of S. 2598. You pointed out in your testimony that the Consumer Federation had adopted a resolution at its annual convention in January, 1976, to wit: "CFA urges the establishment of U.S.D.A. beef standards for foreign beef imports that are as stringent as domestic beef standards."

You went on to state: "In order to safeguard the health of all American consumers, we must demand that importation be limited to wholesome and unadulterated meats and dairy products which comply with the standards imposed on domestic products."

The adoption of these safeguards for the benefit of the consuming public is the dominant goal of H.R. 754 and other bills under consideration. In your present position, it should be evident that your support of the inspection and labeling improvements mandated by the legislation be no less enthusiastic than it was before.

Your testimony in favor of the adoption of this or similar legislation would be important to all American consumers whom you have said, "... clearly deserve no less than the safest, highest quality food."

I respectfully urge you to help advance this legislation by your testimony before the subcommittee at that time.

Sincerely,

VIRGINIA SMITH,
Member of Congress.

Mr. ROSE. We appreciate your testimony, Mrs. Smith, and we are always glad to hear from you. Are there any comments or questions from the panel?

Congressman Sebelius?

Mr. SEBELIUS. Mr. Chairman, I do not have any questions. I want to commend our Member. She has 61 counties in central Nebraska and a chunk of eastern Nebraska. Her territory includes big range country, sand hills, the irrigated Platte Valley, feedyards, and slaughter plants, and if ever there was a tiger, so to speak, on behalf of her farmers and stockmen, Virginia is it. I commend her for her work. We did enjoy the hearings in Scottsbluff. Basically, the committee brought it up to date as we are doing now, but we have not stepped into the legislative field. It doesn't seem to have built up to that point.

We do appreciate your appearing here this morning, Virginia.

Mrs. SMITH. Thank you very much.

Mr. ROSE. Mr. Bedell?

Mr. BEDELL. Mr. Chairman, I would like to thank Mrs. Smith both for her attendance here and for the work she has done on behalf of agriculture here in the Congress. I think she has made one very important point. That is, in giving the number of foreign inspectors and the plants, you have pointed out that each inspector has 100 plants to be responsible for—those inspectors that are overseas. That would be bad enough, but we have to add to that the fact that most of those countries do not have the strict requirements in the use of pesticides and this sort of thing that we here in the United States have. So actually a lot more inspection is needed simply because they do not have the precautionary measures in those countries. I think you have made a very, very important point in this regard. I appreciate your being here.

Mrs. SMITH. Thank you.

Mr. ROSE. Are there other comments?

[No response.]

Mr. ROSE. Thank you, Ma'am, we appreciate your being here.

Now we will call on Congressman Ron Marlenee, a Member of Congress from Montana and a member of this committee.

**STATEMENT OF HON. RON MARLENEE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MONTANA**

Mr. MARLENEE. Thank you, Mr. Chairman and members of the subcommittee.

It is a pleasure to appear before you today to discuss the meat import legislation introduced by our distinguished colleague, Mr. Bedell, H.R. 5395, and myself in H.R. 1998. As a member of this subcommittee, I know the concern each of you has for the livestock industry.

Section 20 of the Federal Meat Inspection Act requires that imported meat capable of use as human food attain the same health standards as meat produced domestically. Meat inspection standards in foreign countries are required to be equal to the system established in the United States in order for meat to come into this country. The legislation before us today is designed, in part, to assure that the intent of section 20 is indeed being carried out.

In carrying out the law, USDA, and the Food Safety and Quality Service—FSQS—in particular, “relies heavily upon a foreign government’s regulation of its meat and poultry system.” This statement comes from the USDA, November 1979 Task Force on the Inspection of Imported Meat and Poultry, page 22. The report continues, on page 20, and I quote,

Because USDA does not have the resources to test for all additives that might be used in product formulation, it must rely heavily on the foreign inspection system to assure that only permitted amounts of approved additives are used.

In assessing the foreign countries’ control programs, the USDA report continues:

Although we do not know that producers are subject to foreign producer quality control and foreign government inspection, we do not require that either the producer or Government furnish information regarding the specific outcome of such quality control and inspection.

On page 22, I go back again and refer to the USDA’s own Task Force on the Inspection of Imported Meats and Poultry.

In addition, review by U.S. inspectors of plants that export meat to the United States “varies from a maximum of four visits per year to a minimum of one visit every second year.” on page 24. Statements such as these lead me to believe that the USDA is not carrying out their task in assuring that foreign meat attains the same standards as its American counterpart.

Several questions arise in light of the November 1978 USDA report: Are foreign meat inspectors on which the USDA heavily relies qualified? Are they qualified? Do they know what to look for? Are they anywhere near the same caliber of inspectors we have in the United States? Do individual carcasses come under the same rigid scrutiny as those in American plants? Are chemicals banned in the United States used in foreign countries and are their residues tested for in the foreign countries? If a chemical residue is detected, are procedures adequate to assure that such meat does not find its way to the American consumer?

As you are aware, chemical residues tend to concentrate in the liver and kidneys of animals. Therefore, these organs provide the best source from which to test the presence of substances which may be hazardous to the consumer. However, when meat is imported, only

the red muscle tissue is available for testing. In previous years the National Cattlemen's Association has testified that no—and I emphasize this—no meaningful results can be obtained by our inspectors for antibiotics, hormones, and heavy metals if only red meat is provided for testing. I am somewhat skeptical as to the degree to which laboratory analyses are conducted on the internal organs of animals slaughtered in foreign plants. Thus, I am led to the conclusion that foreign meat is not inspected properly at the port of entry. This conclusion is further substantiated when we examine the size of test samples.

In 1977, according to Carol Foreman, Assistant Secretary for Food and Consumer Services, the USDA collected 2,424 random samples from the 1.7 billion pounds of imported meat. A simple division will show that this is approximately one sample per every 700,000 pounds of meat.

This is a far cry, members of the committee, from the system in this country where we have inspectors online in every plant and virtually every carcass is inspected. Now USDA wants to go even further, that is, pushing for positive animal identification all the way from cradle to grave—I guess you could call it cradle to skillet—identification of these animals.

While the USDA sample size varies with the amount of meat imported in a single shipment, this figure still concerns me as to the reliability of USDA practices. In fact, FSQS statisticians have pointed out that "our residue inspection system is not as statistically sound as it should be," on page 22. With such a sampling system, can the USDA assure us that imported meats have not been adulterated?

I think that Carol Foreman will appear here today, and we can ask her some of these very questions.

It appears to me that we have set standards for American meat plants, presented these standards to foreign countries who wish to import to us, and then we permit the exporting country to assure us that they have indeed achieved our standards.

It also appears from the USDA report I have quoted that there is little oversight by USDA and little effort on their part to obtain information on the data foreign countries gather to determine if their meat complies with our health standards.

Would the USDA be willing to take the word of a non-USDA inspector that a domestic plant is operating on a sound basis and agree that test results from that plant need not be reviewed by the Department? I doubt that they would, and I think that such a law would be greeted with deep cynicism by both the Department of Agriculture and the consumer. Yet it appears that this is just what is happening in foreign plants.

The second major thrust to the legislation before the subcommittee is that of required labeling of imported meat products as to their country of origin. As has been stated here before, the consumer has the right to know the origin of the product which they are purchasing.

I have heard the argument made that maybe if we label this meat as foreign meat or label this as domestically produced meat, we set up the promotion of a foreign product, possibly. I think that I would be willing to put our domestic meat industry in competition up against any foreign entity. And, as I said before, we permit millions and millions of dollars, or we allow and spend billions and billions of dollars

on a checkoff system, and voluntarily, to promote American beef. This is Iowa-fed beef, Montana-grown beef—our own beef. And yet we are allowing this money to be used to promote foreign beef. If they want to compete with us, and they want to come in and spend the money to promote foreign beef, I would say they are welcome.

The argument will be made that such labeling is a barrier to international trade. Yet we assure that other imported products are properly labeled prior to purchase. Meat should be no exception.

I urge my colleagues to act favorably on this legislation and assure the American consumer that they are receiving a product which meets American standards and is labeled accordingly.

Mr. ROSE. Thank you, Mr. Marlenee. We appreciate your contribution.

Mr. MARLENEE. Mr. Chairman, I would ask unanimous consent to include in the record a letter from the Montana stockgrowers of support for this legislation.

Mr. ROSE. Without objection, it is so ordered.

[The letter referred to above follows:]

MONTANA STOCKGROWERS ASSOCIATION, INC.,
Helena, Mont., June 19, 1980.

CHAIRMAN,

House Subcommittee on Livestock and Grains of the House Agriculture Committee, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Montana Stockgrowers Association, which represents the cattle industry in the State of Montana, wishes to go on record in support of the bill proposed by Congressman Ron Marlenee of Montana which would require imported meats to meet the same rigorous standards of inspection that domestic meats must meet and be labeled as to their imported nature.

We believe that it is in the best interests of both producers and consumers for the consumer to know that the product he or she is buying was not produced in this country.

Consumers must be assured that imported meat and meat products are subjected to inspection standards for wholesomeness and sanitary handling, at least equal to the established standards for domestically produced meat, including the testing for residues. Furthermore, no meat or meat products should be accepted for importation from countries where animal drugs, feed additives, or other livestock and agricultural chemicals are allowed to be used which are not allowed in the United States because of alleged harmful properties or which have not been approved for use by U.S. producers.

For these reasons we urge passage of the Marlenee bill.

Sincerely yours,

MONS L. TEIGEN,
Executive Vice President.

Mr. MARLENEE. The letter says:

We believe that it is in the best interests of both producers and consumers for the consumer to know that the product he or she is buying was not produced in this country.

Mr. ROSE. Are there any comments by members of the subcommittee? Mr. Bedell?

Mr. BEDELL. I would like to welcome Congressman Marlenee and recognize his involvement in this issue in the bill that he has which includes dairy products, as I understand it, as well as the other items that we have listed.

I particularly want to thank him for bringing out the point which I had not really computed before. That is, really here in the United States we require literally every carcass to have Government inspection in effect because people are on duty all the time while for imported meat it is required on every 700,000 pounds. That is quite a startling discrepancy, I think.

Mr. MARLENEE. I thank my colleague for the comments he has made. I would also point out that I fear that they even want to go on beyond the present inspection system to a system where every animal is virtually labeled from the time it is dropped on the ground until it reaches the skillet so that they can trace back. That is going to add an unconscionable cost to our system.

Mr. BEDELL. It appears further to me that there is indeed the opportunity to produce a better quality product and therefore have the consumers demand that product. That is what most manufacturers would try to do. If we require labeling in regard to imported meat, then if foreign countries want to try to produce superior products and build their consumer demand based upon that, they have that opportunity. On the other hand, if our American producers produce a superior product, which I believe they are at this time, then the consumers are going to demand that product. It would certainly seem that by giving the consumers a knowledge of what they are buying you actually encourage improvement in the products made available to the consumers, whatever they may be.

Mr. MARLENEE. Exactly.

Mr. ROSE. Thank you very much. Mr. de la Garza?

Mr. DE LA GARZA. Mr. Chairman, I wonder if the two gentlemen could assist me a little bit. I just want some information. I have been sitting here listening to the testimony and some of the questions from the author of the legislation. I want to see if they can assist me to be a little better educated on this subject.

Can I go to the Safeway downtown to the meat section where they have the fresh meat, sirloin steak, filet mignon, and so on, and buy foreign fresh beef?

Mr. BEDELL. Probably not at this time. Most of the meat that comes into the United States, imported at this time at least, is chunk meat from which the bone has been removed. It is frozen red meat. So there is nothing, however, to prevent Argentina from shipping in meat which you could then go to the counter and buy in the form of ground steak or roast, or whatever it might be. If you did, it would not be labeled.

Mr. DE LA GARZA. That is another question. It is my understanding that we do not get from Argentina anything except cooked meat because of the hoof-and-mouth disease. We receive no fresh or frozen meat from them. Is that correct?

Mr. BEDELL. This may be true from Argentina. This is not true from other countries.

Mr. DE LA GARZA. I am specifying Argentina.

Mr. BEDELL. I think we have more concerns than just Argentina, if the gentleman from Texas would yield.

Mr. DE LA GARZA. So would the gentleman tell me, do we or do we not get a steak from the Safeway that comes from a foreign country in the fresh meat department?

Mr. MARLENEE. I think in the case of some of the foreign countries we can ship in some live animals which are slaughtered in domestic plants.

Mr. DE LA GARZA. Then this legislation does not apply to that.

Mr. MARLENEE. There is foreign meat coming in that is available at the meat counters, yes. This is outside of the boxed meat that we do get.

Mr. DE LA GARZA. That comes on the hoof and if processed here?

Mr. MARLENEE. Yes.

Mr. BEDELL. Will the gentleman yield?

Mr. DE LA GARZA. Where would that come from, Mexico?

Mr. MARLENEE. And Canada.

Mr. DE LA GARZA. But that is slaughtered subject to our inspection system in our inspected slaughter houses?

Mr. MARLENEE. That is correct.

Mr. BEDELL. Will the gentleman yield?

Mr. DE LA GARZA. I would be happy to.

Mr. BEDELL. The meat that comes in primarily is chunk meat. That meat can easily be ground into hamburger. There is nothing at all that would prevent the Safeway store—many of those stores have their own butchering, or rather cutting departments—from grinding that up. You could go to the Safeway and buy hamburger and indeed it could be from a foreign country, and you would not know.

Mr. DE LA GARZA. We are talking about hamburger, salami and bologna and hot dogs? Is that right?

Mr. BEDELL. Primarily.

Mr. MARLENEE. It is 1.7 billion pounds of hamburger, salami, and various processed meats of which no amount of processing can remove a chemical residue.

Mr. DE LA GARZA. I am very concerned about that, but I sat here and heard about the consumer and about the competition with good Iowa steaks, and so on, and we are not talking about that, are we?

Mr. BEDELL. What do you mean?

Mr. DE LA GARZA. I mean there is no foreign beef competing with that luscious Iowa strip sirloin at the counter—

Mr. BEDELL. If the gentleman will yield, there is no foreign beef that can compete.

Mr. DE LA GARZA. Yes; there is—Texas. [Laughter.]

Mr. BEDELL. We thought we had welcomed Texas into the Union some time ago.

Mr. DE LA GARZA. So we are talking about filler-type beef. Is that what we are talking about?

Mr. MARLENEE. Basically, yes.

Mr. DE LA GARZA. I just wanted to get this straight because I sat here and heard this and some of the information did not jive with what I was listening to.

Mr. BEDELL. I think the gentleman makes a good point.

The fact of the matter is, however, that under current regulations there is nothing at all to prevent foreign countries from shipping in sirloins, if they wish to, and any part that they wish to and indeed furnishing it to a cutting room of any major grocer. As far as we know that is not happening to any large extent at this time. But in the current regulations there is nothing to prevent it.

Mr. DE LA GARZA. I agree with what the gentleman from Iowa, Mr. Harkin, mentioned. Their quality doesn't compete with that type of quality beef.

I thank you very much. That helps a little bit.

Mr. ROSE. Thank you very much.

Are there any other comments or questions?

If not, thank you, Mr. Marlenee.

We will try to move on. We have three more witnesses that we would

like to cover between now and the time of convening of the House at noon.

I would like to call now Mr. Howard Mogler. He is vice chairman of the Grading and Inspection Committee of the National Cattlemen's Association of Denver, Colo. Mr. Mogler is accompanied by Ms. Connie Townsend, president of the American National CowBelles from White Sulphur Springs, Mont.

We welcome you both.

Mr. Mogler, please proceed.

STATEMENT OF HOWARD MOGLER, VICE CHAIRMAN, GRADING AND INSPECTION COMMITTEE, NATIONAL CATTLEMEN'S ASSOCIATION, DENVER, COLO., ACCOMPANIED BY CONNIE TOWNSEND, PRESIDENT, AMERICAN NATIONAL COWBELLES, WHITE SULPHUR SPRINGS, MONT.

Mr. MOGLER. Thank you, Mr. Chairman.

First of all, I would like to say that I am Howard Mogler, and I am vice chairman of the Grading and Inspection Committee of the National Cattlemen's Association. Also, in my everyday walk of life, I am a farmer-feeder. I am proud to say that I am from the same district as Congressman Bedell, so it is really a privilege to be here and testify on a committee where he is a part of the hearing. I might also say that I serve as vice chairman of the Iowa Cattlemen's Association on their Grading and Inspection Committee.

We do have concerns, of course, in this field and area.

I have submitted a copy of my statement to the clerk, however, there are a few points that we would like to stress here.

Mr. ROSE. Without objection, we will accept your whole statement for the record. If you will summarize for us, that will be very helpful.

[Mr. Mogler's prepared statement appears on p. 43.]

Mr. MOGLER. Thank you, Mr. Chairman.

In the line of the inspection there is no doubt about it that we are very concerned as an industry people that all meat be inspected equally.

We do not have within the United States a system whereby only part of the carcasses are inspected. All of our carcasses are inspected, post and ante mortem, which means prior to slaughter as a live-walking animal, and then as an animal in the carcass.

We are also subjected to residue tests at all times and, as you all know, and as was made mention of before, we are limited by law—by FDA—on what products such as DDT and so forth—which we cannot use in this country. However, this is not the same in other countries.

I am very glad that Congressman Harkin made the interview he did and has mentioned some points as to the inspection—part-time almost—that we rely on other countries and put our trust and faith in them.

I am one of those individuals that does not like to consider everyone to be dishonest, or anything like that. But I think that is a part of our entire program—that is, not to let people know ahead of time when the highway patrolman is going to be sitting at the corner. We just don't do the job, and this is likewise with our inspectors.

I think it is good that we eliminate this part of the law that says they may notice ahead of time when they are coming. I think it definitely needs to be taken care of.

The association would like to really encourage that the following language be added to the proposed legislation:

In order to be eligible to export meat and meat products to the United States, a country must impose restrictions equivalent to those in force in this country with respect to the use of animal drugs, feed additives, and other livestock chemicals, and other agricultural chemicals use on crop or other feed fed to livestock.

I have a few other comments in regard—or we do as an organization—to the labeling aspect of that. For that part of it I am going to turn it over to Mrs. Connie Townsend. I would like to have her give that statement.

STATEMENT OF CONNIE TOWNSEND, PRESIDENT, AMERICAN NATIONAL COWBELLES

Mrs. TOWNSEND. I am Mrs. Herb Townsend, Connie Townsend, from White Sulphur Springs, Mont. I am serving as president of the American National CowBelles. We serve as partners to the National Cattle-men's Association, but we are an entity, an organization of our own, with over 17,000 members.

The American National CowBelles feel that it is of extreme importance that imported meat and meat products—and handling facilities—be subject to inspection standards for wholesomeness and sanitation at least equal to the established standard for domestically produced meats. It would seem to the American National CowBelles that we, as a country, have lost our sense of balance when we fail to give the consuming public an equal amount of protection in the matter of imported versus domestic meat standards.

We feel it imperative that 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 because they have not been approved for use by U.S. producers.

My husband and I, along with our three college-age children, own and operate a commercial cow-calf operation in Montana. We are concerned because our tax dollars, as well as the tax dollars of all American producers and consumers, are being spent to fund the inspection of over 7,000 food processing plants such as those turning out hotdogs, sausage, and bologna, with a staff of close to 10,000 persons in the most intensive, on-site, regulated inspection program in the Nation in order to insure a safe, wholesome product for the consuming American public.

Consequently, we fail to understand why there should be a deliberate attempt to have imported products of a possibly less safe origin become a part of our domestic market without making the American public aware through labeling so that they can make a choice based on their own informed preference instead of false assumption. The old adage: "The sin of omission is as great as the sin of commission" would never ring more true. To deliberately mislead the American

consumer through omission of labeling stating that a meat product is imported is a sin of omission if ever there were one.

If it is desirable to require the cameras, watches, television sets, radios, tools, clothes, and other hard and soft goods be labeled as to their origin, then it follows that the same practice is desirable when applied to food products, meat particularly, and especially where the health of the American consumer is concerned. We believe that meat and meat products should be clearly and truthfully labeled so that the consumer will know of what the product consists—domestic or foreign meat. Then the privilege is theirs to choose accordingly.

By choosing not to label a product, the first question that comes to mind in wondering why not is: "What is someone trying to hide?" Surely we cannot justify rigid standards for our own domestic products when side by side on a meat counter one can pick up a product that could be disqualified were it inspected as a domestic product?

To demonstrate our concern over this matter, various of the State affiliates of the American National CowBelles have provided meat retailers and restaurants over the past years with a variety of signs and counter stickers proclaiming the fact that "We serve only American beef." This has been our own effort to let the public know that they can rely on an accepted standard of inspection in the absence of any required imported meat labeling.

But, of course, this is a kind of hit-or-miss effort because we have only 17,000 members. We are not organized in every State, nor are we adequate in funding and number of members to contact every outlet in any given State. This is particularly true in the larger metropolitan areas. But the fact that we have long recognized and attempted to alleviate this problem has been borne out by these attempts.

In accordance with these previous actions and efforts on the part of our organization the American National CowBelles appear in support of the legislation under consideration here today which would require that imported meat be so labeled. Further, that testing and inspection comparable to that which domestically produced meat is subject, be required of imported meat.

The American National CowBelles appreciates the opportunity and privilege of presenting these concerns to you today as regards the most important matter of foreign meat inspection and labeling.

Mr. ROSE. We thank you both for your very excellent and very helpful testimony. You have gone to great trouble to come this far to speak to us, and we appreciate it very much. It is only with your kind of insight that we begin to know the full ramifications of the problems that we are facing, and we thank you both very much.

Are there comments from members of the subcommittee?

Mr. Bedell?

Mr. BEDELL. Mr. Chairman, I would particularly like to thank both of these witnesses. Mr. Mogler, you have indicated that the National Cattlemen would recommend that we require on imported meat products that the producers comply with the same regulations in terms of the use of pesticides and drugs and this sort of thing that is required of the producers here in the United States. Is that correct?

Mr. MOGLER. Very much so, Mr. Congressman.

Mr. BEDELL. If the purposes of those regulations in the United States is to protect the consumer, then it would seem somewhat strange that we would say we are not concerned about that to the same extent

for foreign producers when it has to do with a product we are going to be eating. Is that the reason that you folks feel that way?

Mr. MOGLER. Very much so. We are the industry people, and we are very concerned that we do not lose our buying public. It does not do us any good to produce a product if we don't have a buyer for it. We are willing to meet the rigid standards that are laid out for us in this country, but we do not want unfair competition. In other words, we do not want them to be able to use products that we can't, and we would hate to have the foreign market destroy our market because, as Mrs. Townsend has stated here regarding the labeling, we feel very strongly that the people should be able to make the choice of whether they want to buy imported meat. Without the labeling—Congressman Bedell would really realize this—in Iowa butcher shops if they had a sign up that they sold imported meat at that particular shop, I think their sales would definitely be down. I think our fellow people within our State realize that they want to support an industry within their State and within their country; but, again, I think that would be each individual's own personal decision, and that is why I think they should know about this.

Mr. BEDELL. There was recently some press in regard to people who were found using stilbesterol implants in cattle here in the United States. Do you know if that is prohibited in all the foreign countries where we buy meat? Do you know?

Mr. MOGLER. I cannot answer that question. It is with great regret that I say that it was even found used illegally within the United States after the cutoff period. I think if you will check the record you will see that the NCA has definitely gone on record that we are against anyone violating the law.

Mr. BEDELL. I yield to Mr. Marlenee.

Mr. MARLENEE. I wonder if we could pursue that point for just a couple of moments.

Mr. Mogler, if this residue, stilbesterol, is found in some livestock and is traced back, what happens to the other livestock, let's say, where that group that were fed that stilbesterol—or suspected even?

Mr. MOGLER. You are talking about within the United States?

Mr. MARLENEE. Yes.

Mr. MOGLER. Within the United States those cattle immediately come under quarantine. First of all, they find out whether it was intentional feeding of the residue, or if the residue showed up because of intentional implant.

Mr. MARLENEE. In other words, if you have 2,000 head in a feedlot they are quarantined at that feedlot?

Mr. MOGLER. Right. You cannot slaughter any of those cattle without first sending a couple of head in. Those cattle are then slaughtered and a residue test taken of them. Those carcasses are then held until such time as the return comes back to either clear or condemn the carcasses. If there is a residue, the carcasses are buried. They cannot be put into any market channel. Other cattle that are remaining in the lot remain under quarantine until such time that FDA or the Department of Agriculture, or their representatives, will release the quarantine.

Mr. MARLENEE. Suppose they found one sample of imported meat—just one sample out of a box—that contained such a residue?

Mr. MOGLER. How would you go back and find the source is our question there. This is why we think that the point back there, that is, in their inspection system, has to be able to detect this just as our inspection system does here in the United States.

Mr. MARLENEE. I thank the gentleman for yielding.

Mr. BEDELL. I thank the gentleman from Montana, as well as our witnesses. I think you have made a good point. I yield back the balance of my time.

Mr. ROSE. Are there any other comments?

Mr. MARLENEE. I would just like to welcome the two people from Montana. I appreciate seeing you here in Washington again. Connie is a very able producer in Montana and has a lot of practical experience—both of them do.

Mr. ROSE. Thank you very much. We appreciate your testimony, and we will excuse you now.

Mr. MOGLER. If I might, Mr. Chairman, I do have a short statement here from the Iowa Cattlemen's Association, and I would like to have permission to submit it for the record.

Mr. ROSE. Without objection, it will be included as part of the record at this point.

[The statement referred to above follows:]

PREPARED STATEMENT OF IOWA CATTLEMEN'S ASSOCIATION PRESENTED BY
HOWARD MOGLER, NATIONAL CATTLEMEN'S ASSOCIATION

I am also speaking here today on behalf of the Iowa Cattlemen's Association of which I serve as vice chairman of their Grading and Inspection Committee. The Iowa Cattlemen's Association wishes to go on record as supportive of the National Cattlemen's Association's previously given statement.

[The prepared statement of Mr. Mogler follows:]

STATEMENT
of the
National Cattlemen's Association

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.

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

U.S. cattle producers have a vital interest in the foreign meat inspection program. Inspection procedures and conditions in the packing plants of foreign countries which export meat to the United States should be no less than the standards which are applied in this country.

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.

Confidence in the product is a major reason beef enjoys such a high degree of public acceptance. 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 assured.

The cattle industry supports legislation, such as H.R. 5395 and H.R. 1998, 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.

INSPECTION

The American consumer demands and deserves a sanitary, wholesome and pure food supply. The Federal Food, Drug and Comestic 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.

NCA's position on a strong and "equal-to" foreign meat inspection program is based on concern for the acceptance of beef and beef products and the well being of the consumer -- our customer. The suggestion by some that this is just an attempt to find a way of limiting imports is not valid. It would take more than a simple label declaring the product as being imported to act as a trade barrier against foreign meat and meat products. Furthermore, the issue of restricting meat imports when domestic supplies are excessive was resolved last year when President Carter signed legislation establishing a countercyclical formula.

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 because they have not been approved for use by U.S. producers.

Foreign Meat Inspection

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.

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. As the members of the Subcommittee are aware, however, many cattlemen question whether the statutory requirements are indeed being thoroughly and effectively applied to foreign products.

The legislation under consideration would provide additional assurance that the products being imported have been properly tested and do meet the established standards. This assurance would protect

American cattlemen from unfair foreign competition, and consumers from potentially unwholesome meat products.

Use of Disallowed Chemicals

The interests of U.S. consumers and cattlemen strongly suggests the need for the legislation to go further with respect to the use of animal drugs, feed additives, and other livestock and agricultural chemicals.

Over the years, the U.S. has taken steps to ban or highly restrict the use of certain of these substances by livestockmen and other farmers under the assumption that such action was necessary to protect consumers.

It would be, therefore, consistent with U.S. policy to apply the same reasoning and restrictions to meat exporting countries. To do otherwise is an injustice on the U.S. consuming public and discriminatory against domestic producers by giving foreign producers a competitive edge.

The Association urges that the following language be added to the proposed legislation:

"In order to be eligible to export meat and meat products to the United States, a country must impose restrictions equivalent to those in force in this country with respect to the use of animal drugs, feed additives, and other livestock chemicals, and other agricultural chemicals used on crops or other feed fed to livestock."

LABELING

The National Cattlemen's Association has long supported legislation which would require the labeling of imported meat and meat products to show country-of-origin.

The consumer has the right to know what he or she is buying. Meat and meat products should be clearly and truthfully labeled to enable the consumer to compare and evaluate in order to make an informed and intelligent choice in buying food.

This principle is equally as valid as it applies to imported meat and meat products. Just as buyers of meat and meat products are entitled to know what they are buying, they are also entitled to know if the products are of domestic or foreign origin.

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

SUMMARY

Passage of legislation such as that under consideration by the Subcommittee would reinforce the present Law and its application to imported meat and meat products, resulting in more equal treatment of U.S. cattlemen and bringing about a higher degree of confidence on the part of U.S. consumers.

Mr. ROSE. Our next witness is Mr. Bill Morrison, the executive director of the Meat Importers Council of America, Inc., Arlington, Va. He is accompanied by Mr. Rufus E. Jarman, counsel.

Mr. Morrison, you may proceed as you wish.

**STATEMENT OF WILLIAM C. MORRISON, EXECUTIVE DIRECTOR,
MEAT IMPORTERS COUNCIL OF AMERICA, INC., ARLINGTON, VA.,
ACCOMPANIED BY RUFUS E. JARMAN, JR., COUNSEL**

Mr. MORRISON. Thank you, Mr. Chairman.

My name is William C. Morrison. I am executive director of the Meat Importers Council of America, Inc., a national trade association made up of importers of fresh frozen beef and others who are interested in the beef importing industry. I am joined by Rufus E. Jarman, Jr., counsel for the MICA. We have submitted a full text to the committee and request permission for insertion in the record.

Mr. ROSE. Without objection, the entire prepared statement will be inserted in the record at this point.

[The prepared statement of Mr. Morrison follows:]

STATEMENT OF WILLIAM C. MORRISON
ON BEHALF OF THE
MEAT IMPORTERS COUNCIL OF AMERICA, INC.
IN OPPOSITION TO H.R. 2272,
H.R. 5395 AND TITLE I OF H.R. 1998

My name is William C. Morrison. I am Executive Director of the Meat Importers Council of America, Inc., a national trade association made up of importers of fresh frozen beef and others who are interested in the beef importing industry. Members of the Meat Importers Council of America, Inc. account for over 90 percent of the fresh frozen beef imported into the country, according to our best estimates.

We oppose H.R. 2272, H.R. 5395, and Title I of H.R. 1998. These bills would seriously burden and restrict the importation and distribution of imported beef which is needed for production of hamburger, sausage, and other manufactured food items. These bills would accomplish absolutely nothing, as their stated goals are achieved by existing legislation. By creating yet another area of bureaucratic red tape these bills would fuel inflation, burden trade, and work against the economic interests of all U. S. consumers.

These bills would serve no legitimate consumer purpose. They are not prompted by the consumers' "right to know". They are thinly disguised protectionist devices promoted by cattle interests with one simple purpose - to reduce the amount of imported meat.

As we analyze these identical bills, they cover three basic areas, namely labelling, testing, and the international relations and obligations of the United States. Our comments will be divided into these three areas.

I. Labelling

The proposed legislation would require that any imported meat, or any product containing imported meat, or its package, be labelled as "imported", "imported in part", or "may contain imported meat", as appropriate. Further, it would require that such marking be maintained by processors throughout the manufacturing and distribution chain all the way to the ultimate consumer of the product. It would require that all or most eating establishments inform customers if imported meat is served by posting signs or so stating on menus.

It is a basic principle of U.S. import policy, with which we have no quarrel at all, that imported merchandise should be marked to indicate its foreign origin to the consumer. For some consumers this information is significant, for others it is not. Of the class of consumers to whom foreign origin is significant, some would be attracted to foreign merchandise while others might shun foreign merchandise.

The foregoing principle has been incorporated into our law for decades and is currently found in Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) which provides that, with certain exceptions, "every article of foreign origin (or its container ...) imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit in such manner as to indicate to an

ultimate purchaser in the United States the English name of the country of origin of the article." This law applies to imported meat, as it applies to practically all other imported products. Thus, if the housewife buys a leg of New Zealand lamb in the supermarket, the product is clearly marked to show its origin. Similarly, a can of corned beef would conspicuously show that it came from Paraguay, or whatever the case might be.

However, much of the beef which is imported into this country is not imported in the form ready to be eaten. Such imported beef is manufacturing grade - a raw material, if you will, analytically no different than lumber, construction steel or bulk sugar. It does not compete with high quality steaks, chops, roasts, etc. which it is the main business of our beef producers to raise. Thus, most imported beef is subjected to manufacturing operations such as grinding or flaking, along with other raw materials, before a product suitable for consumption is produced.

Under these circumstances, the import marking law treats the producer or manufacturer as the ultimate consumer of the product in its imported form. This is imminently reasonable, we believe, because the work and effort performed upon the various raw materials in this country make the resulting product, in fact, a product of the United States. Clearly the line must be drawn somewhere between a consumer's right to have information concerning origin, and preventing unnecessary and disproportionate interference with commerce and, I might

add, esthetics. Viewed in these terms, meat is no different from other manufacturing materials. Should this legislation pass, it would logically follow that buildings and automobiles should be marked if they might contain imported steel; that soft drinks must be marked if they might contain imported sugar; that your desk, Mr. Congressman, must be marked if it may contain imported wood. By logical extension of the reasoning underlying this legislation our country could be transformed into a land of labels and tags constantly buffeting our citizens with useless information.

We have not the slightest doubt that passage of this legislation would act as a serious and disruptive non-tariff trade barrier which would create a serious commercial disadvantage for imported beef by raising the costs to those who would otherwise handle or use it. Our fears in this regard are well-founded for we have had a number of experiences with similar legislation enacted in various states over the years. Our Council has been active in the battle against such legislation, and in every case where the issue has been raised to our knowledge, such legislation, when passed by states, has been stricken down by the Federal Courts as unconstitutionally burdensome upon interstate and foreign commerce. Please understand, we do not for a moment suggest that Congress lacks the power to enact such legislation or that such legislation, if enacted, would be subject to constitutional challenge. The state experience, however, is

highly relevant to your deliberations with respect to this proposed legislation. The significance is that each and every Federal Court that has examined the matter, has found significant commercial costs and burdens involved when foreign origin labelling is required in this manner.

It is easy, on the basis of several examples, to understand why this must be so. Take the case of a manufacturer of vegetable soup. The soup may contain less than one percent beef. The manufacturer may not care in the slightest whether the beef is imported or domestic. Yet this legislation would force him to devote his energies and attention to this commercially meaningless fact. It would be necessary for him to maintain separate labels, and possibly separate production lines. Obviously, this would cost a great deal of money and do no one any good.

Take the case of a restaurant that serves hamburgers. Ground beef obtained from the local purveyor on one day might contain imported beef and on the next day might not. The fact is of no significance to the restaurant. Yet this law would require the owner to waste his time checking so that on any day when imported beef finds its way to him he is careful to post the appropriate sign, or switch the menus. This, we submit, would be downright silly if it were not for the certain result of obstructing commerce.

II. Testing

The bills would prohibit importation of meat products unless foreign testing for U.S. prohibited substances had been performed by persons certified in the same manner as U.S. testers are certified, and the appropriate foreign official had certified the foregoing.

The literal meaning of these requirements present obvious problems. It is not feasible to test every article, and such requirement would be a severe restriction on trade. The meaning of the certification requirement is not clear. Literally, it presumably would require, for example, that tests for certification in foreign countries be conducted in English language, if that is the manner in which they are conducted here.

But even if reasonably worded and interpreted, there are two basic reasons why the suggested legislation is completely unnecessary. Firstly, the bills reflect the incorrect assumptions that foreign meat is inferior to U. S. meat, and foreign plants, inspectors and methods cannot be trusted to be as good as those in the United States. I mean no disrespect to the U.S. Department of Agriculture by stating that the foregoing is definitely not true. Over the years, representatives of our Council have often visited foreign packing plants and inspection establishments in Australia, New Zealand, and other countries. I am advised that anyone, layman or professional, visiting such plants could not help but be impressed with the cleanliness and high quality professionalism of testing procedures.

Further, a producer of beef for export has a definite state in assuring the quality of exported products. Surely we have all seen

food products packed for export whose packages proudly proclaim "export grade" or "export quality". Export beef is somewhat like that. It carries with it the national pride of the country where it was produced and those concerned in the exporting countries make it their business to see that the quality of the product is of the very highest. This is particularly true because producers and governmental personnel in Australia, New Zealand and other countries are well aware of the fact that imported meat is something of a political issue in the United States, and therefore is perhaps being watched somewhat more carefully than certain other types of imported merchandise.

Secondly, even disregarding all of the foregoing, the simple fact is that the proposed legislation is totally unnecessary because equivalent legislation, and far more reasonable legislation at that, already exists. 21 U.S.C. 620(a) already provides that no meat or meat food products "shall be imported into the United States if such articles are adulterated or misbranded and unless they comply with all the inspection, building construction standards, and all other provisions of this Chapter and regulations issued thereunder applicable to such articles in commerce within the United States." The statute already provides, in other words, that imported meat must comply with all the testing and other requirements with which domestic meat must comply. The proposed legislation really does little except to take this general principle which is already in the law, and overparticularize

precise details of our own system. We must recognize that although other countries' systems may be as good, or better than our own, they are nevertheless different. We cannot, by legislation or otherwise, make the rest of the world exactly like the United States.

The general principle that all U.S. testing and other requirements must be complied with is already a part of the law. If that law were not being complied with (and we know of no indication that such is the case), the fault would lie with those who administer the law, not with the law itself.

III. International Regulations and Obligations

The bills would provide that "in order to verify the accuracy of testing" U.S. officials from time to time would ship samples of carcasses, meat, internal organs, etc. to the United States for testing. Fees would be prescribed by the Secretary of Agriculture to cover the costs of the new requirements in these bills which would apparently be charged to the foreign exporters. If a foreign exporter did not pay his assessment, his "privilege" to export to the United States would be suspended or revoked.

We do not believe that these unprecedented proposals should be given serious consideration. We believe it could be harmful to our international relations to institute a regime under which the United States must police them to be certain that they are carrying out their commitments to us, and then seek to charge them the cost of the policing.

Recent multilateral trade negotiations have continued to break down the foreign barriers to exportations of our own United States high quality beef products. An agreement was recently made, we understand, with respect to exportation of a substantial quantity of "hotel" beef to the European Common Market. This area may indeed have a bright future for our producers who should be expending all possible efforts towards building up our export market. We cannot help but wonder, however, how the United States Department of Agriculture, the United States Congress, and our U. S. cattle producers would react if foreign governments required that before we could ship U. S. beef to their country, we had to have an inspection system which was not merely as good as their own, but which conformed precisely and in detail to their own; that foreign inspectors would be sent into our plants to take samples and send them back home to be sure that our inspection was as good as it was supposed to be; and, that U. S. producers would be assessed for the privilege of exporting in order to defer the expense of these special foreign testing requirements - assessed mind you - not by the United States, but by the foreign governments themselves. We believe they would be shocked, and that this is precisely the reaction that the United States would set off if it were to pass this legislation.

To the extent that the testing requirements of the proposed legislation are in excess of requirements applicable to domestic

beef, we believe that these bills could be viewed as inconsistent with international obligations. In this connection we wish to direct your attention to Articles II and IX of the General Agreement on Tariffs and Trade, dealing respectively with National Treatment on internal taxation and regulation and Marks of Origin.

Further, the United States Congress approved the international Agreement on Technical Barriers to Trade (relating to product standards) in Section 2 of the Trade Agreements Act of 1979 (19 U.S.C. 2503(a)), and enacted implementing legislation in Section 401 - 417 (19 U.S.C. 2531 - 2547). While the implementing legislation is binding upon Federal Agencies and Departments, it is not, of course, directly binding upon the Congress. Nevertheless, we believe that the Congress should respect the obligations undertaken in the code, and should not pass laws which could require the Department of Agriculture or other Departments or Agencies to act inconsistently with the new standards laws. The Statement of Administrative Action specifically approved by Congress in 19 U.S.C. 2503(a) lists the following as a "principal benefit for the United States' commerce from the Agreement:

- (4) The acceptance of U.S. goods for testing on a non-discriminatory basis with domestic goods, and the possible increased foreign acceptance of U.S. certification.

Among the product sectors where standards are regarded as a major or important concern, and particular benefits to the United

States envisaged, are animals and animal products. (See Statement of Administrative Action at pp. 11, 12)

If we proceed to enact unnecessary technical barriers to trade such as those contained in the subject bills, it is doubtful that these or other desired benefits to our exports and overall economy will be achieved.

CONCLUSION

In its totality, and in each of the three major respects discussed separately above, the proposed legislation represents a serious barrier to trade which would accomplish no useful purpose, and which, to the extent that trade continued, would severely burden and add to the expense of importing and distributing beef. This would be a severe set-back in the evolution of enlightened trade policies in this country, and would constitute a substantial inflationary measure.

Respectfully submitted,

MEAT IMPORTERS COUNCIL OF
AMERICA, INC.

June 24, 1980

Mr. ROSE. Thank you, very much.

One of the things that Mr. Marlenee said in his testimony was that his statistics indicated that imported beef is inspected at the rate of about one inspection for every 700,000 pounds and that domestic beef is inspected carcass by carcass, and we are actually encouraging positive animal indentification from the feedlot to the slaughterhouse. First of all, do you agree with this statistic about one inspection for every 700,000 pounds and, if so, isn't that a rather wide diversity of inspection versus the requirements that we have placed on domestic cattle producers?

Mr. MORRISON. Mr. Chairman, I am going to ask Mr. Jarman to comment on that.

Mr. JARMAN. Mr. Congressman, we do not have any statistics to know whether the particular figure is accurate. I note that it is sort of like comparing apples and oranges because we are talking about an inspection which might cover any number of pounds versus the number of pounds. My main comment is, I believe, that it does not take account of the inspection which is performed in the foreign country which is required by our law to be just as good as the inspection performed here. In other words, in the foreign country each carcass is tested just as each carcass is tested here.

If I understood the testimony correctly, the statistic related specifically to the imported inspection which is performed at the port of entry.

Just for background, I think it is clearly a fact that imported meat is subjected to more inspections than domestic meat, leaving aside the question of quality, because it has to be inspected in the foreign country, as I said, just as our products are inspected here. Then they have an import inspection which, of course, the domestic product does not have. Then the vast majority of these products are further processed, as Mr. Morrison indicated, at federally inspected establishments. So, you have three clear levels of inspection.

Mr. BEDELL. Would the chairman yield?

Mr. ROSE. Certainly.

Mr. BEDELL. Mr. Jarman, if it could be shown that in some foreign countries the inspection is not equivalent to our inspection, would you then feel differently about this legislation?

Mr. JARMAN. Mr. Congressman, I think that possibly that question might be better directed to USDA, but let us simply respond that the law now provides that the inspection in a foreign country be as good as it is in the United States. If it could be demonstrated that in a particular country that were not the case, the fault would not lie in the legislation that is currently on our books, it would lie in the administration of that legislation by USDA.

Mr. BEDELL. Unfortunately, there are frequently times when in the Congress we are not—some of us—in complete agreement with everything that is done and how it is done by the USDA. We do have an opportunity, however, to take action and to correct the problems.

My question to you is this. If you were sitting in the Congress and, if it could be shown that in some countries that inspection was not equivalent to what we have here in the United States, would you then feel that as a Congressman you should do something to try to see that that is corrected? If you felt it could not be corrected by actions of the Department, or was not likely to, but legislation would correct it,

would you then feel as a Congressman you should try to see that it is corrected? Or, would you feel that you should not try to do that?

Mr. JARMAN. I am flattered, sir, to be asked to think like a Congressman. I certainly would believe I would—certainly, if I saw an abuse, and you are describing abuse, I would wish to try and correct it by an appropriate means.

Mr. BEDELL. Thank you.

Mr. JARMAN. But I would like to draw the committee's attention—and I assume that this will be done later by USDA, but just in case it should not be—to the fact that there are very, very specific requirements many of which are contained in title 19 of the Code of Federal Regulations, specifically section 327, that go into a lot of detail as to the very specific means by which the foreign inspection systems, ante mortem and post mortem inspections, must be found to be just as good as the U.S. inspections. I don't know whether it is appropriate for that to be incorporated into the record, but I would bring it to the attention of the committee.

Mr. BEDELL. Will the chairman yield further?

Mr. MARLENEE. Would the gentleman yield on those points, sir?

Mr. ROSE. I don't believe there are any other questions, so if you two would go ahead, that will be fine.

Mr. BEDELL. I yield to Mr. Marlenee.

Mr. MARLENEE. You stated that foreign meat is subject to all the inspections, or as many or more inspections, as the United States. Could you tell me this? You made a flat unequivocal statement. Could you tell me if these plants have inspectors, the foreign plants, on every line?

Mr. JARMAN. Mr. Congressman, I readily admit I have not personally visited these plants, so I cannot answer that question from my own knowledge.

Mr. MARLENEE. Do you know, Mr. Jarman, if these inspectors have the technical training to test for the kind of residues we are all very concerned about in this country?

Mr. JARMAN. Mr. Congressman, I can only tell you what I am advised by people who should know, which is that the answer to that is yes.

Mr. MARLENEE. Have you read, Mr. Jarman, the task force report by USDA of November 1979 on the inspection of imported meat and poultry?

Mr. JARMAN. I have seen it, Mr. Congressman. I have not read it recently.

Mr. MARLENEE. Would you quarrel with their statement—two statements? There is one on page 20,

Because USDA does not have the resources to test for all additives that might be used in product formulation it must rely heavily on foreign inspection systems to assure that only permitted amounts of approved additives are used.

It goes on to say in assessing the foreign country program,

Although we do know that producers are subject to foreign producer quality control and foreign government inspection, we do not require that either the producer or government furnish information regarding the outcome of such quality control inspection.

This is from USDA themselves. They say that they don't know whether there is such an inspection system. How can you sit there and tell us that there is one in place? Have you inspected it? Do you have information the USDA does not have?

Mr. JARMAN. Mr. Congressman, I know what the laws says, and it requires the USDA to assure that the inspection in any foreign country that we permit to ship products here is as good as our own. Foreign countries know what substances are prohibited here, and it is their business, if they want to protect their good names and reputations, to see to it that those substances do not find their way into any product which is sent here.

Again, I think when you get very specific—our knowledge is limited and general—the USDA knows the specific facts concerning the way they go about trying to assure quality. From what the members of the Meat Importers Council tell us, the requirements are indeed strict and the system works very well.

Mr. MARLENEE. USDA did not tell us that.

One other point, Mr. Chairman, if I might. "Viewed in these terms," you stated on page 4, "meat is no different from other manufacturing materials." Do you really believe that?

Mr. JARMAN. In terms of section 304 of the Tariff Act. I believe the intent of the statement—the terms are the terms of section 304 of the Tariff Act. Certainly meat is different from steel. You don't eat steel, but you do eat sugar.

The point is that meat, that is, the vast majority of meat in its imported condition, is a manufacturing product, a raw material which will, in all likelihood, be combined with many U.S. products. Perhaps it will be combined with other lean beef, perhaps fat trimmings, spices, and subjected to all sorts of processing, such as grinding, before it will ever be a manufactured article which the consumer will see.

Mr. MARLENEE. I thank the gentleman for yielding.

Mr. ROSE. Mr. Bedell?

Mr. BEDELL. Mr. Jarman, you indicated you thought it should be the Department of Agriculture that should be seeing that this is corrected. How do you believe they should go about it? Do you believe they should send inspectors into the foreign plants?

Mr. JARMAN. They do send inspectors into the foreign plants, sir, as some of the witnesses have testified. A question might arise as to whether they should adopt a different statistical system for selecting plants. A comment was made about arranging in advance or coming without notice. These are questions that go, I believe, to the adequacy of the system, but not to what it is reasonable for the Congress to enact in the way of legislation. The legislation is already there, sir.

Mr. BEDELL. Do you believe they should take samples of product and check it in the—that is, the U.S. inspectors should do that in those foreign plants as they do in the U.S. plants, or do you believe they should not do that?

Mr. JARMAN. You are asking me a question that goes way beyond our level of expertise. I am not a veterinarian.

Mr. BEDELL. You don't know whether you think the American meat inspectors that are in foreign plants should also be sampling the product and checking it and seeing if it is all right; is that correct?

Mr. JARMAN. This would be clearly an additional requirement which is not in the present law. If the present inspection which is being conducted in a given foreign country is, in fact, the equal of that in the United States as the law requires it to be, no. I don't see any reason to add an additional requirement.

Mr. BEDELL. So you believe that American inspectors should be checking the product here in the United States, but in foreign countries they should check the plants, but they should not have the right to check the product to be sure that it is all right in those foreign plants. Is that your feeling?

Mr. JARMAN. Well, that basically describes the present system, Mr. Congressman—

Mr. BEDELL. I don't ask you to describe the system. I am asking if that is the way you feel it should be done, that they should not have the right to check the product, no matter whether it should be contaminated with whatever it may be? You believe they should simply see that that plant is operating properly and that there are some types of inspectors there and they shouldn't ever check the product or take samples of the product in foreign countries, even though they always do it here in the United States.

Mr. JARMAN. They say never say never. I am not saying never, but as a purely feasible matter, there is no way that the United States can send enough inspectors to test all the meat that is produced in other countries which might be shipped to the United States. If those other countries, which have perfectly well-trained veterinarians and specialists just as we do—

Mr. BEDELL. You feel quite confident that all of the countries that are shipping meat here have perfectly adequately trained veterinarians and are properly inspecting the meat in all those countries; do you?

Mr. JARMAN. No, sir. I said I have not been to all these countries. What I am saying is that the law that we now have on the books is, on its face, reasonable. It gives the administrators the authority which they need to assure that those countries are all equal to our own in terms of inspection. I have not been to all those countries. What I am suggesting is that if there is any problem in country *x*, there is no indication that the law needs to be changed.

Mr. BEDELL. Would you think it would be beneficial to find that problem if our inspectors in that foreign country were to, from time to time, check samples of the meat that was being processed in that foreign country, just as they do here in the United States, and have it tested? Or, do you feel that would be an unreasonable requirement? Either you think it is all right or you think that it is something wrong.

Mr. JARMAN. We believe that as we understand the present system, Mr. Congressman, it is an unnecessary requirement and might well be viewed as unreasonable by some of the other countries. We don't know.

I do not believe it is the policy of other countries to send people here to test meat, although there are some situations, I believe, where foreign representatives do review the U.S. system, just as we review the foreign system. Again, I think this gets down to such a technical question that—

Mr. BEDELL. Excuse me. I don't see anything technical about whether you are going to ask whether it is proper or not for an American inspector in a foreign country to take samples of what is being processed and for it to be checked. That may be very technical. I am not a very technical guy, but it seems to me that is a pretty simple yes or no. It makes sense or it does not make sense. I feel that you take it that it does not make sense. I am sorry to have taken so much time on this particular issue. I know we are short on time, but I have one more question.

You indicate that, "To the extent that the testing requirements are in excess of requirements applicable to domestic beef, we believe that these bills could be viewed as inconsistent with international obligations." In what way do you feel that this inspection system would be more inconsistent with domestic inspection where we literally inspect every carcass?

Mr. JARMAN. One problem has to do with the question of what is an imported article. As was mentioned by one of the Congressmen before, imported meat comes in containers containing 60 pounds of product. It is not full of steaks and roasts. It is full of chunks, irregularly shaped items. I don't know whether one 60-pound box is an imported article or whether every chunk in it is an imported article, or whether every carcass from which those chunks were obtained is an imported article. Whatever way it works out, it is probably totally unfeasible to test every article in them. As we understand this legislation, it would require 100 percent testing. If that is the intent, that is nothing which is required in this country.

A second good example, I think, is the requirement that the exporters be charged to defray the cost of the system. I do not believe that any other country imposes a requirement of that sort, and that would be, I think, a good example of a clear additional requirement.

Mr. MARLENEE. Would the gentleman yield on that?

Mr. BEDELL. I would be glad to. However, before I do, I think the gentleman makes a good point. I do not think the legislation should say every piece of meat in every box should have to be tested.

Mr. DE LA GARZA. Will the gentleman yield?

Mr. BEDELL. Yes.

Mr. DE LA GARZA. I want to ask the chairman this. Are we having the Department of Agriculture come in, not Ms. Foreman, but the part of the Department of Agriculture that has jurisdiction over this matter?

Mr. ROSE. Ms. Foreman will be here at 2 o'clock. I do not know whom she will bring with her, but she is the only Department witness I have listed.

Mr. DE LA GARZA. I certainly would like to have the Foreign Agriculture Service and the people who run the operation here. I don't think Ms. Foreman—she is our Domestic Food and Consumer Assistant Secretary. I have listened to the gentleman talking, and you are asking the wrong people here. We need to clarify some of this. Mind you, I sympathize with the gentlemen, and I want to help, but I have such questions that I would like to address to the proper people at USDA.

Mr. BEDELL. Will the gentleman yield?

Mr. DE LA GARZA. It is your time.

Mr. BEDELL. It seems to me, Mr. Chairman, that it would be wise if we would ask staff to check with Ms. Foreman and ask her if she could bring with her those people that have to do with foreign meat inspection.

Mr. ROSE. Please do that.

Gentlemen, I have endeavored to give you all the amount of time we have. So, ask all of them, but I would like to adjourn at 12 o'clock, if we can.

Mr. DE LA GARZA. We have someone from Texas next.

Mr. ROSE. He will testify next. Are there any other questions of these witnesses?

[No response.]

Mr. ROSE. Gentlemen, thank you very much. You are all excused.

Our next witness is Mr. Charles Carter, legislative director of the Independent Cattlemen's Association of Texas, Inc., Austin, Tex.

Do you have a statement, Mr. Carter?

STATEMENT OF CHARLES CARTER, LEGISLATIVE DIRECTOR, INDEPENDENT CATTLEMEN'S ASSOCIATION OF TEXAS, INC., AUSTIN, TEX.

Mr. CARTER. Yes, Mr. Chairman. In the interest of time I would like to submit it for the record. I promise not to be longwinded.

Mr. ROSE. Thank you. We accept your statement and look forward to your comments.

At this time, without objection, your entire prepared statement will be entered in the record.

[The prepared statement of Mr. Carter may be found on p. 67.]

Mr. CARTER. Thank you, Mr. Chairman.

I would like to direct my comments toward the labeling section of this legislation and say that it is really about time. It is about time that the American consumer is informed of the product they are about to purchase and where it comes from. They should have this freedom of choice.

We take pride in our products that we produce in Texas. When the U.S. Meat Export Federation, an organization supported by American cattlemen to increase beef exports overseas, hosts a trade fair, say, in Japan, we are proud to have our products marked as American produced.

My only question is this. I wonder why our foreign competitors do not feel the same?

We in America have the most rigid standards we must operate under in our production of beef. We may not agree with all of them, but we operate under them nonetheless. We can say with pride that our beef is probably the finest in the world, and I believe the American consumer knows that. So, let's quit misleading them into thinking that whenever they purchase beef it is American beef. I say, let's give them a choice.

Beef producers in Texas probably suffer a greater hardship due to imported beef than most other American producers. Because of increasingly higher transportation costs brought on by the energy situation, meat importers are trying harder to rid themselves of their imported products closer to the initial port of entry. In fact, we have found out through studies that the majority of beef imported into Texas is consumed within 150 miles of the port of entry.

So Texas offers two distinct advantages for importers. One, we have four major ports of entry and, two, from seven major population centers in Texas five lie within this 150-mile range.

While we feel we are at a disadvantage, the majority of Texas consumers are even worse off. Their chances of buying or being served imported beef are even greater, let's say, than the consumers in Iowa or Colorado. Our Texas Legislature has recognized this. Twice legisla-

tion has been passed to resolve this inequity, and twice it has been overruled in the courts because of existing Federal law.

Members of the committee, the ball is in your court. We urge quick passage of this legislation. Remember, we cattlemen are producers, and consumers, too. We want to know what kind of meat we are purchasing for our families. Labeling reforms which include provisions for labeling the point of origin of beef will give us a choice. Consumers of America deserve to have that choice.

Thank you, Mr. Chairman.

Mr. ROSE. Thank you, Mr. Carter.

Are there questions by members of the panel or members of the subcommittee? Mr. Bedell?

Mr. BEDELL. Mr. Chairman, I just want to thank Mr. Carter for his testimony, and I thank him for his brevity and for being here to testify.

Mr. CARTER. We appreciate the opportunity.

Mr. ROSE. Mr. de la Garza?

Mr. DE LA GARZA. I have no questions.

Mr. ROSE. Mr. Marlenee?

Mr. MARLENEE. No questions.

Mr. ROSE. Mr. Carter, you say this meat is consumed within 150 miles of the port of entry—in what form? Is it as an added part of a processed meat product?

Mr. CARTER. Mr. Chairman, most of it is processed in with American-produced beef in the form of hamburger or ground beef. We found that because of the high energy costs importers would like to transport that meat just as short a distance as is possible. We found that most of it goes into the major cities and into the fast food chains.

Mr. ROSE. Thank you very much.

This concludes the morning portion of our hearing. We will return at 2 o'clock, and our first witness will be Ms. Carol Foreman.

The subcommittee stands in recess until 2 o'clock.

[Recess taken.]

[The prepared statement of Mr. Carter follows:]

TESTIMONY PRESENTED
 BY CHARLES CARTER,
 LEGISLATIVE DIRECTOR OF THE
 INDEPENDENT CATTLEMEN'S ASSOCIATION OF TEXAS, INC.

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE COMMITTEE;

I APPRECIATE THIS OPPORTUNITY TO PRESENT THIS STATEMENT ON BEHALF OF THE THOUSANDS OF MEMBERS OF THE INDEPENDENT CATTLEMEN'S ASSOCIATION OF TEXAS.

OUR ASSOCIATION WAS FOUNDED SOME SIX YEARS AGO TO REPRESENT WHAT WE CONSIDER THE TRUE CATTLE PRODUCERS IN TEXAS, -- I'M SPEAKING OF THE COW/CALF OPERATORS.

WHILE WE ALSO COORDINATE OUR EFFORTS WITH CATTLE FEEDERS, MARKET OPERATORS, PACKING HOUSES AND RETAILERS, WE WANT YOU TO KNOW THAT WE ARE RESPONSIBLE FIRST TO THE COW/CALF PRODUCER. IN OUR OPINION HE IS THE BACK-BONE OF THE CATTLE INDUSTRY.

WE ARE A YOUNG BUT STRONG ORGANIZATION THAT BELIEVES IN FIGHTING OPENLY FOR WHAT WE BELIEVE. WHEN WE ORGANIZED, OUR PRIMARY OBJECTIVES WERE THOSE IN THE AREA OF IMPORTED BEEF.

I CAN'T HELP BUT BRING TO YOUR ATTENTION AN ARTICLE WHICH APPEARED JUST LAST FRIDAY IN THE WALL STREET JOURNAL IN WHICH THE HEADLINES READ "HOUSE CONTINUES AID FOR THOSE WHO LOSE JOBS DUE TO IMPORTS". THE ARTICLE GOES ON TO TELL OF A \$1.5 BILLION ASSISTANCE PROGRAM FOR WORKERS WHO LOSE THEIR JOBS BECAUSE OF IMPORTS.

MR. CHAIRMAN, I AM NOT ADVOCATING THIS TYPE OF WELFARE PROGRAM FOR OUR BEEF PRODUCERS. I DON'T BELIEVE THEY WOULD ACCEPT IT IF IT WAS OFFERED TO THEM. THEY'RE PROUD PEOPLE.

U.S. PRODUCERS BELIEVE THAT THEIR PRODUCTS ARE SUPERIOR TO THEIR FOREIGN COMPETITORS AND COULD STAND COMPARISONS IN THE MARKETPLACE, EVEN IF FOREIGN PRODUCTS ARE CHEAPER.

WHILE WE HAVE COME A LONG WAY IN OUR EFFORTS TO ACHIEVE RECOGNITION IN THE MARKETPLACE SINCE 1974, I WOULD LIKE TO GO BACK TO 1977, WHEN THE PRESIDENT OF OUR ORGANIZATION CAME BEFORE THE COMMITTEE ON AGRICULTURE AND MADE THE FOLLOWING STATEMENT CONCERNING THE CATTLE INDUSTRY.

"SOME OFFICIALS OF THE USDA AND GOVERNMENT ECONOMISTS WOULD LIKE TO BLAME PRESENT CONDITIONS OF THE BEEF INDUSTRY ON PROBLEMS SUCH AS SURPLUS, COSTS OF PRODUCTION, AND HIGH INTEREST RATES." THEY COMPLETELY DISCOUNT THE EFFECTS OF IMPORTED BEEF.

TIMES HAVEN'T CHANGED, OR HAVE THEY?

IT'S INTERESTING TO NOTE THAT THE INVENTORY OF CATTLE & CALVES IN TEXAS IN 1980 HAS DROPPED 2,600,000 HEAD COMPARED TO 1977, DOWN ROUGHLY 7%. IF YOU COMPARE THE FIGURE FOR 1974 TO 1980, IT SHOWS A DECREASE OF 14%. OUR PEOPLE ARE LOSING THE BATTLE OF INFLATION. DON'T EXPECT A SURPLUS OF AMERICAN BEEF IN THE FUTURE IF THIS TREND CONTINUES.

IT'S OBVIOUS WHAT INFLATION HAS DONE TO OUR COST OF PRODUCTION, ENERGY COSTS ALONE ARE ENOUGH TO CAUSE SOME BANKERS NIGHTMARES WHEN RANCHERS APPLY FOR CATTLE LOANS.

AND HIGH INTEREST RATES, WELL, I'LL LEAVE THAT TO YOUR IMAGINATION. I THINK YOU ARE WELL AWARE OF THE CURRENT SITUATION WITHOUT ME QUOTING YOU FIGURES.

WHAT I'M TRYING TO POINT OUT IS THAT WE ARE HURTING, AND HURTING BAD. THE RETAIL PRICE OF BEEF AT THE COUNTER IS NO REFLECTION ON WHAT OUR RANCHERS ARE GETTING PAID FOR BEEF AT THE MARKET.

AND, THOSE WHO RELY UPON OUR BEEF FOR THEIR LIVING -- WE CALL THEM MIDDLEMEN -- ALSO HAVE HIGH INTEREST RATES AND COSTS OF PRODUCTION TO PASS ALONG.

BUT THERE IS ONE BIG DIFFERENCE BETWEEN THEM AND US. THEY DON'T HAVE TO WORRY ABOUT FOREIGN RETAIL STORES OR TRANSPORTATION COMPANIES FOR COMPETITION. WE DO.

AND WE HAVE LITTLE CONTROL OVER THIS. SO WE LOOK FOR HELP. BUT AGAIN, UNLIKE OUR FOREIGN COMPETITORS, WE FIND OURSELVES AT A DISADVANTAGE. THEIR GOVERNMENTS LEVY IMPORT TAXES, QUOTAS OR FEES TO MAKE SURE THAT THE DOMESTIC PRODUCER ALWAYS HAS THE UPPER HAND. OUR GOVERNMENT HAS IN THE PAST JUST OPENED THE GATES WIDE OPEN WITH LITTLE OR NO RESTRAINTS.

FORTUNATELY, THERE ARE CERTAIN MEMBERS OF CONGRESS WHO UNDERSTOOD WHY THE CATTLE INDUSTRY IS IN SUCH BAD SHAPE, AND THEY ARE TRYING TO HELP. THE RECENTLY PASSED MEAT IMPORT LAW IS ONE EXAMPLE. WHILE THIS

LAW WILL NOT BOLSTER MEAT PRICES TO THE PRODUCER, IT WILL ALLOW OUR PRODUCERS SOME DOWNSIDE PROTECTION DURING LEAN YEARS,

AND CONGRESS HAS TWICE RECOGNIZED THE FACT THAT LABELING REQUIREMENTS FOR FOREIGN PRODUCED BEEF WERE INADEQUATE, BOTH IN 1955 AND AGAIN IN 1963 CONGRESS PASSED LEGISLATION MANDATING ALL IMPORTED MEATS BE LABELED, BUT PRESIDENTS EISENHOWER AND JOHNSON VETOED EACH RESPECTIVELY STATING THE LEGISLATION WAS "NOT IN THE BEST INTERESTS OF THE U.S." AT THAT TIME.

MR. CHAIRMAN, THE TIME IS NOW. TODAY, LABELING BEEF IS BECOMING A CONSUMER ISSUE.

WE ARE FORTUNATE THAT CONGRESS IS AGAIN TRYING TO HELP THROUGH THE EFFECTS OF CONGRESSMAN BEDELL, ET. AL. IN THE FORM OF HR 5395, THE IMPORTED MEAT INSPECTION AND LABELING BILL.

I WOULD LIKE TO DIRECT MY COMMENTS TOWARD THE LABELING SECTION OF THIS LEGISLATION AND AGAIN SAY "IT'S ABOUT TIME". ABOUT TIME THAT THE AMERICAN CONSUMER IS INFORMED OF THE PRODUCT THEY ARE ABOUT TO PURCHASE AND WHERE IT MIGHT COME FROM. THEY SHOULD HAVE THIS FREEDOM OF CHOICE.

WE TAKE PRIDE IN OUR PRODUCTS. WHEN THE U.S. MEAT EXPORT FEDERATION, AN ORGANIZATION SUPPORTED BY CATTLEMEN TO INCREASE BEEF EXPORTS OVERSEAS, HOSTS A TRADE FAIR, SAY - IN JAPAN, WE ARE PROUD TO HAVE OUR PRODUCTS MARKED AS "AMERICAN PRODUCED." I WONDER WHY OUR FOREIGN COMPETITORS DO NOT FEEL THE SAME WAY?

THERE IS THE CONTENTION THAT IT WILL COST THE CONSUMERS EXTRA FOR THE LABELING - IT WOULD NOT BE ECONOMICALLY FEASIBLE.

BALONEY - "INCIDENTLY, WE OUGHT TO LABEL IT TOO."

THEY'RE JUST SENDING UP SMOKE TRYING TO HIDE THE REAL ISSUE. WE HAVE TO AGREE WITH ASSISTANT SECRETARY OF AG, CAROL TUCKER FOREMAN AND HER STATEMENT WHEN ASKED TO COMMENT ON THE COST OF LABELING IMPORTED BEEF.

"I'M NOT SURE THAT IT'S NOT ECONOMICALLY FEASIBLE. I'M NOT SURE THAT THAT'S THE ISSUE BECAUSE I THINK IT WOULDN'T BE TERRIBLY DIFFICULT TO HAVE LABELS THAT SAY IMPORTED AND/OR DOMESTIC MEAT."

JUST WHAT IS THE REAL ISSUE? WE IN AMERICA HAVE THE MOST RIGID STANDARDS WE MUST OPERATE UNDER IN OUR PRODUCTION OF BEEF. WE MAY NOT AGREE WITH ALL OF THEM, BUT WE OPERATE UNDER THEM NONE-THE-LESS. WE

CAN SAY WITH PRIDE THAT OUR BEEF IS PROBABLY THE FINEST IN THE WORLD, AND I BELIEVE THE AMERICAN CONSUMER KNOWS THAT. SO LET'S QUIT MISLEADING THEM INTO THINKING THAT WHENEVER THEY PURCHASE BEEF IT'S AMERICAN BEEF. I SAY LET'S GIVE THEM A CHOICE.

MR. CHAIRMAN, BEEF PRODUCERS IN TEXAS PROBABLY SUFFER A GREATER HARDSHIP DUE TO IMPORTED BEEF THAN MOST OTHER AMERICAN PRODUCERS.

BECAUSE OF INCREASINGLY HIGHER TRANSPORTATION COSTS BROUGHT ON BY THE ENERGY SITUATION, MEAT IMPORTERS ARE TRYING HARDER TO RID THEMSELVES OF THEIR IMPORTED PRODUCTS CLOSER TO THE INITIAL PORT OF ENTRY. IN FACT, WE HAVE FOUND THAT THE MAJORITY OF BEEF IMPORTED INTO TEXAS IS CONSUMED WITHIN 150 MILES OF ITS PORT-OF-ENTRY.

SO TEXAS OFFERS TWO DISTINCT ADVANTAGES FOR IMPORTERS. ONE, WE HAVE 4 MAJOR PORTS-OF-ENTRY AND TWO, OF THE SEVEN MAJOR POPULATION CENTERS IN TEXAS, FIVE LIE WITHIN THIS 150 MILE RANGE.

WHILE WE FEEL WE ARE AT A DISADVANTAGE, THE MAJORITY OF TEXAS CONSUMERS ARE EVEN WORSE OFF. THEIR CHANCES OF BUYING OR BEING SERVED IMPORTED BEEF ARE EVEN GREATER THAN SAY THE CONSUMERS IN IOWA OR COLORADO.

AND OUR TEXAS LEGISLATURE HAS RECOGNIZED THIS. TWICE LEGISLATION HAS BEEN PASSED TO RESOLVE THIS INEQUITY, AND TWICE IT HAS BEEN OVERRULED IN THE COURTS BECAUSE OF EXISTING FEDERAL LAW.

MEMBERS OF THE COMMITTEE, THE BALL IS IN YOUR COURT. WE URGE QUICK PASSAGE OF THIS LEGISLATION.

REMEMBER, WE CATTLEMEN ARE CONSUMERS, TOO, AND WE WANT TO KNOW WHAT KIND OF MEAT WE ARE PURCHASING FOR OUR FAMILIES. LABELING REFORMS WHICH INCLUDE PROVISIONS FOR LABELING THE POINT OF ORIGIN OF MEAT WILL GIVE US A CHOICE.

CONSUMERS HERE IN AMERICA DESERVE TO HAVE THAT CHOICE.

AFTERNOON SESSION

Mr. ROSE. The Subcommittee on Livestock and Grains will please come to order.

I apologize for the delay, but we have had several votes on the floor, and we may have some more.

In the interest of time I would like to ask that our witness proceed. We have Ms. Carol Foreman, Assistant Secretary of Agriculture for Food and Consumer Services. We are glad to have you.

If you have a prepared statement that you would like to submit for the record, or however you wish to make your presentation, please proceed.

STATEMENT OF CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY DONALD HOUSTON, ADMINISTRATOR, FOOD SAFETY AND QUALITY SERVICE

Ms. FOREMAN. We do appreciate the opportunity to come and testify on legislation that would modify inspection and labeling procedures for imported meat products. H.R. 5395 and H.R. 1998 would also direct the Secretary of Agriculture to impose assessments and fees on imported meat products in order to recover the costs of Department inspections, certifications, testing and labeling. H.R. 1998 would also direct the Secretary of Health and Human Services to apply comparable requirements to imported dairy products.

Our testimony is limited to the provisions affecting meat products.

Imported meat makes up about 7 percent of our total meat supply. Most imported meat consists of boneless manufacturing beef and canned cured pork products—hams and pork shoulders. Australia and New Zealand are our major suppliers of boneless manufacturing beef and to a much lesser extent Canada and several Central American countries. Denmark, Poland, the Netherlands, and Yugoslavia are the major suppliers of canned cured pork products. Relatively small amounts of cooked beef and canned corned beef are received from several South American countries. We have a strong trading interest with Canada in both fresh and processed meats, and we receive from other countries various specialty items such as pâté de foie from France. More detailed information on meat imports can be made a part of the record if you wish.

Imports of fresh chilled or frozen beef, veal, and mutton are also controlled by the Meat Import Act of 1964. This act permits the President to establish import quotas based on domestic production. The statutory method of calculating quotas was recently changed to a countercyclical basis, which reduces imports as domestic production increases. Section 204 of the Agricultural Act of 1956 has also been used to enforce voluntary negotiated trade restraint agreements.

These bills proposed several changes in our system for assuring the wholesomeness and accurate labeling of imported products. I think it would be useful to talk about each of these major changes independently.

First, let me talk about the labeling provisions of the bill. The bills would amend the Federal Meat Inspection Act—FMIA—requiring imported meat and meat products to be labeled as imported at all

stages of distribution until delivery to the final or retail consumer, including a restaurant customer. Depending on the nature of the product, the label would bear the name of the country of origin or the designation "imported," "imported in part," or "may contain imported meat." Restaurants would be required to inform their customers of the presence of imported meat by using either menu notations or conspicuously displayed posters.

The FMIA is a public health and consumer protection law. It assigns to the USDA responsibility for assuring that meat and meat products, imported or domestic, are safe, wholesome, not adulterated, and properly marked, labeled, and packaged.

This administration feels very strongly that the accurate labeling provisions of the law should be enforced rigorously. We believe in the consumer's right to know pertinent information about the product being purchased. Such information helps consumers make intelligent marketplace decisions based on personal needs and preferences. Such preferences may include a desire to buy products produced and processed in the United States; therefore, a case can be made that labeling of country or origin on imported meat products is consistent with the philosophy and intent of the meat inspection act.

As a result, current regulations under the Federal Meat Inspection Act—FMIA—require that the country of origin be shown, in association with the product name, on the immediate containers of all imported meat products that are distributed to the consumer in the same form as imported. For example, the labels of imported products such as canned corned beef must specify the country of origin. I did not bring my lunch, but I brought a sample here of Irish beef steak and mushroom pie with puffed pastry that has to say very prominently that it is a "product of Ireland" because it is sold in the container in which it is imported into the country.

However, neither the existing law nor regulations promulgated thereunder require the country of origin to be listed if the imported product is further processed in this country, nor are immediate containers of domestically processed products containing—or possibly containing—imported meat required to be labeled to indicate the presence—or possible presence—of imported meat. For example, boneless beef that enters the country will be labeled with the country of origin. However, when that beef is further processed, or mixed with domestic product and packaged for retail sale, neither the processor nor the retailer is required to label the finished products to indicate the presence of imported meat.

These current regulations promulgated under the FMIA also are consistent with the Tariff Act of 1930, as administered by the U.S. Bureau of Customs, Department of the Treasury. Under the Tariff Act, an article of foreign origin must be legibly marked with the English name of the country of origin to inform the "ultimate purchaser" of the product's origin. Generally, if the product is repackaged by a U.S. distributor into small portions for retail sale to consumers, or if the product is further processed by a U.S. manufacturer, the distributor or processor is considered to be the ultimate consumer. Only when a product is sold at retail in the same form as imported is the retail consumer considered to be the "ultimate purchaser." H.R. 5395 and H.R. 1998 would redefine the "ultimate purchaser" to be in all cases the retail consumer.

Changing the law to require labeling of imported meat by country of origin even after it is further processed raises issues that the Congress should resolve before it decides to enact these proposals.

First, we are troubled by the provisions in section 7A of H.R. 5395, which require the Secretary of Agriculture to collect fees and assessments from exporters to recover the costs of testing, inspection, and identification, in addition to duties already paid. These provisions could require us to setup cumbersome and perhaps costly administrative machinery in order to fulfill the requirements. Further, this provision is inconsistent with current law, which requires that all costs of Federal inspection except for overtime and holiday work must be borne by the Department and, ultimately, the public. We are unsure if the proposed legislation requires that the costs of correctly labeling products once they have entered the country be borne entirely by foreign exporters, or in part by U.S. processors, distributors, and retailers. If the costs were to be borne by the exporters, we think another costly administrative mechanism would have to be established to recover labeling costs from exporters for U.S. business people.

Roughly 90 percent of all imported beef undergoes some further processing in the United States before reaching the retail consumer. Department economists estimate that the labeling requirements of this bill would affect 33 to 38 percent of all hamburger sold in the United States and about one-third of all other processed products containing beef because such products contain imported beef.

In addition, the bill would require the Department to expand enforcement at the retail level. USDA now has a limited enforcement role in reviewing the activities of retail stores and restaurants, which are generally exempt from routine inspection under the Federal Meat Inspection Act. Although the costs of such strengthened enforcement would depend on the level of enforcement chosen, the cost of enforcing these labeling requirements at the more than 500,000 U.S. retail stores and restaurants would be substantial.

We are afraid this legislation would be inconsistent with our obligations under the General Agreement on Tariff and Trade—GATT—and the “standards code” concluded under the Multilateral Trade Negotiations approved by Congress in the Trade Agreement Act of 1979. Specifically, article III of GATT prohibits internal taxes that discriminate against imports and requires imported products to be treated no less favorably than domestic products. We are concerned the provisions imposing assessments on exporters and probably the labeling provisions would violate this article.

Finally, I think we must be careful to avoid taking steps in the name of consumer protection that may, in fact, be motivated by a desire to restrict trade. At USDA, we spend a great deal of time attempting to make sure that other countries do not, under the guise of concern for health and sanitation, prevent U.S. products from being imported into their countries. For example, we are presently seeking relief from a requirement imposed by the United Kingdom on United States poultry slaughter plants exporting their products to the United Kingdom.

The United Kingdom requires that true counterflow immersion chillers be installed and that much larger volumes of water be used than are currently required in this country. The machines themselves are very expensive. The water volume requirement will cause severe and perhaps unsurmountable problems in procuring, chilling, and dis-

posing of large volumes of water. The water must be disposed of in an environmentally sound manner. We believe that neither of these requirements is necessary to produce a wholesome product and that the United Kingdom requirement is, in fact, a nontariff trade barrier that may substantially reduce the volume of poultry exported from the United States to the United Kingdom.

Mr. ROSE. May I interrupt you here?

Ms. FOREMAN. Certainly.

Mr. ROSE. Is that spine chilling—is that the same issue we face with the Germans?

Ms. FOREMAN. Yes.

Mr. ROSE. I see. Please go on.

Ms. FOREMAN. I am sure that you do not want to encourage other actions of this sort by appearing to restrict the entry of meat into this country for reasons other than health and consumer protection.

Now let me turn to the proposals for revising inspection requirements for imported meat. The Federal Meat Inspection Act now requires that any country exporting meat to the United States maintain, for plants preparing products for export to the United States, a meat inspection system with requirements equal to those in the United States. Administration of a foreign program is evaluated in terms of inspector training and competency, adequate supervision and availability of laboratory support. Forty-five countries are now eligible to export their products from about 1,150 certified plants. Only those plants in eligible countries that meet our requirements are certified to export their products to the United States. Not every plant in every country that is certified to export to the United States may export to the United States. You have to be certified on a plant-by-plant basis.

To verify the continuing adequacy of a country's inspection program, 20 USDA veterinarians make onsite review of foreign inspection systems. They also review plants certified to ship to the United States to be sure that compliance with U.S. standards is maintained.

Eighty firstline USDA inspectors at 34 points of entry inspect products entering the United States, based on sampling plans devised by USDA computers. This includes the selection of samples for residue analysis by Department laboratories.

The legislation being considered today would require that every carcass or part of carcass intended for shipment to the United States be tested and found free of any substance prohibited in any domestic carcass. I should point out that it would be prohibitively expensive for any country to sample for residues in each carcass and internal organ. To test all the livestock and poultry produced in the United States under such a criterion would cost almost \$100 billion annually, plus a large capital investment to build the necessary laboratory capacity to carry out the analyses. This requirement might be construed as a nontariff trade barrier. And even if we did require each carcass imported into the United States to be tested for residues, it would not give us 100 percent assurance that the meat is entirely free of residues. This arises from the fact that analytical methods exist for only about 40 of the 150 drugs most commonly used in animal agriculture.

We agree that improvements should be made in the systems that assure the wholesomeness of imported meat and verify the eligibility of foreign countries to export to the United States. Three years ago,

I asked the Food Safety and Quality Service to begin reviewing the import meat inspection program to see how it might be strengthened to meet some of the criticisms that have been made of it over the years. We acknowledged that there were deficiencies in a 1978 FSQS report entitled Strengthening Meat and Poultry Inspection and a 1979 task force report on the inspection of imported meat and poultry. We do not believe, however, that the inspection or verification requirements prescribed by these bills are necessary or appropriate to strengthen our assurance of the wholesomeness of imported meat. We think that we can do a good job of that with the present system, plus the planned improvements, within the framework of present legislation, will allow us to protect the consumer from adulterated products.

If I could, I would like to take just 1 minute to describe to you some of the actions we have taken to strengthen our assurances that unwholesome or mislabeled meat does not enter this country.

In November 1979, a Food Safety and Quality Service—FSQS—task force report recommended that FSQS (a) improve its capacity to evaluate the effectiveness of inspection on a countrywide basis, and (b) develop more objective criteria for evaluating the effectiveness of inspection and for determining the appropriate corrective actions triggered by these evaluations.

The report identified three actions: (1) Development of a computerized system to record the compliance histories of foreign products, plants and foreign inspection systems; (2) development of risk categories for products, plants and countries, based in part on this continually evolving historical record; and (3) modification of point of entry inspection sampling procedures and plant review schedules to reflect compliance histories and risk factors.

We have instituted the computerized system recommended by the FSQS task force. It allows us to vary our intensity of inspection based on the compliance history of each plant exporting products into the United States. If you have a plant that has a bad history, you increase the intensity of inspection. If it is a plant that is consistently exporting very fine product, you lower the intensity on the inspection. Thus, we are able to use our resources where they are most needed and to concentrate products that have the greatest chance of being violative.

Our new computer system has also helped us to strengthen our control over residues. We have been able to double the number of samples taken at point of entry between 1978 and 1979, thereby giving much greater statistical reliability to the interpretation of the data. In 1978 import inspectors took 1,859 monitoring samples and 1,097 surveillance residue samples at point of entry. In 1979 import inspectors took 3,561 monitoring samples and more than 3,000 surveillance residue samples. In 1980 we expect to take about the same number of monitoring samples as in 1979, since the number of samples taken is linked to poundage of meat imported. We cannot predict the number of surveillance samples that will be taken in 1980, since we cannot anticipate the violations that will occur to require such surveillance sampling.

Inherent in the task force report is the clear determination that we must increase our knowledge of the types and degrees of potential public health risks to which imported products are subject. Major risks to any food supply usually involve residues, diseases, food additives, gross and microscopic contamination, labeling, packaging and product standards. Public health risk due to biological residues re-

mains of greatest concerns to us and will receive substantial emphasis, as it does in our domestic inspection program.

In order to improve our capacity to detect and eliminate unsafe residues in imported products, we will:

One: Determine the scope of recordkeeping and controls placed on the use of these potentially harmful substances by other countries.

Two: Continue to develop testing procedures and sampling plans in order to strengthen our assurance that unsafe residues are detected at import inspection.

Three: Improve our knowledge about the use of toxic compounds and environmental contamination in countries exporting meat to the United States.

Four: Increase the numbers of visits to foreign countries by USDA scientists to evaluate onsite foreign residue control efforts.

Five: Initiate check-sample exchange program among laboratories in different countries in order to compare analytical results.

Six: Obtain toxicological information and analytical methodology from U.S. drug firms selling products overseas.

Seven: Actively participate in and sponsor international councils and workshops to improve the flow of information on environmental contaminants.

It is important to note that the Department has already tightened enforcement on a countrywide basis. In 1979, during the period of political unrest in Nicaragua, DDT residues increased in imported products because of the disruption of Nicaragua's regulatory program. Nicaragua's eligibility to export products to the United States was temporarily suspended in June 1979.

At that time, products awaiting entry into the United States were sampled intensively, and some 3.5 million pounds of beef were rejected at point of entry. Following onsite visits by Department staff and satisfactory reviews of the plants involved, Nicaragua was reinstated to the list of countries eligible to export their meat products to the United States. Since reinstatement, residue sampling has shown satisfactory results. At this time, no products from El Salvador are being allowed entry into the United States because of chronic residue violations. Also because of violations, no meat from animals slaughtered in Mexico is being allowed into the United States.

The Department will also implement, fiscal year 1981, an independent system to audit point-of-entry inspection. Currently, the compliance program of FSQS audits federally inspected plants, focusing on the finished product as a final check on the effectiveness of the inspection program. We will institute a similar review at point of entry, using objective audit criteria compatible with those applied to domestic plants, as a check on the effectiveness of the import inspection program and regulatory compliance by the foreign plant. This information would also be added to our compliance histories for products, plants, and countries.

We believe that these improvements will verify that other countries have adequate residue controls and will strengthen our assurance to U.S. consumers that imported meat products are wholesome and accurately labeled.

This administration has recognized the importance of the consumer's right to know, and is in favor of strengthening public health and consumer protection legislation. However, adoption of this leg-

islation could result in higher prices on imported goods or higher taxes imposed on U.S. citizens to cover the cost of administering the requirements. Further, the requirements could be construed as trade barriers. For these reasons, the administration opposes the legislation.

Mr. Chairman, this completes my formal testimony. I will be happy to answer any questions that you and your colleagues may have, but before that, I would like to introduce Dr. Donald Houston, who is the Administrator of Food Safety and Quality Service. He is able, after some 20 years in the meat and poultry inspection program, to answer extensively any questions you may have on both the domestic and imported meat inspection systems.

Mr. ROSE. Madam Secretary, we are delighted to have you, and we appreciate your statement.

Dr. Houston, we are happy to have you as well.

I think there will be several questions. Congressman Bedell is the principal sponsor of this legislation, so I would like to call on him first.

Mr. BEDELL. Thank you, Mr. Chairman.

We appreciate your being here, Ms. Foreman. How much beef was imported into the United States last year? Do you know?

Ms. FOREMAN. Dr. Houston can give you that figure in a moment. Imported meat is 7 percent of the total supply. Let me give you the beef figure.

Dr. HOUSTON. There was a total of 2.2 billion pounds of imported meat products that came into the country in calendar year 1979.

Mr. BEDELL. Do you have it for beef, or not?

Dr. HOUSTON. I do not have those figures right here. The majority was boneless manufacturing beef.

Mr. BEDELL. Do you know how much was rejected?

Dr. HOUSTON. About 11 million pounds, totally, out of 2.2 billion pounds.

Mr. BEDELL. And what was that mostly rejected for? Do you know?

Dr. HOUSTON. Of the 11 million pounds, 4 million pounds was rejected for residues. The vast majority of that 4 million pounds was the 3½ million pounds that was refused entry because of the situation in Nicaragua. The remaining 7 million pounds was rejected after organoleptic examinations that found filth, hair, and things of this nature—pathological conditions. In several cases, there would be some cured pork products rejected because of excess water, but that would be a small amount.

Mr. BEDELL. So there were 7 million pounds rejected because of dirt; is that really what we are saying?

Dr. HOUSTON. Yes, sir.

Mr. BEDELL. Would you expect a similar type of percentage of contaminants in the meat that comes from the domestic beef producing plants?

Dr. HOUSTON. It is hard to compare, but I can assure you that there is a great deal of product each day in the United States that is retained—it is called "U.S. retained"—by Federal meat inspectors that are in federally inspected plants. That product is either reworked, cleaned, or it is condemned.

Mr. BEDELL. I understand that. The fact is that we are expecting the foreign countries to conduct similar inspection, are we not?

Dr. HOUSTON. Certainly.

Mr. BEDELL. After their inspection, they should be at the same point we should be at after our inspection. Is that correct?

Dr. HOUSTON. That is correct.

Mr. BEDELL. My question is this. Do you think that there is that much of a percentage of dirty beef getting through the inspection system here in the United States?

Dr. HOUSTON. I would say so. In fact, I think it would probably be a little bit higher.

Mr. BEDELL. So you think that here in the United States your inspection system is such that an equivalent percentage figure—it is 7 percent, so what would that be?

Dr. HOUSTON. 11 million pounds out of 2.2 billion is a very low percent.

Mr. BEDELL. So you think your inspection systems are working in the United States so that after inspection, there are probably 105 million pounds of dirty beef that is going to the consumers in spite of the Federal inspection; right?

Dr. HOUSTON. No, I did not say that. I said that there would potentially be that amount that would be detected and action taken, just as this amount was detected and action taken. None of this 11 million pounds got to the American consumer.

Mr. BEDELL. That is not my question. So that we understand, it is expected that the foreign countries would have inspection in their plants similar to our inspection in our plants. Is that correct?

Dr. HOUSTON. That is correct. Yes, sir.

Mr. BEDELL. Then after they have had that inspection, and that meat has come to the United States, we found 7 million pounds that were dirty and 4 million pounds that had violated residues in it.

Dr. HOUSTON. Yes.

Mr. BEDELL. My question to you is this. If we were to test the meat that had gone through our inspection system and our plants and had been approved for sale to the public in the United States, do you think we would have had equivalent amounts which would figure out to 105 million pounds of meat with dirt in it, and roughly 60 million pounds of meat with violated residues in it which is being given to the public?

Dr. HOUSTON. With regard to the residues, there is no doubt that the levels in the meat supply and poultry supply in the United States are much greater than those found in the imported meat supply.

The GAO report in 1978 estimated that as high as 14 percent of our meat and poultry supply in the United States contains violative levels of residues. A large part of that was due to the sulfa problem in swine. At one point we were running as high as 10 or 12 percent violations in sulfa drugs. Those have come down, but we still have a substantial number of violations. So, I can say unequivocally that the violative residue levels in domestically produced beef and other meats is higher than what we see on imported meats coming into the United States.

With regard to the other half of your question relating to filth, there are products that do not meet our standards that get into commerce. I cannot tell you the exact percentage, because no inspection system is perfect, but we do reinspect the products that leave plants and go to other plants for processing, and we can give you data on

the amount of products that are found not in compliance. It may give you a good judgment on the proportion.

Mr. BEDELL. My time has expired, but if I understand your testimony, it is that under your current inspection system of meat here in the United States, it is your opinion that there is at least 105 million pounds of dirty beef that is getting through your inspection system and getting to the consumers, and at least 60 million pounds of meat with violative residues is getting through to the consumer.

Dr. HOUSTON. I agree with you on the residue statement. I cannot agree with you on the other statement.

Ms. FOREMAN. If I may, on the description of dirty, I think Dr. Houston said "beef that doesn't meet our standards." It might not meet it because it had too much water in it or it was mislabeled—for any number of reasons which would also apply to that meat that was held up at port of entry in the United States.

If I could insert for the record, Mr. Chairman, we have some data here regarding testing for residues at foreign plants. It is the percentage for residues and the percentage of samples and violations in foreign plants as opposed to domestic plants.

Mr. ROSE. Thank you. We would be happy to have that.

Without objection, the data sheet referred to by Ms. Foreman will be inserted in the record at this point.

[The material referred to above follows:]

TESTING AT FOREIGN PLANTS

	1978		
	Samples	Violations	%
Argentina	87,895	2,705	3.07
Australia	7,558	36	0.47
Brazil	14,513	5,070	34.93
Canada	2,199	89	4.04
Costa Rica	307	0	0.0
Denmark	8,234	13	0.15
El Salvador	724	15	2.07
Guatemala	1,010	43	4.25
Honduras	383	9	2.34
Mexico	397	34	8.56
New Zealand	11,734	82	0.69
Nicaragua	3,033	468	15.43
Poland	3,203	10	0.31
Romania	13,764	687	4.99
Yugoslavia	2,921	0	0.0

TESTING AT U.S. PLANTS OF DOMESTIC PRODUCT

	1978		
	Samples	Violations	%
United States	22,334	982	4.37

TESTING AT U.S. PORTS

	1978				1979		
	Samples	Violations	%		Samples	Violations	%
Argentina	242	3	1.23		376	2	0.53
Australia	224	1	0.46		246	0	0.0
Brazil	88	0	0		107	2	1.87
Canada	207	3	1.44		459	15	3.26
Costa Rica	82	0	0		193	1	0.52
Denmark	151	0	0		157	0	0.0
El Salvador	23	2	8.7		68	5	7.35
Guatemala	30	0	0		139	6	4.32
Honduras	72	0	0		125	1	0.8
Mexico	151	6	3.97		0	0	0.0
New Zealand	147	0	0		459	0	0.0
Nicaragua	92	1	1.08		--	--	--
Poland	154	0	0		195	0	0.0
Romania	27	0	0		132	1	0.8
Yugoslavia	82	0	0		83	0	0.0

Mr. ROSE. If time permits, we will allow the members to ask additional questions, but let's first go through the first pass.

Congressman Sebelius?

Mr. SEBELIUS. Mr. Chairman, I apologize to Ms. Foreman. I was late and missed part of her testimony, so I am not going to ask any questions. I looked at my copy of your statement. It starts off with five pages one direction, then there are three that are stapled in upside down, and then the next four are right-side-up, and the last two are upside down. Given this, I don't know if I want USDA doing the labeling of that foreign meat. I don't know what is going on.

Ms. FOREMAN. That should not be interpreted as a change in my philosophy.

Mr. SEBELIUS. I just wanted to kid you a little. It is nice to have you here. I did not hear the first part of your testimony, so I defer to my colleagues. Welcome to the committee.

Ms. FOREMAN. Thank you.

Mr. ROSE. Congressman Daschle?

Mr. DASCHLE. I just have a couple of questions relating to what inspector strength we have right now. It is my understanding that the Food and Safety Quality Service has 20 meat inspectors on the national level who inspect overseas meat packing plants, 11 of which are on duty at one time. Do you believe that that fact is right and that that is an adequate number?

Ms. FOREMAN. I think so, because their function is not the function of the inspector in the plant in the United States. We require that a foreign country have a system that is equivalent to ours. They have a domestic inspector standing there, and I have visited Denmark earlier this year and watched those Danish inspectors that work in the plant doing the same job that our inspector does in the plants. The American inspector, the USDA inspector, who visits Denmark on a regular basis, is there to check the equivalency of the Danish system.

Mr. DASCHLE. You are saying, then, that out of the 20 that we have, 11 of whom are on duty, some of those are actually the ones that go overseas as well as those that stay in this country?

Dr. HOUSTON. Let me clarify that figure of 11. We have 20 full-time Federal USDA veterinarians traveling throughout the world most of the time. Eleven of them are stationed overseas. Nine of them are stationed in Washington, D.C., and supplement the reviews made by the overseas people.

The only reason we don't have all 20 of them stationed overseas is because we can only get 11 slots from the State Department for overseas assignments. Therefore, we have our other nine people reside here in Washington and travel with their colleagues who are stationed around the world.

Mr. DASCHLE. How is the jurisdiction broken down among the 20?

Dr. HOUSTON. Jurisdiction?

Mr. DASCHLE. What kind of a jurisdiction do they have?

Dr. HOUSTON. Generally it is based, of course, on the number of plants that are in the countries shipping to us, so you would expect a larger number of those people to be looking at plants in Australia and New Zealand as opposed to countries that might only have one or two plants.

Mr. DASCHLE. We have 1.7 billion pounds of meat coming into this country?

Dr. HOUSTON. It is 2.2 billion.

Mr. DASCHLE. You say 2.2 billion, and you are saying that 11 people in the Federal Government are responsible for the entire amount coming in?

Ms. FOREMAN. No, sir. They are responsible for reviewing the inspection systems in the countries that export meat to us. The Danish Government, for example, or the Australian Government is responsible for inspecting the meat in that country. In fact, you might say that, as far as imported meat is concerned in the United States, we have a double inspection system. They have to inspect their meat, and then we inspect their inspection system.

Mr. DASCHLE. I understand from testimony this morning that we never come to a given country or a given plant within a country without checking first. In other words, it is prearranged prior to the time we come. This would leave me to believe, at least in some cases, that we give them adequate time to clarify or change any shortcomings that they might have prior to the arrival of the inspector. Is that a problem? Do we ever make unannounced calls on these locations?

Ms. FOREMAN. I think that would probably be an advantageous thing to do, but I think it is probably impossible because our inspectors have to go through customs in various countries and they are officials of a foreign government traveling in a foreign country. I think it would be impossible.

Let me point out that, in fact, in this country where we have some meat-processing plants that are inspected on a patrol basis, the inspector is not there all day every day, but visits several plants in the course of a day. They tend to visit those plants at approximately the same time every day. So, if it is an inadequacy in the system, it is one that applies somewhat domestically as well as internationally.

However, I would like, but don't have, a suggestion for how we might perhaps have somewhat unannounced visits to those foreign plants.

Mr. DASCHLE. Congressman Bedell just showed me here that of the 45 countries now eligible to export meat products, they have 1,150 certified plants. So, in essence, you have 11 people going to 1,150 plants. That comes to more than 100 plants per inspector, yet you think we have adequate people—you are saying we do not have adequate people, but apparently it is the State Department people—

Ms. FOREMAN. No, no. I don't think so. I think the number of people we have stationed or involved in inspecting the systems of other countries is probably sufficient to do the job that they are directed to do, which is to inspect systems.

Mr. DASCHLE. A hundred systems.

Ms. FOREMAN. No; there is one system per country. There are 45 systems. There are 1,150 plants.

Mr. DASCHLE. Each plant is run just exactly like the other plant? We cannot say that in our country.

Ms. FOREMAN. Very close to it. Certainly, I think they are generally as close to one another as they are in our country. They have to comply with the basic inspection laws.

Mr. DASCHLE. Thank you. I am out of time.

Mr. ROSE. Mr. Marlenee?

Mr. MARLENEE. Welcome to the committee, Ms. Foreman, and Dr. Houston.

Do all of our plants have Department inspectors on every line in every plant in the United States?

Ms. FOREMAN. All slaughter plants do at all times.

Mr. MARLENEE. And if I recall, we have had a running battle with the Department, in fact, even to be able to have custom slaughtering plants open without having an inspector on line.

Dr. HOUSTON. No. Custom slaughtering plants—

Mr. MARLENEE. I am talking about the past. I am not talking about today. I am talking about 2 or 3 years ago when we had a heck of a battle with you people so that we could keep open a few custom plants out there so we could take a beef in and get it slaughtered and processed.

Dr. HOUSTON. There should not be any problem in that regard. Custom slaughter plants are free to operate without inspection. They must, however, meet the sanitation provisions of the act. Other than that, they do not require inspectors to be present when an animal is being slaughtered for custom purposes.

Mr. MARLENEE. But this was not the case in the past.

Dr. HOUSTON. It has been the case since 1967.

Mr. MARLENEE. Do foreign plants have inspectors on every line?

Dr. HOUSTON. Yes, sir.

Mr. MARLENEE. You can say that about every foreign plant?

Dr. HOUSTON. I believe the latest figures I saw, there are some 9,000 inspectors in those 1,150 plants certified to ship to the United States.

Mr. MARLENEE. So that every slaughter line would have an inspector on it.

Dr. HOUSTON. Yes, sir.

Mr. BEDELL. Would the gentleman yield on that?

Are those employed by the slaughterhouse or by the government?

Dr. HOUSTON. We will not permit the system to operate if they are employed by the slaughterhouse. They must be operated under a national inspection program, and they must be paid for by government funds through the central government.

We did find out several years ago in Argentina and Brazil that some of the inspectors were being paid by the packers, and we immediately took action to delist those plants unless that was changed. It was promptly changed when it came to our attention.

Mr. BEDELL. Thank you.

Mr. MARLENEE. If I may reclaim my time, what type of technical training is required of these foreign inspectors? Do they have the standards that we do in this country?

Dr. HOUSTON. Yes, sir, generally. The way we operate plants in the United States—and I will limit my remarks to slaughter plants—is that we have a number of inspectors assigned to that plant, based on the rate of slaughter. Obviously, the more animals that are slaughtered the more inspectors we have.

Mr. MARLENEE. Do they have the same training?

Dr. HOUSTON. Yes, sir.

Mr. MARLENEE. What is the training? What type of training is requisite for being an inspector?

Dr. HOUSTON. Let me, if I may, just explain our system, and then I think I can lay out how the training is carried out. I just want to make one point. All of our slaughter plants have an inspector in charge who is a veterinarian. That is the main basis of our slaughter

inspection program. It operates under this general supervision, and he is assigned a number of meat inspectors to carry out routine inspection tasks.

The meat inspectors are trained to differentiate between normal and abnormal tissue. When they find abnormal tissue, they bring it to the attention of the inspector in charge, the veterinarian, who then makes a disposition on that animal or that part of that animal, as to whether or not it is fit for human consumption. We require the same system in foreign plants. We require a veterinarian to be in charge of the slaughter inspection program in that plant. We do permit food inspectors to be under his supervision.

In reviewing plants, our veterinarians will determine the dispositions made by veterinarians in foreign plants. They will also observe the inspection tasks.

Mr. MARLENEE. If I may reclaim my time, sir, because I have quite a few questions I would like to cover—I think in front of the Senate committee you told Senator Melcher—and this point was brought out by Senator Melcher—that attaining a degree of veterinary medicine often in cases in these foreign countries did not require the same degree of technical training that it requires in this country. Is that correct?

Dr. HOUSTON. That may be true in some cases. I really cannot be that specific about the training requirements for veterinarians in all foreign countries.

Mr. MARLENEE. But you replied to Senator Melcher that “I think the point you make about professional qualifications is a good one.”

Let us pursue, then, one other point.

On page 8 of your statement, Carol, you said that “analytical methods exist for only about 40 of the 150 drugs” that leave residue.

Ms. FOREMAN. That is correct. They may leave residues. We don’t know because we don’t have any method—

Mr. MARLENEE. The procedures are becoming more and more complicated, and we are testing for smaller and smaller amounts of carcinogens in our domestic meat supplies. Is that not correct—of residues?

Ms. FOREMAN. For chemicals, whether they be carcinogens or not, yes.

Mr. MARLENEE. Do these foreign countries have the same ability to test for those minute amounts of residues that we require our domestic industry to test for?

Ms. FOREMAN. Well, we do the testing for those minute quantities. The plants do not do that testing. We do the testing as part of our Federal inspection system. I would like Dr. Houston to answer this.

Mr. MARLENEE. Do foreign countries do that?

Dr. HOUSTON. Yes; they do. There are some countries where that capability is not as good as we would like to see it. I think in Ms. Foreman’s testimony she points out that is one of the areas which needs more attention. Some countries have very excellent programs. I visited Australia, for example, and I am convinced that the program there is every bit as good as ours.

Mr. MARLENEE. Yet they have not, Dr. Houston, banned chemicals, the use of some chemicals, that we have banned, have they?

Dr. HOUSTON. They have or have not?

Mr. MARLENEE. Have not.

Dr. HOUSTON. That is true. There are some chemicals being used in countries that are—

Mr. MARLENEE. Then will you not agree that it is impossible for us to check their meat, after it gets over here, for those chemicals?

Dr. HOUSTON. That is true.

Mr. MARLENEE. Thank you, Mr. Chairman.

Mr. BEDELL [acting chairman]. Thank you, Mr. Marlenee.

Mr. Stenholm?

Mr. STENHOLM. I have no questions.

Mr. BEDELL. Mr. de la Garza?

Mr. DE LA GARZA. I have just a couple of questions.

I regret I was tied up on the floor when you presented your testimony, Ms. Foreman.

To what extent does the agricultural attaché on-site in a specific country involve himself with this process?

Ms. FOREMAN. I think I would like Dr. Houston to answer that.

Dr. HOUSTON. He involves himself in making arrangements for our people to visit the country. If problems arise with the inspection program in the country, he will usually accompany our review officer in discussions with counterpart officials in the foreign country. He is generally aware of what is going on and participates in discussions between our reviewer and that country. He does not get involved in any technical decisions regarding the inspection program.

Mr. DE LA GARZA. I was visiting in a foreign country not too long ago, and the attaché was summoned by the host country to participate in some inspection they were having within the country relative to—in this case it was dairy products. To your knowledge does this occur frequently or infrequently?

Dr. HOUSTON. I am sorry, but I cannot answer your question with any specificity. I know that they are involved quite a bit in the operations of our review program, because they need to know what is happening in the country. The degree that they get involved in the inspection of other commodities is something I cannot answer. I am sorry.

Mr. DE LA GARZA. I have one further question. Several years back your inspector went to X country, found a plant that did not qualify, and shut down the whole country because he did not have time to check all the others as he was traveling. Do you still do that or do you go plant by plant?

Dr. HOUSTON. We would delist each plant on a plant-by-plant basis. Just as Ms. Foreman remarked a few minutes ago, when we had the problems in Nicaragua we delisted all three plants which essentially cut off the supply of meat to the United States. So, we would do it on a plant-by-plant basis.

Ms. FOREMAN. In Guatemala where there was a problem recently, there were five plants exporting to the United States, and we delisted only three of those because we were able to trace the residue violation problems to three plants. They were delisted and the other two continued to operate.

Mr. DE LA GARZA. My question was to that extent that once the inspector just found one that did not qualify and so he shut down the whole country. I think there were two more.

Dr. HOUSTON. It might be that there was a residue problem that he found in one plant that could be traced to the others as well. There may be action taken on that basis.

Ms. FOREMAN. I think I would also have to ask Dr. Houston if it might be possible that he found in a plant the system for that country was operating in a fashion that was so clearly not an independent government operated inspection system, but an inspection system that was reliant upon the good will of the plant involved. That might say something about the system in that country as a whole and warrant withdrawal of inspection from there.

Mr. DE LA GARZA. That is really outside of the scope of the hearing here, but I just wanted to know if that was still going on.

Thank you, Mr. Chairman.

Mr. BEDELL. Mr. Stenholm?

Mr. STENHOLM. Thank you, Mr. Chairman.

You testified that 7 percent of our meat supply is imported. What percent of our meat supply is exported from this country?

Dr. HOUSTON. It is less than that. I think it would run probably about 50 percent of that—probably about 1 billion pounds a year. That would be a general average.

Mr. STENHOLM. How do the inspection and labeling procedures in those countries which we export to compare to the same requirements that we are considering here?

Dr. HOUSTON. None of them impose the requirements that you are talking about here that would require every carcass to be examined for residues, as an example. Within the countries that receive our product, I am not aware of any of them that would require a product further processed to be identified as U.S. or imported in origin.

I could say in general terms that their requirements are very similar to ours.

Mr. BEDELL. Would the gentleman yield on that?

Mr. STENHOLM. I would be happy to yield.

Mr. BEDELL. Are their tariffs similar to ours?

Ms. FOREMAN. I do not know the answer to that, Congressman Bedell. That is outside of our area of jurisdiction.

Mr. BEDELL. Could I give you the answer we got from Mr. Alan Hemphill with the USDA's Foreign Agricultural Service today? He said that almost all, if not all, foreign countries have tariffs on U.S. beef. For example, Japan has at least 25-percent tariff, plus port charges and other surcharges and higher tariffs for particular cuts of beef. The European Economic Community had 20-percent duty on their first 10,000 tons and after that a variable levy of 100 percent and more is in effect.

The United States, on the other hand, is in the process of lowering its duties on imported beef from 3 cents to 2 cents because of MTM agreements.

I thank the gentleman.

Mr. STENHOLM. I understood the answer to my question, based on the inspection and labeling in those countries we export to to be that there are no countries that have a similar type of requirement that we are considering today.

Dr. HOUSTON. Not to that extent. They do sometimes require us to do things that we do not ordinarily do on our domestic product. Ms. Foreman gave an example wherein the United Kingdom is trying to impose stricter requirements on spin chilling.

We have, in the past, had to carry out different inspection requirements on pork livers going to Germany. There have been specific

inspection procedures required by some countries above that required by the domestic program. But there is nothing as substantial as what is being considered here today.

Ms. FOREMAN. And we have objected vigorously each time they did that and are objecting vigorously to the United Kingdom right now about their imposition requirements under the guise of health and safety protection.

Mr. STENHOLM. Is it your contention that the cost of this legislation to the consumer would be \$1 billion?

Ms. FOREMAN. No, sir. I am not sure where that figure is in there. It might cost us as much as \$100 billion a year if we were to test every carcass.

Mr. STENHOLM. It is \$100 billion—excuse me—that is what I meant.

Ms. FOREMAN. That is if we were to test them domestically. We have developed those figures to see if we had to run that kind of program in the United States what it might cost. It is even worse than that because if you were to do that kind of residue inspection on a chicken, there would not be any meat left because you would have to take so many pieces off to do that kind of inspection.

I think that the cost involved in this—and we have not run a detailed economic analysis of what the cost might be—but we are concerned about the kind of system that we would have to set up to police the labeling. Let me divide it into labeling and import meat inspection.

On labeling, we just don't get involved at all now. And in the inspection of meat products in retail outlets or restaurants, that is done by local health officials.

If you were to tell us to do that, you would add a very substantial number of people to the inspection force of the USDA, and a pretty heavy burden to our budget each year. Or, alternatively, we would have to find some other way to do it.

One of the concerns I expressed in my testimony this afternoon was that I am not sure in section 7(a) how you anticipated paying for that. It appears to say that you want us to collect that from the exporters. That would make it inconsistent with our present system which is supported by the taxpayer and not by the producer. So, I am a little unclear about the intent of the legislation in that regard.

Dr. HOUSTON. Mr. Stenholm, if I could, the staff has passed me this figure for red meat products in calendar year 1979. We exported 819 million pounds. In addition to that, we have been making substantial gains in our poultry exports over the last 3 or 4 years, and that would have to be added to that figure. We can supply that for the record.

Mr. STENHOLM. Thank you. I have no further questions.

Mr. BEDELL. Thank you, Mr. Stenholm. I think we should clear up at least the intent of the author in regard to my legislation.

First of all, it is not my intent that every carcass of every chicken and everything else would have to be tested for violative residues. It is the author's personal opinion that in many cases the foreign inspection simply is not up to American inspection. It is further my opinion that if that is the case, and if indeed we are asking the consumers to depend in one case upon American meat inspection which, at least most of us feel is fairly strict, or how well it is inspected by foreign inspectors—if we are asking the consumer to make that choice,

then they should at least have the knowledge of what it is he is buying so he can make the choice.

It is further at least the author's opinion that in regard to the labeling this would not be assessed against the foreign producers. It is my opinion that for any meat processor to change his label or to simply say, "May contain imported meat" is not a particularly costly change for that particular person to make. Nor is it my opinion that a fast food chain to put up a sign which says "We may sell imported meat" is a particularly costly thing for that food chain to do. So there may be some misunderstanding, at least, what the intent of the legislation was. I am quite shocked with your statement, Ms. Foreman, that says, "Generally, if the product is repackaged by a U.S. distributor into small portions for retail sale to consumers, or if the product is further processed by a U.S. manufacturer, the distributor or processor is considered to be the ultimate consumer." I am quite shocked that you would feel that way about a food product. Do you really feel it should be that way?

Ms. FOREMAN. That is the present interpretation under the Tariff Act and under the Federal Meat Inspection Act.

Mr. BEDELL. Do you agree with that?

Ms. FOREMAN. No, I agree that the ultimate consumer—I am telling you the interpretation of the law. Obviously, I think the person who eats it is the ultimate consumer, and I suspect that any dictionary definition of "ultimate consumer" would have to be the person who eats the meat.

My concern was raised by the language in your section 7(a), Congressman Bedell, which appears to require the Secretary to set up the system for the assessing of, in some fashion or another, exporters or domestic processors for the cost of this.

As you describe the bill, which is not how we read it, I think that there probably would not be a very large cost involved in posting such placards. On the other hand, for us to go in and determine—and this continues to be a problem for us—to ascertain that the placard or that label is posted appropriately is a different thing to do.

I am basically, as a citizen, sympathetic to the premise of your legislation. As an administrator of a program, it is a real pain in the neck because foreign meat looks just like domestic meat, and to set up a system where we actually enforce the law is fairly difficult.

I asked the agency a couple of years ago to take a look at it. They came back and said that it is a fairly difficult thing to do, if you do it in a way that guarantees compliance. Now, if you want to do it in a fashion that says we have a law on the books, and we really won't make a very big effort, we will just look from time to time to see if it is doing that, then, no, it would not be very expensive at all, but to enforce it appropriately would be.

Mr. BEDELL. Certainly it would not be too difficult to ascertain among the 12, or whatever there may be, fast food chains which were buying imported meat and which ones were not. Is that correct? I would think that would not be a great chore.

Ms. FOREMAN. Would you require them to keep the sign posted all the time or just some of the time. If they were using a particular batch of imported meat on a particular day, do they have to have the sign posted, or could they take it down if they are not?

Mr. BEDELL. Certainly they would have that freedom, but the pur-

pose is to make it just as simple as possible for them, and if they put up a sign saying, "We at times sell imported meat," then they don't have to worry about it. There is the same problem with the packers. If they were putting imported meat in Spam, for example, they would not have to monitor that all of the time. They could simply put it on the label saying, "This product may contain imported meat," which thereby, I would think, would involve zero extra cost to them in terms of their labeling requirement.

Ms. FOREMAN. I agree with you. I don't think that there is a very large cost involved in the labeling change. I think that if we try to enforce it in a real fashion, then it has the potential of being expensive. There is a very large difference.

Mr. BEDELL. Is it not correct that most of this meat will either go to the fast food chains or through processors? Is that not correct?

Ms. FOREMAN. That is correct, except that I think that some of it is probably processed in supermarkets for the purpose of making hamburger.

Dr. HOUSTON. Some of it will be, yes. It will go to central cutting units—

Mr. SEBELIUS. It has been brought to my attention by a couple of food chains that they buy foreign beef because they need lean beef to blend with trimmings, scraps, and tallow to make particular products.

If I could proceed for just a second—could I move to strike the last word? I haven't spoken today.

Mr. BEDELL. The gentleman is recognized for 5 minutes.

Mr. SEBELIUS. Our trouble would be in labeling, like the restaurant provision in the Bedell bill; that is, if you are going to cry wolf by saying you have to have a sign up, it is going to be left up. Could that not then become counterproductive by implying, maybe, that everything that comes through a fast food chain or through the ground beef section of our supermarkets contains foreign beef. People might think it is bad because it is foreign. It could be counterproductive for American producers if people using American beef thought they might be buying foreign beef. The net effect could be to reduce total beef consumption.

I frankly am not too enthusiastic about the bill. I like the idea, but I am not too enthusiastic about this bill.

I just wondered if you thought it might become counterproductive if every cafe and so on says, "Beware of this because it may contain something that has been imported."

Ms. FOREMAN. I guess that is a possibility. I would also have to tell you that I ran into Secretary Bergland in the cafeteria at lunch today. He said that he was concerned that if the legislation passed and it had to say imported beef, then the Australians and other countries that export to us would quickly take up an advertising campaign: East Australian beef. Be sure and check the label to make sure that there is some in your product and give us a great deal of advertising about the virtues of Australian beef.

Mr. SEBELIUS. It is a problem, and we know it. I have beef country just like the gentleman alongside me. Right now, within the next year, I will probably have more head of cattle slaughtered in my district than anybody else by far. I am very much interested, although I am worried that if we get too regulatory and turn it loose, there

will be a problem there. I just don't want to raise that subject, because I have been told that we use some foreign beef so we can utilize other products from the animal, such as tallow and so forth, by blending it.

Ms. FOREMAN. I think you make an excellent point. On several occasions it has been suggested to us that perhaps if we were to make some changes in the meat grading system that encouraged the production of leaner beef, there would not be a great deal of tallow and fat taken off that has to be mixed with lean and imported beef in order that it not go to waste. That is obviously another whole day's hearing, but it was suggested recently, I believe, by a researcher from Iowa State at a meeting that we held up in Michigan.

Mr. SEBELIUS. Do we have the knowledge in the USDA of any nations sending us beef that use DES as an additive for a growth stimulant?

Dr. HOUSTON. No, sir. I think we were probably the last country to ban DES, that I am aware of. I don't know of any other country that is permitting the use of DES.

Mr. SEBELIUS. Thank you. I appreciate that. I yield back the balance of my time.

Mr. ROSE. Mr. Marlenee.

Mr. MARLENEE. Ms. Foreman, you stated that if you had a plant that exported a fine product, you skipped or lowered the intensity of inspection. Is that correct?

Ms. FOREMAN. No; we would lower the intensity of the sampling that we do at the point of entry.

Mr. MARLENEE. At the point of entry. In other words, you lower that intensity of inspection or testing at the point of entry.

Is there any lowering of intensity of plant inspection in this country, or sampling?

Ms. FOREMAN. Yes; in our residue sampling system we do not test for residues that we don't expect to find in a particular area or where we have a very low incidence of violation. We may, in fact, lower the incidence of residue testing and raise it in places where we do expect to find a problem.

Mr. MARLENEE. I find it somewhat of a contradiction that you would lower the intensity of residue testing on foreign beef when chemicals exist that leave carcinogenic residues. They have been banned in this country, yet other countries have not banned them. As a matter of fact, they cannot even test for them over there. Is it not a contradiction that you lower the intensity of residue testing when you yourself advocate testing for more residues in this country? We have 40 of 150 that we test for.

Ms. FOREMAN. We think that it would not be a good use of our resources to continue testing again and again and again for a product that is banned in a particular country and where we have never found an incident of violation of that ban. We prefer to intensify our testing where we expect to find a problem.

Mr. MARLENEE. Dr. Houston said there were chemicals banned in this country that are still in use in other countries.

Ms. FOREMAN. In that case our, point-of-entry statistical sampling plan applied to the product coming from that particular plant would probably have a very high level of testing for residues of that particular substance, DDT, for example. If we know they are using it, we are likely to test for it.

Mr. MARLENEE. Of the 7 million pounds rejected by this country, how many were rejected because of chemical residue?

Dr. HOUSTON. It was a total of 11 million. Of that, 4 million were rejected for residues.

Mr. MARLENEE. I see. Then the 7 million pounds were rejected because of contamination?

Dr. HOUSTON. Filth or dirt, mislabeling, added water, or things of that nature.

Mr. MARLENEE. It still seems to me to be an undue burden on our own livestock people when you would lower the amount of inspection. You come here and oppose these two bills, yet, in March or April you stated in USDA News, you stated, Ms. Foreman, that you wanted a positive identification of each individual animal from the range or from the time it is dropped until it reaches slaughter—a cradle to skillet, almost, identification.

Ms. FOREMAN. In fact, sir, once again, in January of this year I happened to visit Denmark where they have such an animal identification system. It is partly enforced by the producers.

Mr. MARLENEE. On 400,000 acres of Australian backland it would not work very well. Nor would it work very well on a 50,000-acre ranch in Texas.

Ms. FOREMAN. We have recently had a cable from the Australian Government that they would not object to our requiring an animal identification system on the meat they export to the United States.

Mr. MARLENEE. As far as the promotion of Australian beef is concerned, maybe it is about time these people picked up a share of the load instead of riding on the American beef producers' coattails as far as eating beef. I think we have spent several million dollars promoting beef and the nutritious value of it in this country, and these guys are getting by scot-free. Would you be adverse to tagging on a fee for promotion of beef under the imports?

Ms. FOREMAN. If you did it under the Meat Inspection Act, yes, I would, but you might want to talk to the Agricultural Marketing Service and discuss with them the—or the Beef Research and Information Act people—or both, and see what they would think about it.

We are trying to keep the inspection system free of that sort of thing.

Mr. ROSE. If someone advertised New Zealand spring lamb, do you check to make sure it came from New Zealand?

Dr. HOUSTON. Yes, sir; we do. In fact, it is sold in this country as New Zealand lamb and promoted as such.

Mr. ROSE. And never saw New Zealand?

Mr. HOUSTON. No, it came from New Zealand, or we would not permit it to be labeled as such.

Mr. ROSE. Oh, you wouldn't?

Mr. Bedell?

Mr. BEDELL. It seems to me if you are policing that, the argument that you could not police whether or not it was imported meat seems to be rather difficult to accept.

Dr. HOUSTON. I am talking about the labeling of product on the lamb as it comes in and is under our jurisdiction. We are not, except on a complaint basis, monitoring that at the retail level.

Mr. BEDELL. Mr. Harkin, when he testified this morning, indicated that he had checked in regard to some imported meat where there

was contamination found. He said that after the meat came in it was then sent for check. After the check came back to show that there were violative residues, the meat had already been distributed and sold. They were able to only send back about one-third of it. The rest of it had already gone right into the channels of distribution. Was his testimony correct? Do you know if that is something that could happen under the present system? Is that the way it operates?

Dr. HOUSTON. Yes, sir.

Ms. FOREMAN. It happens with domestic meat. We have a test for sulfa residues that takes from 7 to 14 days to perform, and if the meat from the contaminated animal is eaten as fresh meat it has generally been sold and consumed by the time we determine there was a sulfa residue violation.

Mr. BEDELL. That would occur the same if it were a DDT violation or anything else in domestic meat as well as foreign. Is that correct?

Ms. FOREMAN. Yes, sir.

Mr. BEDELL. So that could come through.

Dr. HOUSTON. It could. If the plant has a good history, we will draw samples and permit the meat to enter the United States if it meets all of our other standards. If, however, we get a violation, we then put what we call hold and test restrictions on meat coming from that plant. It is not permitted to move freely then until it has been sampled 30 consecutive times. If those 30 samples are clear, then it can move freely again.

Mr. BEDELL. As the author of the legislation, I appreciate your being here. I would like to make one or two suggestions. That is, apparently there is some misunderstanding as to what the bill says as far as the required inspection is concerned. If we could work with someone from your Department, I would like to see that it is worded in such a manner that the purpose is simply to assure that the inspection on imported meat is at least as good as the requirements that we place on our domestic producers and certainly with some consideration of the fact that many of these particular chemicals are banned in the United States and are not banned in some of those other countries which are then feeding them to their livestock and then shipping their livestock here.

Second: If I understand your testimony correctly, as far as the labeling requirements are concerned, you do not see this as a particularly expensive thing as far as the labeling is concerned. You have some concern as to how much detail you would be expected to use in the enforcement of it. If you had to visit every little mom-and-pop grocery store and do that sort of thing, you see it as extremely burdensome to the Department.

Third: If I understand you correctly, the Secretary felt that he was concerned that maybe people from Australia or New Zealand, or wherever it might be, would advertise to the consumers to buy their product. I must say I am pretty shocked that the Secretary would feel that way because normally if you are going to advertise something to get people to buy it, you have to convince them that you have a better product. I would not think the Secretary would think that it is a better product to the consumer because at least all the people I know would feel they were selling it not because of the quality of the product but because of the price.

Ms. FOREMAN. Some of the times it might mean that you just have better advertising.

Mr. BEDELL. I beg your pardon.

Ms. FOREMAN. Some of the times it might just mean that you have better advertising of the product.

Mr. BEDELL. With all due respect, I really think my livestock people would be pretty shocked that the Secretary would feel that this was of concern that the public could be fooled into thinking that they should buy foreign meat instead of domestic meat. Maybe that is because of the area from which I come.

Ms. FOREMAN. They have been persuaded by some imported cars of late, and I think that is perhaps what concerned him.

Could I make one point, Mr. Chairman? I think there has been something of a misunderstanding about the role of our inspectors—our 20 inspectors who visit foreign countries—perhaps in the context of viewing those 20 foreign inspectors in the same light that we view our own compliance officials. We have in all slaughter and processing plants, inspectors onsite. We have 8,000 meat and poultry plants in the United States. We have about 7,000 inspectors. We have 23 compliance officers who may visit one of those plants on any given day to see that the inspection is being carried out according to the Department's standards.

In the foreign programs we have about 1,150 plants. Those plants have about 9,000 inspectors working in them, and we have 20 foreign program officials who visit them to check to see that those 9,000 inspectors are carrying out the inspection systems in a way that is consistent or equivalent to that which we do in the United States. Thank you.

Mr. ROSE. I think we are very clear on that. I think what the hearings today have helped me to do is to focus this down to a little different point. I had wrongly assumed that we were taking some type of inspection role upon ourselves of the same nature that we carry out for our own domestic beef. That is not the case.

What you are saying is this. Your 20-some individuals—11 and 9—wherever they may be, are checking the integrity of the foreign system.

Ms. FOREMAN. Exactly.

Mr. ROSE. I think really, though, the only key question that this committee then has is whether or not we think the American consumer has the right to know that its Government is asking it to rely on a foreign inspection service. I think that is the bottom line. Mr. Bedell asked that question. I heard him from the back of the room just a moment ago.

Mr. MARLENEE?

Mr. MARLENEE. I have two final questions, Mr. Chairman, that I would like to ask.

You obviously have contacted some foreign countries in regard to the positive identification of individual animals. Do you intend to pursue that direction in the United States?

Ms. FOREMAN. We will probably submit to the Congress some time within the next year legislation that would provide for positive identification of animals in the United States.

Mr. MARLENEE. Of each individual animal?

Ms. FOREMAN. We will seek the authority to trace the ownership of animals containing violative levels of residues.

Mr. MARLENEE. I find that unbelievable, Mr. Chairman.

Mr. ROSE. Thank you.

Mr. MARLENEE. Then I would like to have you comment on the USDA November 1979 Task Force Report on Inspection Of Imported Meat and Poultry. The report continues, and I quote:

Because USDA does not have the resources to test for all additives that might be used in product formulation it must rely on foreign inspection systems to assure that only permitted amounts of approved additives are used.

It goes on to say on page 22:

Although we do know that producers are subject to foreign producer quality control and foreign government inspection, we do not require that either the producer or the government furnish information regarding the specific outcome of such quality control and inspection.

This is from page 22 of the USDA—your own task force on foreign inspection.

How can you sit there and positively tell us that your program of inspection of foreign beef is sufficient when the task force says otherwise?

Ms. FOREMAN. We do not say that it is sufficient. We do not say that at all. As a matter of fact, that is why we ask for the 1978 document on improving it and why we asked for the 1979 task force. But I did, in the last several pages of my testimony, tell you the steps that we are taking now that will improve the import meat inspection system. I would never in a million years come here and say that it is as good as we want it to be. We have been working very hard to improve it.

Mr. MARLENEE. Ms. Foreman, that is exactly what these two bills are about. You might sit there and smile about the tagging and identifying individual animals, but you are going to find a heck of a lot of producers out there who find that added cost and burden unacceptable.

Ms. FOREMAN. We are very concerned about improving the imported meat inspection systems.

Mr. ROSE. Thank you very much. I appreciate both you giving us an hour and a half this afternoon. We thank you most kindly for your patience.

Ms. FOREMAN. Thank you.

Mr. ROSE. Without objection, at this point I would like to insert in the record the statement of Congressman Stangeland.

[The prepared statement of Mr. Stangeland follows:]

STATEMENT OF HON. ARLAN STANGELAND, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MINNESOTA

I appreciate the opportunity to appear before the Subcommittee on Livestock and Grains of the House Agriculture Committee today in support of H.R. 5395, a bill to require additional inspections and labeling of imported meats. I am pleased to see that the subcommittee has agreed to hold these hearings in order to provide for a public forum for information to be presented in support of this measure. I am a cosponsor of this legislation and feel that it is imperative that this subcommittee and Congress move forward with this legislation which will benefit both livestock producers and consumers. I would like to take just a little time to discuss the specifics of this measure and the need for it.

First, this measure will require that the consumer, at either the grocery store or in a restaurant, be informed as to whether the meat or meat food product which he is buying contains imported meat. It will also upgrade the inspection requirements for imported meat so that the American consumer is assured that the product he is buying has met strict qualitative standards for wholesomeness.

The need for this legislation is clear and has been well documented. The amount of meat imported into the United States every year is substantial with over 2 billion tons of meat being imported into the U.S. in 1978. Generally these imported meats enter the marketplace and lose their identity quickly, especially in cases where the imported meats are mixed with the higher quality U.S. beef in hamburger or other meat products, which is almost always the case. Current labeling requirements, when they do exist, are not adequate to let the consumer know what he is buying.

Mr. Chairman, the accounts I have heard clearly point out that the inspection requirements of imported meats are not adequate to assure that it is as wholesome as domestically produced meats. We all know that USDA inspectors constantly monitor domestic plants which produce meat to move in interstate commerce. Federal inspectors examine animals both before and after slaughter to insure that they are free from disease and contamination. The inspectors insure that clean operating practices are used and that sanitary conditions are maintained in domestic slaughter facilities. This is in sharp contrast to the way foreign meat markets are inspected. The USDA does not conduct continuous inspection in foreign plants. Rather those countries wishing to be eligible to export to the U.S. request USDA and State Department approval. Then, before approval, the USDA evaluates the countries' laws, regulations and inspection staff and conducts on-site reviews. However, once a country is authorized to export meat to the U.S., its inspection procedures are not routinely re-examined. Officials of the U.S.

Food Safety and Quality Service do make periodic inspections of foreign plants. However, only 17 inspectors are available to monitor 1,159 certified foreign meat plants. At best, USDA inspectors visit foreign plants quarterly. Some overseas establishments are visited only once every two years. The infrequent inspections cannot insure compliance with U.S. standards.

The problem is aggravated because inspections must be announced in advance; plant operators thus have ample warning to prepare for inspections.

During 1978, only 38 times did an inspection result in plants being rejected for failure to meet U.S. standards.

Imported meat must undergo an additional inspection when it arrives at a U.S. port. But this inspection, supposedly a second line of defense, also is minimal.

Eighty-five inspectors examined the 2 billion pounds of meat imported in 1978.

In fact, imported product is routinely marked "U.S. inspected and passed" before it is actually inspected. Later, if for some reason the product fails to pass inspection, these "U.S. inspected and passed" marks are supposed to be removed or obliterated. There is at least a great potential for abuse under this procedure.

A recent task force report on the inspection of imported meat and poultry (USDA Food Safety and Quality Service, November 1979) clearly supports the need for this legislation. In short, the task force report raises serious questions about both the effectiveness and efficiency of federal efforts to assure the wholesomeness of imported meat and meat products. The report states: "We have no basis for determining the level of effectiveness achieved by the present program. We know that it provides some protection against the entry of adulterated products into the United States food channels, but we do not know precisely how much."

Passage of this legislation clearly is in the best interest of livestock producers in the United States who will then not have to bear the burden of unfair competition of foreign producers whose product does not have to stand up to the same tests and standards as do meat and meat products produced domestically. In addition, it will assure that consumers will know when they are buying imported meats, either in the grocery store or in a restaurant, and also be assured that it meets the same levels of wholesomeness as domestic meat.

I urge the members of the subcommittee to move forward and mark-up this important legislation.

Mr. ROSE. Our next witness is Mr. Kolbet Schrichte.

Ms. BAMBERGER. He is not able to be with you. He is corporate secretary of our trade association, and he has been detained by some executive committee business.

Mr. ROSE. We will hear from you then, Ms. Bamberger. It is a pleasure to have you with us in Mr. Schrichte's place.

**STATEMENT OF A. KOLBET SCHRICHTE, CORPORATE SECRETARY,
NATIONAL RESTAURANT ASSOCIATION AS PRESENTED BY
SHEILA M. BAMBERGER, LEGISLATIVE REPRESENTATIVE,
NATIONAL RESTAURANT ASSOCIATION**

Ms. BAMBERGER. Good afternoon, Mr. Chairman.

Mr. ROSE. Do you have a prepared statement?

Ms. BAMBERGER. Yes, I have a prepared statement.

Mr. ROSE. Please be assured that your entire testimony will be made a part of the record.

Ms. BAMBERGER. Thank you very much.

My name is Sheila Bamberger. I am the legislative representative for the National Restaurant Association. I cover food and nutrition and other issues for the trade association. I have worked in the food area, including meats and meat imports, for over 8 years.

[The prepared statement of Mr. Schrichte follows:]

STATEMENT OF THE
NATIONAL RESTAURANT ASSOCIATION

My name is Kolbet Schrichte. I am Corporate Secretary of the National Restaurant Association and am head of the Government Affairs Department.

The association represents some 10,000 organization members who own and operate more than 100,000 foodservice establishments of every type in all the States of the Union. NRA, through its relation with more than 60 state or local restaurant associations plus the thousands of establishments linked through corporate members' franchise networks, estimates that our services reach about 250,000 separate operations.

It is important to remember the number of units, the diversity, the far-flung locations and the fragility of this sector in relation to a complex food production and distribution system when considering the regulations that would be imposed by the imported meat labeling bills before you today.

Our purpose in appearing is to acquaint you first with the relatively small quantity of imported beef allowed into the U.S. under quotas, second, the need of our industry for this product and, third, why it would be costly and serve little purpose to require labeling of small amounts of imported meats as they travel through the distribution and retail system.

Unnecessary Regulation

Currently, we are at a point in our nation's history when public concern about overregulation and government intrusion into individual and corporate life is on the rise. While we agree that laws and rules are needed to set boundaries for commercial and individual activity, we do not believe that every aspect of the economic system must be so bound. We particularly disagree with those rules that are aimed at increasing market share by hampering competitive pricing and supply choices. The imported meat labeling and inspection proposals you have before you today, would do just that: the aim of proponents is to insulate the domestic market from imports, to place additional costs on their use, and to shield

domestic industry from the demand for lean beef and the downward pressure of international competition. In addition, the benefits of such labeling and inspection requirements -- the need to know by the consumer and a duplicative layer of safety review -- must be viewed in relation to their costs in the final product.

Support for the domestic cattle industry and use of prime and choice grade product by restaurants

We are not unsympathetic to the problems of the U.S. beef cattle raisers, because we rely upon them for a very important part of our product. At the same time, as buyers of food products, we have all the normal interests of customers in the price and availability of a product suitable to our use.

Our domestic cattle producers, for perfectly valid market reasons, concentrate heavily on producing grain fed beef, about 90 percent of which is graded choice or prime. These cuts of beef are sold through restaurants in large quantities. In fact, 1978 statistics show that meat purchases as a percent of all food purchased for restaurants accounted for 38.1 percent (includes beef, veal, poultry, pork and lamb, as well as other specialty meats). As you can see, the foodservice industry is a tremendous market for sales of prime and choice.

But our sales also include the less exotic hamburger, hot dog and sausage type product.

Demand for hamburgers, and thus lean beef, is growing as beef prices rise and the restaurant industry expands

According to a 1975 survey 38 percent of all beef used in the industry goes into production of hamburger. (Based on growth rates in the industry, it is estimated that 40 to 42 percent is now used. See attached article from NRA's Foodservice Trends on foodservice use of beef and ground beef.)

It is thought that such usage may equal or exceed 50 percent of all beef consumption in the 80's. Hamburger, sausage and hot dogs, are made from lean manufacturing grade meat which is mixed with fat trimmings from U.S. beef production. Thus, the demand for lean meat

is increasing, yet only 10 percent of domestic production is concentrated on this type of product. The only other source is range-fed lean imports, and our industry does and will need more. Two other factors are also increasing demand as inflation and nutrition concerns cause Americans to seek lower cost meats and products with less caloric content.

Nature of imported meats

Australia and New Zealand are the major suppliers of imported meat to the United States. These countries produce range-fed cattle which do not go through a feed lot system. The meat product is lean, less fat marbled, exactly the type needed for the manufacture of hamburgers, hot dogs and sausages. Since demand is increasing for hamburger and domestic producers continue to concentrate on feed lot raised beef with its tasty but high fat qualities, imports fill an unmet demand and as such they are not competitive, in most instances, with domestic product.

Need of restaurants for imported beef

The importance of the lean grass-fed, imported manufacturing beef to the foodservice industry does not rest on price and grade alone, although we believe that imports tend to be a stabilizing factor in the manufacturing beef market. In fact, the relatively small variations in price in this market will sometimes result in the imported manufacturing grade product being slightly higher than the domestic product. These prices average out, however, so that their respective prices over an extended period are about equal or imports exert a slightly downward pressure.

Rather, a principal value of imported grass-fed beef to our industry lies in its lean consistency and the fact that it is frozen. Let me explain why these characteristics are important to our industry.

Low fat characteristics of imported beef

Let us consider fat content first. Imported boneless manufacturing beef has a remarkably consistent fat content of 10 to 12%. As you may know, USDA standards for hamburger require that it

be all beef and have a fat content not in excess of 30 percent. Furthermore, the hamburger generally sold by foodservice companies does not even approach the 30 percent fat content limit set by government. Each company sets its own standard to meet its determination of the most desirable flavor, texture, juiciness, and handling characteristics. Faced with this government imposed maximum, and/or his or her own standards, the foodservice operator, or his supplier, find it much more practical and economical to base their preparation of hamburger on a very lean beef and add fat in the desired amount or in some instances, attempting to remove fat to reach a desired fat content.

Domestic beef is used extensively in combination with the imported cutter and canner grade beef, but the imported product provides the better base for two reasons: its fat content is consistently lower and it is frozen. Manufacturing grade beef is not domestically produced in quantity to meet market demands, its fat content is not as consistently low as that of imported beef and it is not frozen. Also, there are wide variations in the fat content of domestic manufacturing grade beef depending on where the cattle were raised.

Frozen characteristics of imported beef

The importance of beginning hamburger manufacture with a frozen base of lean beef rests on imperatives of sanitation, public health, and lower prices to the consumer.

Domestic boneless beef is not frozen. It is chilled and shipped in large barrels. If it were frozen and packaged, as the imported product must be to preserve it for shipment of long distances, the cost would be considerably higher.

The mixing process to produce hamburger begins with beef low in fat content which is then mixed with cuts having a higher fat content to produce an end product well within government regulations and which meets the foodservice company's formula. Even if the mixing process begins with well chilled meat, the process itself will markedly raise the temperature of the product. On the other hand, if the mixing process includes a sizeable proportion of frozen

beef, the frozen beef will lower the temperature of the non-frozen beef and enable the manufacturer to reach his goal of an end product temperature of 34° to 36°. At this temperature bacteria will not grow and the useful life of the hamburger is extended. Bacteria count doubles every twenty minutes at room temperature and becomes a factor at temperatures above 40°.

In the foodservice industry, to make hamburger only with unfrozen domestic beef of varying fat content would increase quality control problems, logistical costs, and overall costs to the ultimate consumer. Domestic beef of manufacturing and higher grades is used extensively in the process along with fat trimmings to develop the appropriate consistency and flavor for the hamburger. Some of the domestic cuts and by-products would have no profitable market if not used in combination with frozen lean imports.

Amount of imported meat

Since passage of the Meat Quota Act of 1964 importation of lean manufacturing meat has been held on an average at about seven percent of market share annually. On several occasions the U.S. International Trade Commission has found that the entry of this amount of meat into the United States has not been detrimental to the domestic industry primarily because the lean grades are not produced in sufficient quantity in the United States. Congress in 1979, heeding the cries of distress of the U.S. livestock industry, passed amendments to the 1964 act that would change the formula for calculating imports of meat to a countercyclical one. Now, when production of domestic lean is up imports will go down, and when domestic lean is in smaller supply imports will go up. Total U.S. beef production in 1979 was 21.2 billion pounds, beef imports amounted to 2.4 billion. It is estimated that about one-half of the imported meats are channeled through products sold through supermarkets.

U.S. meat production and distribution system

There are many large and small meat processing companies throughout the United States which produce product in answer to

customer demand. They integrate supplies of imported meat with domestic lean meat in complex buying patterns based on availability, cost, storage and variables, that maximize low cost production and optimize price of end product. Sometimes imports are available, sometimes not. In addition, the small component of imported lean beef that is integrated into this manufacturing system as one more ingredient is handled by American laborers in U.S. plants. Like the salt or the fat trimming or the other ingredients added to hamburgers, hot dogs or sausage, it is superfluous to identify the location of origin of each ingredient as long as the composite product meets the standards set. It is even more improbable to consider following the presence of small amounts of imports through the distribution system as it moves in bulk and then is broken up for further dispersal through retail and restaurant outlets. The goal of meat processors is to deliver a safe, quality controlled, product to the consumer, that is labeled to identify ingredients. Is it really important that the American consumer have the geographic information on raw material resources used in a product?

Requirements of current meat labeling laws

It is important to note, despite claims made by proponents, that under the Federal Meat Inspection Act, all imported meat is required to be labeled as to country of origin when it enters the United States. This includes Danish hams, manufactured and packaged overseas in a final container for sale in the United States, as well as blocks of frozen beef and other types of meat that are brought into the United States for remanufacture here. The imported beef we are concerned about is the type that is reprocessed in America by U.S. labor, as a component of a domestic product. It is indistinguishable from and interchangeable with domestic supply of the same type. While we agree that foreign produced, manufactured and packaged products should be labeled as to country of origin, we do not agree that foreign components of products need state that imports are contained therein as the product moves in the distribution system. Arguments that Japanese T.V.'s and cars, or

Hong Kong manufactured textiles made from United States fibers, but woven overseas, are labeled as to place of manufacture and are not relevant to imported meats. The difference is we are using a raw material that goes through a manufacturing process in the U.S. while the other products are handled by foreign labor Court cases have held that nails made in a foreign country used in chains manufactured in the United States need not be identified on the finished product when it is sold.

Labeling Requirements of H.R. 5395 and H.R. 1998 (Title I)

Title I, Section 101(a) (2) of H.R. 5395 requires that any imported meat or meat food product, or "any meat food product made in whole or in part of such imported meat, or its package or container, shall be labeled as 'imported,' 'imported in part,' or 'may contain imported meat.'" The following paragraph requires that the same type of mark or label be attached to any piece of meat broken off from such a product, or to a container in which such a product is placed.

Further, Title II specifically requires that if such a product is used in a restaurant that an owner shall inform customers either by a conspicuous sign or on menus that meat food products containing imported meats are being sold. The penalty for failing to provide such information would be \$100 a day. This provision would include all restaurants "which engage(s) in operations affecting commerce," which means just about every establishment, except one that serves no interstate travelers and uses no foods shipped in interstate commerce.

Not only would Title I put an incredible burden on meat processors to track and follow the insertion of the small amount of imported meat that is used in production of their products, -- a costly venture in and of itself, -- but distributors and then the restaurateur (and food retailer) would have to follow a similar procedure. Extensive record keeping systems would have to be set up to identify items with imports or not, and then changes would have to be made on restaurant notices or menus accordingly.

Just imagine if this became a requirement for all the

ingredients used in all the recipes in all the restaurants in the United States. New jobs would have to be created just to keep signs or menus accurate to reflect a change to winter tomatoes from Mexico or tangerine segments from the Far East, and notice would have to be given if the chef changed from imported cheese to domestic in his or her sauce.

It has been suggested by some, that to avoid constant menu changes, the catch all phrase "may contain imported meats" should be used. But such a phrase could be more misleading to the consumer than no announcement at all.

The record keeping and menu or notice change burdens directed at our industry alone would place substantial costs on the restaurateur far beyond the benefits to consumers, whatever they might be.

In addition, a bill such as this could have a more subtle effect on costs beyond the specifics of record keeping and notice changes. The purpose of proponents is to make it more costly and difficult to use imports, thus isolating the domestic market from international supplies. The usual effect, when trade barriers are erected, is to cause prices to rise and insulate the domestic industry from needed changes to stay competitive. In addition, we hardly think that the import restricting labeling requirements of H.R. 5395 are necessary, particularly when domestic cattlemen are protected by a 1964 quota system that was tightened further by amendments signed into law December 31, 1979.

U.S. Trade Policy

For the past several years the United States in negotiations on the General Agreement on Tariff and Trade (GATT) has been engaged in activities to reduce trade barriers by all trading countries. A primary effort was made to reduce indirect barriers, particularly those erected against U.S. agricultural products. The bill before you today, H.R. 5395, flies in the face of this U.S. position and would erect those exact same type of barriers against imports of lean beef.

Conclusion

The National Restaurant Association urges that each member of the Subcommittee on Livestock and Grains carefully decipher the implications and burdens of this bill and oppose its enactment. This is a chance to cut off unnecessary and costly legislation before it ever goes into effect. And, while it is understandable, but not defensible, that the domestic cattle industry is seeking to impose more regulations on other sectors, it is important to remember that imports are already restricted by a recently tightened 1964 quota law that, not only provides a countercyclical formula to smooth out domestic marketing, but also allows the option of gaining more market share to the domestic cattlemen in the future.

Thank you for providing this opportunity to the foodservice industry to offer its views.

Attachment

ECONOMIC REPORT



Supplement
to the
Washington
Report

NATIONAL RESTAURANT ASSOCIATION

July 10, 1978

FOODSERVICE—A MAJOR USER OF BEEF

About one-half of all hamburger and one out of every four pounds of beef consumed in America is eaten away from home. Evidence from two sources indicates that the American public is indeed a "hamburger society" and that the foodservice industry, particularly fast food restaurants, have become a major force in satisfying the consumer's demand for ground beef products. In addition, data compiled by the National Livestock and Meat Board show that the total amount of beef being channelled into the foodservice industry is on the increase.

The Hamburger Society

Per capita consumption of ground beef is on the increase in part due to the rapid growth of the foodservice industry, especially fast food outlets, according to a 1977 study by the Pennsylvania State University Institute for Research on Human Resources. Consumer demand for ground beef and ground beef products is described in the study as "inelastic"—i.e. not very responsive to price changes—since "small" increases in price generally have not resulted in a reduction in consumption.

The study indicates that approximately 14 percent of the consumers' food budget is spent on ground beef. In addition, as consumer incomes increase per capita ground beef consumption trends upward. Among upper income groups less ground beef is consumed on a per capita basis, however.

It is estimated that about 40 to 45 percent of our beef supply reaches the final consumer in a ground form as either cooked sausage or ground beef sold to consumers by food retailers or the foodservice industry. The above estimate, made by Abraham & Associates a firm specializing in livestock research, indicates that significant growth in the proportion of ground beef consumed has occurred in recent years. Estimates show ground beef accounted for about one-third of consumption in the 1960s.

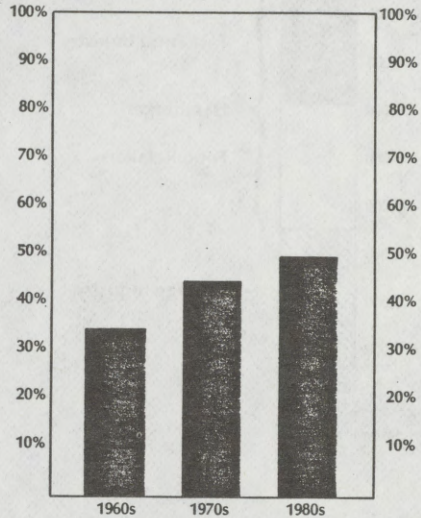
In addition, it is predicted by the Meat Importers Council that the ground beef percentage of total U.S. consumption could reach 50 percent within the next decade.

Fast Food—A Major Ground Beef User

Rapid growth of the foodservice industry and especially of fast food restaurants makes the away from home market a major force in ground beef sales.

Abraham & Associates distinguishes among the major

Ground Beef Consumption as a Percent of
Total Beef Consumed



*projected.
Sources: Abraham & Associates, Meat Importers Council of America.

users of ground or processing beef in the following manner.

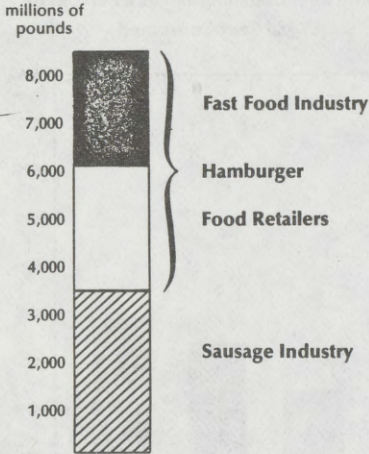
1. The sausage industry manufacturing cooked sausage such as weiners, bologna or other luncheon meats.
2. The food retailers selling hamburger directly to consumers.
3. The fast food industry.

Approximately 8.5 billion pounds of grinding beef will be consumed in 1978, according to Abraham & Associates. Of this amount, an estimated 3.5 billion pounds or 41 percent will be used by the sausage and canned meat industry. An additional estimated 2.75 billion pounds will go directly to consumers through retail stores while approximately 2.5 billion pounds will be

used as hamburger by the fast food industry. Thus, fast food outlets will use about 29 percent of processed beef; however, if the sausage manufacturing industry is excluded and only the hamburger market is considered, we find that fast food industry sales of hamburger account for nearly 50 percent of such ground beef usage.

A slightly higher estimate of 57 percent is cited by the Pennsylvania State University study.

Major Users of Processing Beef 1978



Source: Abraham & Associates

Foodservice Uses 25 Percent of All Beef

A report prepared by the National Livestock and Meat Board shows that one out of every four pounds of beef eaten in this country is consumed away from home. Data developed for 1975 indicate that per capita beef consumption reached 120.1 pounds with foodservice consumption contributing 30.9 pounds per capita or slightly more than one-fourth to the total. In comparison, per capita beef consumption totaled 110.8 pounds in 1969 with foodservice accounting for 27.6 pounds.

Per capita foodservice consumption rose 11.9 percent from 1969 to 1975 while overall beef consumption was up 8.4 percent. Thus, the foodservice industry is becoming a more important consumer of beef.

The report also estimated total pounds of beef used by the foodservice industry, representing the carcass weight of beef coming to market.

Total Estimated Pounds of Beef Used in the Foodservice Industry 1969-1975

1969	
Total pounds to market	22.065 billion
Total pounds to food away from home market	5.494 billion
1975	
Total pounds to market	25.399 billion
Total pounds to food away from home market	6.552 billion

*represents carcass weight of beef coming to market.
Source: U.S. Department of Agriculture, Economic Research Service.

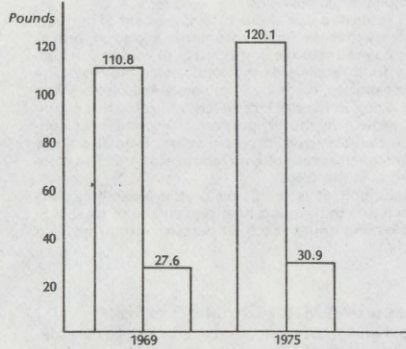
The figures given above for the foodservice industry exclude beef supplied to elementary and secondary schools, however. According to the fiscal year end figures of food purchases published by the U.S. Department of Agriculture, the amount of beef purchased by USDA for distribution to schools totaled 154.8 million pounds which should be added to the 1975 foodservice industry figure.

It is noteworthy that NRA is participating with IFMA and others in a major research study which will update the 1969 data given here. Foodservice industry purchase volume and cost value data for 1978 may be available in 1980.

PER CAPITA CONSUMPTION OF BEEF (1969-1975) TOTAL AND AWAY FROM HOME*

Increase in total consumption = 8.4%

Increase in foodservice consumption = 11.9%



Source: United States Department of Agriculture
American Meat Institute

Mr. ROSE. Mr. Bedell?

Mr. BEDELL. We appreciate your testimony. I for one agree that we would not want to make this an unreasonable burden upon restaurants by saying that any restaurant that at any time served any imported meat would have to have such a sign there in the restaurant or on the menu. I think we need to look at that as to how it could be handled so it would not be an unnecessary burden.

I guess I do feel that your comparison of normal products wherein they are incorporated into another product in manufacture is really not applicable to this particular situation. The reason it is not, in my opinion, is that at least there are some of us that have reason to believe that the imported meat very possibly will contain contaminants that are not in the domestic product. If those contaminants are there, they are going to carry all the way through to the finished product after it is mixed with something else. To me that is quite different from having a Japanese tube in a television set or having some Japanese steel in an automobile, or that sort of thing. That is what we are trying to address here, if we can.

I appreciate your testimony, and I, at least as one, would feel that we should look at this in some manner so that for restaurants it would only be those restaurants in which the imported meat was a significant part of their total menu. Thank you.

Mr. ROSE. Mr. Marlenee?

Mr. MARLENEE. I share the sentiments of Mr. Bedell, my colleague from Iowa. I think the young lady brought out some points that we need to look at. It was very reasonable testimony that you delivered to us here today.

I do not worry too much about the restaurants. If we get a soybean hamburger, it is quick to go back to the cook. Or if we get a steak that does not have the sizzle of a good old U.S.A. steak—I don't think they are going to serve it.

Mr. ROSE. We appreciate your being here, and we will excuse you now. Thank you.

Our last witness is Ms. Nancy Espy, vice president of the Montana Chapter of WIFE, from Boyes, Mont.

Mr. Marlenee?

Mr. MARLENEE. Mr. Chairman, I would like to welcome Nancy to the committee. She is a very knowledgeable cattle person. We have visited often. I think she is a very creditable witness here before us. Thank you.

Mr. ROSE. We welcome you to the committee. Please proceed as you wish.

**STATEMENT OF NANCY ESPY, PRESIDENT, MONTANA CHAPTER,
WOMEN INVOLVED IN FARM ECONOMICS, BOYES, MONT.**

Ms. ESPY. Thank you, Mr. Chairman.

Thank you, Ron. I appreciate those kind words. It puts me a little more at ease. I appreciate being able to appear before this subcommittee.

Mr. Chairman and members of the subcommittee, I am Nancy Espy, president of Montana Women Involved in Farm Economics—WIFE. My husband, Jim Espy, our son, his wife and myself are in the ranching business in Montana. We have a cow-calf and yearling

operation located in Carter County, Boyes, Mont. I am also vice president of Montana Ranch Beef, a small meat canning company, with our business office located in Lewistown, Mont. I am a member of the board of livestock for the State of Montana.

Bills similar to H.R. 1998 have been introduced repeatedly for many years without any affirmative action by the Congress or the President. The concerns of cattle producers and those involved in the beef industry is apparent, as we once again appear before this committee to endorse H.R. 1998 requiring the labeling and inspection of imported meats and dairy products.

As a producer, I am proud of the quality and standard of our U.S. produced beef. As a consumer I know that the meat produced in the United States is produced and processed with many Government regulations including inspection and identification.

American consumers have been well educated by many agencies and departments of Government to read and to judge food and goods by labels. As a consumer, I have a choice of buying a blouse, shoes, sweater, TV, car—in fact, most any consumer goods with a very visible label stating the country of origin. This type of information enables me to make a choice when selecting a product for purchase. The imported meat and dairy products that are purchased by consumers, are without identification, need to be identified.

The labeling indicating country of origin would insure consumers the choice of whether they prefer to buy American meat products that have been inspected, tested, and regulated by American inspectors or take a chance on an imported product. If the American consumer is to have a choice imported products must be labeled.

Inspection of foreign meat can never be absolutely equal to the system we have in the United States. We inspect animals as proof before slaughter, after slaughtering; the carcass and internal organs are inspected and tests are made to assure there is no chemical residues. Every effort is enlisted by the Animal and Plant Health Inspection Service to insure that American meat is disease free and that no contamination has been overlooked. It is impossible for us to enforce our regulations to this extent in other countries.

The blending of American and imported meats is of particular concern. There is always the possibility of thawing and refreezing of the imported meat, which can cut down on shelf life of ground meat. There is a greater chance of contamination and chemical residues being introduced. The consumer could have the opportunity to buy meat that was 100-percent American produced, if on every package of foreign-American blended meat a label was required stating the country of imported beef.

As a meat processor, Montana Ranch Beef uses 100-percent American beef and pork—no additives and no preservatives. We are proud of our product and advertise the 100-percent American, no additive, no preservatives to the fullest. We also have USDA plant inspectors, and I would like to say at this time that we are a very, very small plant, but we have a meat inspector at all times. We cannot can one can without an inspector being on the premises.

Labeling and inspection are the safeguard we offer our consumers. They have every right to know, not only what they are eating, but where it came from.

Imported dairy products are another grey area. The Food and Drug Administration has very little statistical information on the amounts of milk and milk products that are turned back due to disease, producing agents, or just plain filth. Many imported dairy products are also blended with domestically produced products. Strong and better inspection and labeling would greatly benefit the domestic dairy industry.

The cost of labeling and inspection should be paid by the importers of foreign products. WIFE strongly supports H.R. 1998 to bring legislation that is long overdue for the protection of the American consumer.

If I could also speak just a minute to the identification, as Ms. Foreman brought up, of individual animals—as a member of the Board of Livestock of Montana, I do hope that we will have opportunities to have a full committee hearing if this should come about. I think that it would be an impossibility. However, I realize our concern is with labeling and inspection of foreign beef. Thank you, Mr. Chairman.

Mr. ROSE. Thank you very much. That was an excellent statement. We are glad to have you here.

Ms. ESPY. Thank you.

Mr. ROSE. What kind of products do you manufacture in Montana Ranch Beef?

Ms. ESPY. We have a 20-ounce can of cubed beef—American cubed beef. It is 95 percent lean. We think it very good. There is only salt added.

Mr. ROSE. You will have to send some to Mr. Marlenee so that he can demonstrate to the subcommittee.

Ms. ESPY. It is so good that Mr. Marlenee just hasn't shared what we have already brought him evidently. [Laughter.]

Mr. ROSE. I urge you to talk to him about that. No wonder his bill hasn't gone anywhere. [Laughter.]

Mr. MARLENEE. Mr. Chairman, let's make another round.

Mr. ROSE. Mr. Bedell?

Mr. BEDELL. I have no questions except to thank Ms. Espy for her testimony. We appreciate having you here.

Mr. ROSE. Mr. Marlenee?

Mr. MARLENEE. Ms. Espy, you should have quit while you were ahead.

The only thing better you could have done would have been to bring some of that beef so that I could have shared some of it with my colleagues here.

It was a good statement, and I assure you that as far as the individual animal identification is concerned, we won't let that one pass unnoticed. Thank you for coming.

Mr. ROSE. Thank you very much. We look forward to further discussion of this subject.

Before adjourning, without objection, a copy of a statement of the New Zealand Meat Producers Board which was submitted to the subcommittee will be inserted in the record along with other correspondence received.

If there are no further comments or questions by members of the subcommittee, the subcommittee stands adjourned, subject to the call of the Chair.

[Whereupon at 3:50 p.m., the subcommittee was adjourned.]

[The material submitted follows:]

STATEMENT OF HON. BERKLEY BEDELL, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF IOWA

Mr. Chairman, members of the subcommittee, the legislation before us today would provide for the upgrading of imported meat inspection and labeling procedures. Its language is in large part a merger of two measures I sponsored and cosponsored in the last Congress, which I believe has produced a bill that serves both producer and consumer interests.

There seems to be general agreement that the imported meat issue affects both producers and consumers. However, what is often overlooked is the fact that their interests are not necessarily incompatible.

In my view, producers have a right to full confidence in the language of the 1964 Meat Import Act that assures that foreign meat will be held accountable to the same standard of wholesomeness required of U.S. produced meat. And consumers have a right to full information about the nature of the food products they wish to purchase at the grocery store or at a restaurant, and to assurance that such products have met strict inspection standards. These are not mutually exclusive propositions, and the Meat Labeling and Inspection Act of 1979 recognizes this fact.

I believe that the imported meat issue should be addressed in several ways. What is needed is a combination of strict inspection standards for imported meat and meat products, effective labeling of such items, and international agreements governing the exchange of food products. My proposal addresses the inspection and labeling aspects of this issue.

The bill can be separated into three main components. First, it would inform the consumer at the supermarket level as to whether the meat or meat food product he is buying contains imported meat. Second, it would direct eating establishments that serve imported meat to advise their customers of this fact. And third, it would upgrade the inspection requirements for imported meat so that the American consumer is assured that the product he is buying has met strict qualitative standards for wholesomeness.

The need for this legislation is clear. The amount of meat that is imported into the United States every year is substantial--somewhere around 8 percent of U.S. domestic production. Generally, these imports are absorbed into the marketplace with little fanfare and lose their identity quickly, especially since the

imports are almost always mixed with higher quality U.S. beef in hamburger or other meat products.

I believe that the American people are entitled to know all the essential facts about the product they buy, whether they buy an automobile, a television, or a cut of meat. However, current labeling requirements for imported meat and meat food products are simply not adequate, where such requirements even exist.

Much of the meat imported into the United States arrives in frozen blocks. Current law and regulations do not require that these blocks of meat be labeled according to country of origin. And further, no such labeling is required at each stage of the processing chain.

The fact of the matter is that existing labeling practices are of no practical value to the American consumer, when he purchases meat in a grocery store or at a public eating establishment, he has no way of ascertaining whether that product was produced in the United States or abroad. My proposal would provide the American consumer with that information, and it would also assure him that imported meat has met the same standards of wholesomeness that are imposed on American food products.

This measure does not make unreasonable demands. For instance, the bill recognizes that meat marketers may have difficulty in keeping track of the exact proportion of imported meat in the product as it makes its way through the processing chain, as well as identifying the country of origin in all cases. Thus, leeway is given to allow the labeling to reflect several options: "imported," "imported in part," "may contain imported meat," or marked to show the country or origin. Similarly, eating establishment operators are given the option of either posting the notice in "a conspicuous place" or printing the information on the menu. Finally, the American taxpayer is not required to shoulder the burden of the stiffened inspection requirements; the bill that I am introducing would require that the exporter pay such expenses.

It is my firm belief that the legislation I am proposing today is compatible with trade liberalization: there must be "fair" trade if there is to be "free" trade. Furthermore, the consumer does not benefit from trade if the products that are traded are unsafe, detrimental to his health, or are otherwise inferior in quality. He deserves to be as fully informed as possible about the product in question. This is especially true when talking about meat. I am hopeful that the members of this subcommittee will recognize the merits of this legislation and support its prompt approval.

STATEMENT OF HON. CHARLES E. GRASSLEY, A REPRESENTATIVE IN CONGRESS

FROM THE STATE OF IOWA

Mr. Chairman, I appreciate the opportunity to present this statement on the legislation before the Committee dealing with imported meat inspection and labeling.

Both producers and consumers of meat and meat products in the United States have a vital interest in our system of providing public protection against adulterated, unwholesome or otherwise unsafe meat supplies. Consumers have a right to know what they are buying, and they should have the opportunity as well to determine whether the product is of domestic or foreign origin. The bills under consideration address both of these issues.

There should be no question that the health and safety standards applied to the production and processing of meat in the United States should apply equally to meat and meat products imported for consumption in this country. The Federal Meat Inspection Act now requires that any country exporting meat to the United States must maintain a meat inspection system for exporting plants at least equal to inspection standards imposed on plants in the United States. Some 1150 plants in 45 countries are presently certified as meeting U.S. standards and are eligible to export meat to this country. Enforcement of these requirements, however, has always presented problems.

The U.S. Department of Agriculture has only 20 inspectors to verify the adequacy of the meat inspection systems of exporting countries, and about eighty USDA inspectors run sample checks on the more than two billion pounds of meat and meat products imported into the United States annually. A special USDA Task Force assigned to study the effectiveness of these inspection and enforcement efforts found numerous deficiencies in the program.

In their report issued last November, the Task Force found problems with the scheduling, frequency and focus of onsite reviews of exporting plants in foreign countries by USDA inspectors. Limitations in port-of-entry inspections were noted. The Task Force pointed out that the USDA port-of-entry residue inspection program is not statistically sound. Many other problems were detailed in the report.

The bills under consideration today would require more effective inspection methods and more specific labeling practices on meat and meat products imported into this country. It is clear that such improvements in the inspection and labeling programs are both necessary and desirable. Of course it is not possible to achieve a one hundred percent effective meat inspection program, either of foreign or domestic meat, and anything approaching perfection would be prohibitively expensive long before it reached that point. It could cost consumers more for the inspection than for the meat itself!

What we must seek is some kind of reasonable balance that protects the public without the necessity of a virtual army of inspectors or unreasonably expensive inspection methods. There are those who contend that imported meat is generally safe now, and that this legislation is an attempt to reduce imports by imposing unreasonable standards. I do not believe it is unreasonable to expect all imported meat to come up to U.S. standards. The evidence is clear that there is room for improvement in our foreign meat inspection program. There are things we can do to provide greater assurance of the safety and wholesomeness of imported meat. It is time we took the necessary steps to make the improvements that are required and restore public confidence in the safety of the meat products they purchase.

For these reasons I would urge my colleagues on the Committee to give this legislation favorable consideration.

BEFORE THE
SUBCOMMITTEE ON LIVESTOCK & GRAINS
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

Imported Meat Labeling and	)
Inspection Legislation	)

H.R. 5395, and Title I of	)
H.R. 1998	)

STATEMENT ON BEHALF
OF THE AUSTRALIAN MEAT
AND LIVE-STOCK CORPORATION

This statement is submitted on behalf of the Australian Meat and Live-stock Corporation ("AMLC") in opposition to H.R. 5395 and Title I of H.R. 1998.^{*/}

I. BACKGROUND

A. The Australian Meat and Live-stock Corporation

It is widely known that meat production and exportation is a major national industry in Australia. Because of its importance to the country's economy, Australian government, business, and agricultural sectors all have an interest in the promotion and operation of the industry. To maintain an effective focus for

^{*/} This testimony is limited to the provisions of H.R. 1998 which affect meat products.

these interests, the AMLC was created on December 1, 1977, pursuant to an Australian federal statute, replacing a similar body which had functioned since 1935. The Australian Meat and Live-stock Corporation Act directs that the Corporation shall: (a) promote and control the export, sale, and distribution after export of meat and livestock from Australia; (b) promote trade and commerce in meat and live-stock within Australia; and (c) improve the production of meat and livestock and encourage the consumption of meat within Australia.

The Corporation has nine members: a Chairman, four representing livestock producers, one representing meat exporters, one representing the Australian government, and two other members with special qualifications. It is supported by a full time professional staff with representatives posted in key areas around the world. Each area office maintains surveillance for marketing opportunities and observes and reports on such matters as the handling and transportation of Australian meat, its distribution, and customer acceptance. One such representative office is located in New York City.

Beef exports are Australia's largest single item of trade with the United States. Any impairment of Australia's ability to ship meat to this market would adversely affect Australia's ability to purchase U.S. products and would create an even

greater imbalance of trade -- which presently runs approximately three-to-two in favor of the United States.

B. Importation of Meat

Australia is today the largest supplier of imported manufacturing grade beef to the United States. In 1978 this product gave Australia a thirty-nine percent share of total U.S. imports of all meats, or 825 million out of 2,125,701,012 pounds.^{*/} The product is shipped in refrigerated containers and reaches this country in frozen cartons typically weighing about sixty pounds each. This substantial trade traces its origins to the late 1950's. Its development since that time is evidence of a growing shortage in the United States of manufacturing grade beef, which can be attributed to three factors: 1) a gradual decline in (lean) beef production from the U.S. dairy herd; 2) a shift from the traditional pasture (lean) beef to the production of "lot fed" beef for the bulk of beef cuts consumed in the United States; and 3) an increase in consumer demand for affordable convenience foods through "fast food" outlets.

Yet imported beef from Australia has never represented a threat to the U.S. industry because it does not compete with, and therefore, cannot displace, the high quality fed beef which is produced in the United States. Indeed, imported beef actually assists U.S. producers by providing a needed supplement to

^{*/} The 1979 figures are not yet available.

insufficient U.S. domestic production of lean beef, thus making it possible for large quantities of otherwise near-worthless domestic fat trimmings to be blended and upgraded into acceptably lean ground beef.

II. THE BILLS UNDER CONSIDERATION

A. Introduction

Two bills -- H.R. 5395 and H.R. 1998^{*/} -- have been introduced which would modify present labeling and inspection laws for imported meat products. Both pieces of legislation being considered have provisions dealing with inspection for chemical residues. In essence, the bills would require that every carcass or part of a carcass intended to be shipped to the United States be tested in the exporting country and found free of any substance prohibited in a U.S. produced animal. The costs of this elaborate inspection scheme are to be borne by each foreign nation which exports meat products to the United States. Moreover, H.R. 5395 and H.R. 1998 also provide that inspectors of the Department of Agriculture take samples of carcasses which are intended for exportation and send the samples to the United States for testing. Again, the costs are to be born by the exporting country; H.R. 5395 and H.R. 1998

^{*/} H.R. 2272 is also technically being considered by the Subcommittee. Because it is nearly identical to H.R. 5395, all comments about H.R. 5395 are equally applicable to H.R. 2272.

direct the Secretary of Agriculture to impose assessments and fees on imported meat producers to recover the costs of Agriculture Department inspections.

Both bills would also amend current labeling provisions of the Federal Meat Inspection Act. The legislation would require imported meat and meat products to be labeled "imported" at each stage of distribution until delivery to the "final" or "retail" consumer. Specifically, the meat label must include the name of the country of origin or the designation "imported," "imported in part," or "may contain imported meat." Under the proposed Title II of H.R. 5395, restaurants would be required to display either on a menu or "in a conspicuous place" a notice informing customers that food containing meat imported from a foreign country is served in that restaurant.

B. Position of the AMLC

The bills purport to serve two consumer interests: 1) the need to ensure that inspection procedures and conditions in the packing plant of exporters of meat to the United States are at least equal to the standards applied in the United States, and 2) the consumer's right to know the origin of the meat product he or she is buying. As detailed below, however, Australia's present inspection requirements governing the exportation of meat to the United States are more than adequate. In fact, Australia's meat inspection is, with all due respect, one of

the most comprehensive and reliable in the world. As to the need to inform consumers of the origin of each imported component of meat processed or mixed with domestic products, we submit that such a requirement is not only disastrously uneconomical, but that in reality it is not even in the consumer's best interests. It strikes the AMLC as anomalous that in these difficult times, the Congress would seriously consider legislation which cannot help but add to the inflationary spiral of food prices; and that in the midst of a worthy Congressional effort to stem the tide of unnecessary and excessive regulation, attention would focus on legislation which would only add oppressive and useless requirements to a system of labeling and inspection which has proven to be more than adequate. One can hardly conclude otherwise than that this legislation springs from a misguided motivation to overpower the natural forces of demand and restrain imports of meat into the United States. The inspection and labeling requirements of the bills are considered below, seriatim, in brief detail.

C. The Inspection Requirements

Both bills imply that existing laws governing inspection of imported meat are somehow inadequate, and that new legislation is needed to prevent meat with excessive deleterious residues from being shipped into the United States. This assumption is simply incorrect. Current law, the Federal Meat Inspection Act, already

provides in plain terms that any country exporting to the United States must ensure that its meat plants have a meat inspection system with requirements at least equal to the United States. See 21 U.S.C. § 620(a). Moreover, the meat that Australia exports is also subject to onsite inspections by USDA veterinarians and a random selection from each shipment is partially thawed at the point of entry for USDA inspection, then refrozen.^{*/} Thus, at present, meat imported into the United States is already monitored twice: at the meatworks and at the port of entry.

Moreover, there has been no testimony produced before the Subcommittee nor are we aware of any allegation that Australia's meat inspection program is inadequate. Indeed, recent inspections in Australia reflect the overall high quality of Australia's meat inspection program.

Specifically, in 1978, Australian inspectors took 7,558 samples at processing plants in Australia and found only 36 violations of USDA residue standards for a violation percentage of .0047. In comparison, testing at United States plants for

^{*/} Australia generally exports to the United States cartons of frozen, boneless beef. These cartons are imported in large lots under bulk contracts between U.S. importers and Australian exporters. The lots then are traded in whole or in part by the importer and ultimately reach a processor engaged in the manufacture of meat products. At that time the boxes are thawed -- apart from those randomly inspected at the port of entry -- and opened for the first time since being packed in Australia.

the same period, USDA inspectors found 982 residue violations out of 22,334 samples for a violation percentage of .0437. (See Records of Residue Evaluation and Planning Division, Food Safety and Quality Service, USDA.) And in testing Australian meat at U.S. ports of entry, USDA inspectors found only one residue violation in 1978 for a .0046 per cent violation and no violations in 1979. Recent inspections also reflect the reliability of Australia's inspection program. From January 1 - May 30, 1980, only .0024 per cent of the 310,951,309 pounds of meat exported from Australia to the United States has been rejected; and none of these rejections were for residue violations. See USDA Food, Safety and Quality Service, Inspection of Foreign Meat, Report No. 2 (January - May 30, 1980).

Yet despite Australia's excellent record and the apparent success of current U.S. laws regulating the importation of foreign meat, the legislation under consideration would require Australian inspectors to examine each carcass for residues.^{*/} The outrageous cost of complying with this requirement would surely accomplish what we regard to be is the main intention of the drafters of the pending bills: it would drastically inhibit the further importation of meat from Australia to the United States. At a minimum, this provision of the bills would increase the

^{*/} The USDA estimates that if the United States were under a similar regulatory burden, it would cost approximately \$100 billion annually to comply with that section of the proposed legislation. See Testimony of Carol Tucker Foreman at 8.

costs of importing meat -- a price increase that ultimately would be passed on to U.S. consumers who are in reality the beneficiaries of meat imports. ^{*/}

D. The Labeling Requirements

As pointed out above, the legislation under consideration proposes an elaborate labeling scheme whereby not only meat, but also meat products must be labeled at each stage of distribution -- from the meatworks to the "retail" consumer in a restaurant. Supporters of these bills cite the consumer's "right to know" the country of origin of the meat he or she is buying. In fact, there is no indication that consumers want or need this kind of information; and it is significant that proponents of this legislation do not include consumer interest groups. Nor has there been testimony presented before the Subcommittee that consumers have been deceived or misled about the country of origin of meat products. As with the inspection portion of the bills there is already an adequate law which ensures that imported meat is properly labeled; the Federal Meat Inspection Act requires that all meat products, imported or domestic, be properly marked, labeled, and packaged. See 21 U.S.C. § 620(a).

^{*/} In the face of an increasing consumer demand for affordable meat products at "fast food" restaurants, any reduction in the supply of imported Australian lean beef will ultimately cause a rise in prices of these products.

Again, this portion of the bills under consideration represents blatant restraint of trade and protectionism, rather than a general public benefit. Such an action would be interpreted by the AMLC as implementation of a non-tariff barrier.

Moreover, the increased costs of enforcing these proposed labeling requirements would ultimately be borne by the very group of people the proponents claim would be benefited: consumers. The USDA itself has already publicly stated that enforcement of the labeling provisions of these bills would be expensive and unwieldy. See testimony of Carol Tucker Foreman at 3-5 (pointing out that "the costs of enforcing these labeling requirements at the more than 500,000 U.S. retail stores and restaurants would be substantial.").

III. CONCLUSION

The AMLC respectfully submits that H.R. 5395 and Title I of H.R. 1998 are not in the public interest. Both bills purport to champion a consumer cause; yet the AMLC believes that this legislation will increase food prices by creating an extraordinarily costly and unmanageable inspection and labeling program, and will restrain the trade of products between the United States and Australia.

Respectfully submitted,

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July 9, 1980

Attorneys for the Australian
Meat and Live-stock Corporation

Before the
SUBCOMMITTEE ON LIVESTOCK & GRAINS
COMMITTEE ON AGRICULTURE
U. S. HOUSE OF REPRESENTATIVES

Washington, D. C.
June 24, 1980

Imported Meat Labeling and
Inspection Legislation

H.R. 5395, H.R. 1998, etc.

Statement on behalf of
the New Zealand Meat Producers Board

This statement is submitted on behalf of the New Zealand Meat Producers Board to comment upon and express our concern with the provisions of H.R. 5395, Title I of H.R. 1998, and similar legislative proposals which are the subject of today's hearings.

The New Zealand Meat Producers Board is the representative of the livestock producers of New Zealand and is financed by a self-imposed export levy on the producers. It is the only organization promoting meat on an international scale, undertaking a variety of advertising and public relations programs in many world markets. While the Board

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does not normally export on its own account, it has responsibility for the overall coordination of export activities as well as for the grading of meat.

The United States market is a major export market for New Zealand beef and lamb. Hence, the Board has viewed with concern the various labeling and inspection bills which have been introduced over the years with the guise of consumer protection masking their true protectionist intent. Two such are before you today - H.R. 5395 and H.R. 1998. Both of these bills have provisions dealing with inspection for residues, while H.R. 5395 also deals with the labeling of products repackaged after importation.

On the question of inspection, the United States federal meat inspection system is now almost seventy years old. It covers both domestic and imported meat products. It is an excellent professional service and its effectiveness in protecting the American consumer is universally recognized. On the import side, the existing inspection program goes far beyond any other program to check the healthfulness of products imported into the United States. It is probably the most elaborate inspection program with respect to imports operated by any country in the world. American officials are permanently stationed abroad and they regularly visit foreign meat plants. Foreign plants are individually approved by these American officers, and this approval is a prerequisite to shipping products to the United States. The details of the program are regularly reported to the Congress, most recently for the calendar year 1979, in a report issued in March of this year. Further, imported meat is screened at the port of entry using statistical sampling plans and criteria for acceptance identical to those used for U. S. federally inspected meat.

The principal question with respect to the meat inspection program applied to imports is not whether it is adequate to protect the American consumer, but whether it goes too far in introducing American inspectors into foreign plants in many countries of the world. You could well understand New Zealand's concern if all of the more than 100 countries to which she exports insisted on having inspectors in her plants. There would be more inspectors than workers.

Exporting countries share the U. S.'s determination to see that the meat sold to international consumers is healthful. These countries all have carefully designed programs managed professionally to protect the consumer. Indeed, the annual reports of the United States Department of Agriculture document that the foreign governments in the

countries which export meat to the United States employ relatively more inspectors in the plants which serve our market than the United States does in our domestic program. The Meat Inspection Division of the New Zealand Ministry of Agriculture conducts rigorous ante and post mortem inspection at all meat slaughtering and processing plants. A high standard of hygiene is insisted upon, and thorough examination of all carcasses carried out by qualified veterinarians and fully-trained meat inspectors guided by modern regulations.

The annual reports on foreign meat inspection also explain exactly how the present American program monitors and controls imports to detect residues of substances such as pesticides, hormones, heavy metals and antibiotics and rejects any meat containing excessive amounts of residue. In addition, in New Zealand there is a comprehensive system of inspection and testing for residues of these deleterious substances. The results of these tests are routinely forwarded to the United States Department of Agriculture on an annual basis. Thus, not only is meat that is imported from New Zealand inspected at the port of entry for residues of prohibited substances, but it is also inspected in New Zealand for these substances prior to exportation. As far as we have been able to determine, no New Zealand meat has ever been rejected for excessive deleterious residues. Clearly, there is no need for the additional inspection provisions incorporated in these bills.

On the question of labeling, the implication is that meat products are somehow alone, that they enjoy an exemption from being labeled that is not enjoyed by other products. Mr. Bedell's statement upon introducing his original bill (H.R. 2272), that imported meat is not required to be labeled with the country of origin upon importation, is simply incorrect. Under Section 402 of the Tariff Act of 1930 all imported products must be labeled to reflect the country of origin to the ultimate purchaser. That a new product, such as a frankfurter, that employs some imported meat, is not required to be labeled to show that content is no different from the fact that there is no requirement to show the imported steel content of a U. S. made car, or the imported stainless steel content of a pair of shears, or rubber in a tire, or coffee in coffee ice cream.

The labeling proposal in H.R. 5395 would, if read literally, require every frankfurter sold at a ball park to have a label on it if any part of the meat in that sausage mix was imported. Literally, in fact, the housewife who prepared a meal including some imported meat would have to label the plates on which she serves it.

The notion of requiring imported products to be re-labeled with the country of origin or with a designation of importation every time a bit of the product enters into another product has long been a favorite proposal of those trying to devise obstructions to import trade. These attempts, when made at the state level, have been struck down by Federal District Courts as unconstitutional impairments to trade. There has never been a Federal repackaging law, but there have been attempts.

There was a repackaging bill that was applicable to products of all kinds which was vetoed by President Eisenhower in September of 1960. He pointed out that the bill would impose burdens on international trade and on the U. S. companies that were handling imports, and that it could readily lead to restrictive action by other countries on American goods. Such a bill was also vetoed by President Johnson in 1963, who again pointed out that the bill would raise new barriers to foreign trade, would invite retaliation, and would impose costs upon U. S. merchants and consumers.

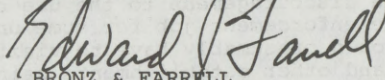
Imported meat products often find their way as minor ingredients of a whole host of American-made products such as soups and stews, and are used widely in restaurants in preparing meals. To require a label on every product containing the slightest bit of imported material could serve no other purpose than as a harassment to international trade, a discouragement to the use of imports, and an impossible enforcement job for some unspecified police force which would presumably have to visit food plants, restaurants, and other establishments using imported meat products. The only possible use of such a provision would be to discourage American merchants from handling imported meat products at all.

Finally, as we mentioned above, it is hardly a secret that the proponents of inspection and labeling provisions are not concerned solely with consumer protection. It is often candidly admitted that such bills are sponsored as much for trade protective reasons as for reasons of public health. We submit that protectionist objectives have no place in your considerations. The United States, the world's greatest exporting and importing country, and the leader in efforts to achieve good international trade policies, should not be open to the suspicion that it is erecting a trade barrier under the guise of a health measure.

The United States and New Zealand are both agricultural exporting countries. Both share an interest in facilitating international trade in agricultural products and in resisting the proliferation of governmental requirements which obstruct

the free flow of trade. A precedent set by the United States in the agricultural field might very well prompt other countries of the world to enact similar requirements applicable to United States exports. Indeed, inspection requirements could be devised not only for foods, but also for other agricultural and industrial products. International trade requires a reasonable measure of international confidence in the regulatory machinery of other governments. If every country insists on monitoring every step in the production of products destined for its market, international trade could soon become well nigh impossible.

Respectfully submitted,



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(The following supplementary material was submitted:)

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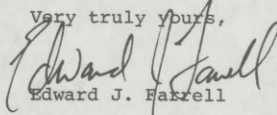
The Honorable Charles Rose
Chairman, Subcommittee on Livestock
& Grains
House Committee on Agriculture
U. S. House of Representatives
1301 Longworth House Office Building
Washington, D. C., 20515

Dear Chairman Rose:

At your June 24 subcommittee hearings on imported meat inspection and labeling legislation, several members expressed an interest in the training and qualifications of meat inspectors in exporting countries, as well as in the operation of foreign meat inspection programs. The New Zealand Meat Producers Board presented testimony for the record at those hearings which we would like now to supplant to address these areas of interest. Thus, please find enclosed, for the record, two appendices to our June 24 statement - the first describes the training of New Zealand meat inspectors while the second outlines the operation of the New Zealand Meat inspection program in general.

These documents were originally prepared as appendices to the Meat Board's brief before the International Trade Commission in its 1977 Section 332 investigation into beef imports. I should point out that the New Zealand meat inspection program employs approximately 1650 inspectors, including 83 veterinarians. Approximately 85% of these inspectors are employed in the nearly 50 plants, which are licensed to export to the United States.

Very truly yours,


Edward J. Farrell

Enclosure

*Appendix A***Meat Inspector Training****A-1**

MEAT INSPECTOR TRAININGBackground:

Under the Meat Act 1964 and the various regulations made under it, all meat inspection in N.Z. meat export premises is the responsibility of registered veterinary surgeons who are assisted by qualified meat inspectors.

Because of the high standard of the N.Z. Meat Division's training and education system, the ratio of Meat Inspectors to veterinarians is 16 : 1, and is effective. The quality of work done by N.Z. Meat Inspectors has been measured against the excellence of final product and found to equal to anywhere in the world. c.f. U.S. rejection figures 1976.

The training and examination system involves 2 years in-service training by specially selected tutorial officers and veterinarians and is partly administered by Lincoln College (a constituent body of the Canterbury University). Training to a satisfactory standard of competency is divided into 3 stages and will be dealt with under Training Sequence below.

Selection:

Recruitment is carried out on a regional basis by selection panels of experienced senior staff. The usual minimal acceptable educational attainment level is a pass in four S.C. subjects (minimal 3 years secondary education approx. age 16) including maths, english, biology and chemistry. Some have U.E. (minimum 4 years secondary education) and a few have graduate or near graduate qualifications. Older more mature men who have interviewed well may be selected with lesser qualifications. The higher Otis test (100 IQ/50 PR) aids in such selection.

Training Sequence:Stage I:

Recruits (probationers) are inducted and then placed alongside an experienced Meat Inspector. The initial aim is to learn the basic manipulative skills and relate them to procedures. At every opportunity, full-time tutorial officers supplement their training with theoretical instruction. This is the so called "Pre-Lincoln College" stage.

During this period of about 12 months, apart from learning practical skills, probationers are obliged to study the following:

Methods of - Transport
Slaughter
Dressing
Boning

By-products
Carcass differentiation
Anatomy - organs
bones
lymph nodes (sites and drainage areas)

Physiology of systems
 Parasitology - basic life cycles
 Introductory pathology
 Personal and plant hygiene
 Sanitation
 Legislation - elementary

Stage II:

At Lincoln College, theory of meat hygiene is consolidated and expanded. Subjects dealt with at Lincoln College are:

Cell biology
 Structure and function of all systems
 Microbiology and Sanitation
 Pathology
 Principles of meat science
 Zoonoses
 Food poisoning
 Meat - production animals - breeds and handling

Stage III:

On returning to their establishments, probationers apply their theoretical appreciation in a practical manner. As well, they undergo training in:

The Meat Act
 Meat Regulations
 All Inspection Procedures
 Trade terms
 Meat cuts
 Special project

Before being allowed to go to Lincoln College, probationers must sit and pass a "Pre-Lincoln" screening test. This is a test designed to test their likelihood of coping with the "University language" and also judge their general standard of knowledge to date. They have of course been tested on many occasions by tutorial officers and others; so called progress tests.

The final examinations consist of:

1. 3½ hour written paper.
2. 80 minutes oral and practical exam.
3. Assessment of a project required to be researched and prepared on any subject in meat inspection and presented to the examination panel for final assessment.

Successful probationers receive the Government Certificate of Competency and are now qualified Meat Inspectors.

Later, qualified Meat Inspectors will be given an opportunity to return to Lincoln College to attend a course of training on advanced meat inspection. Arrangements are being made to provide all meat inspection staff this opportunity. When this occurs, the qualification will be used towards promotion to higher grades.

In addition, courses in management and administration are run each year for qualified staff at various grade levels.

Diploma training, especially for training officers is being considered at present.

Veterinarians:

Are all graduates from Universities approved by the Veterinary Surgeons Board of N.Z. said graduates being registered under the Veterinary Surgeons Act 1956.

All applicant veterinarians are interviewed, and are either invited or not to apply for admittance to the Meat Division. Successful applicants then undergo 6 weeks induction training at selected plants and are given an induction pack as a guideline to their future and their duties. They are then posted to their locations and for a further 6 months undergo guideline instruction from the incumbent Supervising Veterinarian. They remain on probation for 12 months. If at the end of 12 months they have met all necessary requirements, they become permanent Meat Division staff officers. Later they will attend a continuing education course and each year thereafter will attend inservice training partly administered by Faculty of Veterinary Science, Massey University.

They also attend local branch meetings of the N.Z. Veterinary Association.

Recommendations are being considered for more extensive induction training to take place.

More recent graduates from Massey University will have undergone training in meat hygiene in the normal course of their undergraduate training.

As responsibilities increase, veterinarians are considered for post-graduate studies at Massey. To this end a Diploma in Veterinary Public Health is offered by the Faculty of Veterinary Science. Veterinarians are also sent to Australia to attend as observers at veterinary training courses conducted by the Bureau of Animal Health at Canberra, A.C.T. Following these undertakings, papers are presented at in-service training sessions so that a continuing dissemination of knowledge is established.

Appendix B

New Zealand Meat Inspection Program

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THE ORGANISATION OF THE MEAT DIVISION

The Meat Division, which is part of the New Zealand Ministry of Agriculture and Fisheries, operates a national meat inspection service; there are no state or provincial inspection services. The New Zealand Meat Act 1964 requires that the Director of the Meat Division be a veterinarian. The Director is supported in the Division's head office by a number of other professional staff, and a veterinarian is in charge of each of the Division's 5 regions. Also at each point of export slaughtering there is a veterinarian in charge known as the Supervising Veterinarian, and in the larger slaughtering premises he is supported by 1 or more other veterinarians. Meat inspection staff do the routine carcass inspections, working to national standards laid down by Act and Regulations. The attached organisational charts (1 for head office and 1 for regions) show the lines of control that operate within the Meat Division. The duties and responsibilities of controlling officers at control points are:

I. HEAD OFFICE:

- (a) Director: He has overall responsibility for seeing that meat and similar products are produced to the required standard in hygienic premises, and in particular that overseas requirements are met. As well as 2 Assistant Directors he has directly responsible to him the following senior staff:
 - (1) Divisional Veterinarian (Manuals): This veterinarian is responsible for the preparation of the Division's instruction and information manuals. It is intended that manuals be issued on all the Division's activities to interested people. Current thinking is that there should be manuals on the following:
 - 1. Licensing and Approval Requirements.
 - 2. Construction Guidelines.
 - 3. Sanitation and Hygiene.

4. Pre-slaughter Requirements and Ante-mortem Inspection.
5. Slaughter and Dressing of Stock.
6. Product Processing and Handling - Edible.
7. Product Processing and Handling - Inedible.
8. Quality Control.
9. Carriage of Meat.
10. Chemicals.
11. Diseases.
12. Overseas Requirements and Veterinary Certification.
13. Fish.
14. Game.
15. Poultry.

(ii) Senior Executive Officer: This officer is responsible for the Division's non-technical administrative work in accordance with the policy laid down by the Director. He is responsible for administrative actions relating to the licensing or registration of premises producing flesh products, the people who export such products and appointment of staff; administration of the non-technical aspects of the Meat Act 1964 and regulations made under that Act; preparation of estimates of expenditure and the control of such expenditure; general staff management matters.

(b) Assistant Director (Field Operations): He is responsible to the Director of the Meat Division for the operational aspects of meat and other animal flesh production so as to ensure that the product meets the required standards. His responsibilities include suitability of animals for slaughter; ante- and post-mortem inspections; hygiene of production; acceptability of plans and specifications for new premises and alterations to existing premises, and recommending approval of plans by the Director; control of staff in 5 regions through the Regional Meat Veterinarian; acting as Director in the Director's absence. The principal head office staff directly responsible to the Assistant Director (Field Operations) and their main duties are:

- (i) Divisional Veterinarian (Standards and Procedures): He generally assists the Assistant Director (Field Operations) in the maintenance of standards, but his main duties are in connection with the production of meat in abattoirs producing meat for the New Zealand market only.
- (ii) Principal Veterinarian (Poultry): This officer is responsible for the standard of poultry meat production in New Zealand. His field covers both the hygiene of the plant and the product.
- (iii) Divisional Meat Inspector: This officer is the Division's principal meat inspector and his duties concern the overall management of meat inspection staff but he has no responsibility for veterinary staff. He also concerns himself with staffing requirements; grading of meat for local consumption; meat inspectors' working conditions; assessment of suitability for promotion of meat inspection staff, and disciplinary matters concerning meat inspection staff.

(c) Assistant Director (Technical Services): This officer is responsible to the Director for the technical and scientific programme that gives support to the operational aspects of meat and other animal flesh production. He and his head office staff cover residues in product; water testing; acceptability of chemicals for use in and around plants; quality control procedures; technical standards for construction materials and equipment; development of hygiene standards for plant, equipment and product using laboratory techniques; carriage of product; processing procedures and techniques; staff training; special requirements of importing countries; exhibits at shows and publicity generally; disease statistics. The head office staff directly responsible to the Assistant Director (Technical Services) and their main duties are:

- (i) Divisional Veterinarian (Training): Assessment of the Meat Division's training needs; planning, organising and implementation of training programmes for both veterinary and meat inspection staffs; evaluation of results of training; planning, organisation and conducting such examination as required to determine a person's suitability for initial employment, to be a qualified meat inspector, or for higher education; marking of examination papers; liaising with educational and research institutions and seeing that their resources are used to the best advantage of the Meat Division; preparation of tutorial and educational material for Meat Division personnel; recruitment of veterinary staff and development of a corps of career oriented meat veterinarians.
- (ii) Divisional Veterinarian (Processing): Assessment of flesh and flesh product manufacturing techniques; drafting and implementation of quality control standards; refrigeration and chilling techniques and requirements; carriage of flesh foods; use of additives in flesh foods; canning and packaging standards

VETERINARIAN (TRAINING)MEAT DIVISIONDUTIES

To assist the Divisional Veterinarian (Training) with planning, organising and implementing:-

1. All training programmes for veterinary and non-veterinary Meat Division staff.
2. All examinations and tests considered necessary to determine a person's suitability for employment, promotion or further study.

To assist the Divisional Veterinarian (Training) with the preparation of suitable advertising, tutorial and educational material for Meat Division staff.

To address or lecture at training courses and meetings concerned with training or education of Meat Division staff or meat industry personnel as may be considered necessary.

To assist the Divisional Veterinarian (Training) in promoting a high standard of meat inspection through the application of modern techniques and skills studied from the widest selection of technical and other information possible.

To assist the Divisional Veterinarian (Training) to maintain a high standard of meat inspection by frequent critical appraisal of all and related aspects of Meat Division training and education.

To perform such other duties as may be delegated by the Director.

and requirements; by-product standards; commenting on plans for new premises or alterations to existing premises when such premises are meat packing houses, canneries or meat export stores.

(iii) Engineer(s)(2): Reviewing of plans and specifications for plant and equipment concerned with the production of meat, game, fish and poultry; following up on-site to ensure that work is being undertaken in accordance with the approved plans and specifications; development and publication of guidelines on construction, equipment and layout of meat plants; dissemination of general information to the meat industry on problems involving design, construction and layout of meat plants; liaising with planning and engineering sections of the meat, game, fish and poultry industries and with research organisations.

(iv) Senior Veterinarian: Reviewing overseas legislation and requirements to determine their impact on New Zealand's meat production and document preparation; communicating with appropriate industry personnel on changes required; handling label approvals for specific countries; oversee document preparation generally; assisting with publicity on Division's activities.

II. REGIONS:

(a) Regional Meat Veterinarians: These people are regional controlling officers. The Meat Division has 5 regions based on Auckland, Hastings, Palmerston North, Christchurch and Dunedin. Regional Meat Veterinarians are responsible for the efficient

carrying out of all Meat Division responsibilities and functions in their particular regions, in accordance with such instructions as may be laid down. Regional Meat Veterinarians are responsible to the Assistant Director (Field Operations).

- (b) Supervising Veterinarians: These are the veterinarians in charge of all Meat Division operations at export slaughtering establishments and they are responsible to their Regional Meat Veterinarian. The Supervising Veterinarian's main responsibility is to ensure that the standards operated in the establishment are of a high level and in particular that an importing country's requirements are met. In this he may be assisted by 1 or more other veterinarians. Under his control is a Supervising Meat Inspector who is responsible for the management of meat inspection staff. The Supervising Veterinarian is the local controlling officer of all Meat Division staff at a plant and he is required to report on them periodically; he discusses plans for alterations to a plant with the management and comments to the Regional Meat Veterinarian on them; he ensures that the standard of hygiene is adequate; he also ensures that the necessary veterinary support is given to meat inspection staff on technical matters and disease diagnosis; he enforces the standard of inspection and ensures that this is known to the Supervising Meat Inspector. The Supervising Veterinarian lectures veterinarians and meat inspection staff and he prepares such reports on his plant as may be required. The Supervising Veterinarian has or may have under him the following senior staff:

- (i) Veterinarian(s): The extent to which a Supervising Veterinarian has other veterinarians under his control depends on the size and complexity of the plant. A veterinarian who

is not the Supervising Veterinarian at a plant does the work delegated to him by the Supervising Veterinarian and may act as Supervising Veterinarian in the absence of the latter.

- (11) **Supervising Meat Inspector:** This officer is responsible to the Supervising Veterinarian for the management of meat inspection staff and for ensuring that the standard enforced by regulation is known to the meat inspection staff and is met. There are also Supervising Meat Inspectors in plants producing meat for consumption in New Zealand and where this is the case the Supervising Meat Inspector is responsible to the Regional Meat Veterinarian. The Supervising Meat Inspector is required to report on his staff periodically and generally assess their suitability for promotion. He sees that the meat inspection staff receive adequate training and gives lectures where necessary; he is responsible for the grading of meat for local consumption; he ensures suitable rostering of staff commensurate with the needs of the plant and the staff concerned.

- (c) Regional Meat Inspectors: There is a Regional Meat Inspector in each of the 5 regions and they are directly responsible to the Regional Meat Veterinarian. Regional Meat Inspectors work as directed by the Regional Meat Veterinarian but their main function is assisting in the overall management of meat inspection staff. They supervise on behalf of the Regional Meat Veterinarian, in plants producing meat for local consumption only, the meeting of the standard of inspection laid down; they investigate meat inspection staffing

problems, help in the assessment of suitability of meat inspection staff for promotion; advise the Regional Meat Veterinarian on meat inspection problems and generally ensure that the meat inspection staff is adequate and effective.

INDUSTRY CONTROL

- (a) Licensing: The licensing or registration of meat producing plants is undertaken under powers set out in the New Zealand Meat Act 1964 and the Meat Regulations 1969. The terms "licensing" and "registration" are synonymous for all practical purposes. Licensing is undertaken by the local authority of the area in which the premises is situated but a premises may only be licensed with the consent of the Minister of Agriculture and Fisheries. Registration applies to abattoirs only and these premises are registered by the Director-General of Agriculture and Fisheries. because abattoirs are normally operated by local authorities hence the reason for the Director-General of Agriculture and Fisheries being formally responsible. Both in licensing and registration the recommendation of the Director of the Meat Division is considered before action is finalised.

Meat for export may be from animals slaughtered at an export slaughterhouse which is a premises established primarily to slaughter animals to provide meat for export, or from animals slaughtered at an abattoir which has special approval to slaughter stock for export. Abattoirs are established primarily to produce meat for consumption in New Zealand and may not slaughter for export without special approval. At present only three abattoirs have such approval.

A pre-requisite to initial licensing or registration of a plant is the submission of acceptable plans and the satisfactory completion of the plant in accordance with such plans. Licences and registrations are required to be renewed each year and renewal may be refused if adequate standards are not maintained.

- (b) Meat Division Control: Staff of the Meat Division are completely independent of plant management. Both veterinary and meat inspection staff are public servants employed by the New Zealand Government, which pays salaries and generally determines conditions of employment. Presently the Government makes no recovery of costs of meat inspection from the meat industry, although up till fairly recently it was usual to recover the cost of operating the meat inspection service by means of fees payable on every animal slaughtered in licensed or registered plants. Meat Division staff are their own masters and are in no way subservient to plant management.

The number of Meat Division staff in a plant is decided by the Director of the Meat Division who makes his decision having regard to the complexity of plant (including classes of stock slaughtered, number of slaughtering units, speed of production and the processing undertaken after slaughter). Prospective new recruits to the Division are appointed only after interview by Meat Division staff, and whether a person is appointed or not is determined by his suitability for the job. In line with the usual New Zealand Public Service procedure appointees to the Meat Division are required to serve a period of probation before their appointment is formally confirmed. If an appointee proves unsatisfactory his appointment may be annulled at any time in his probationary period.

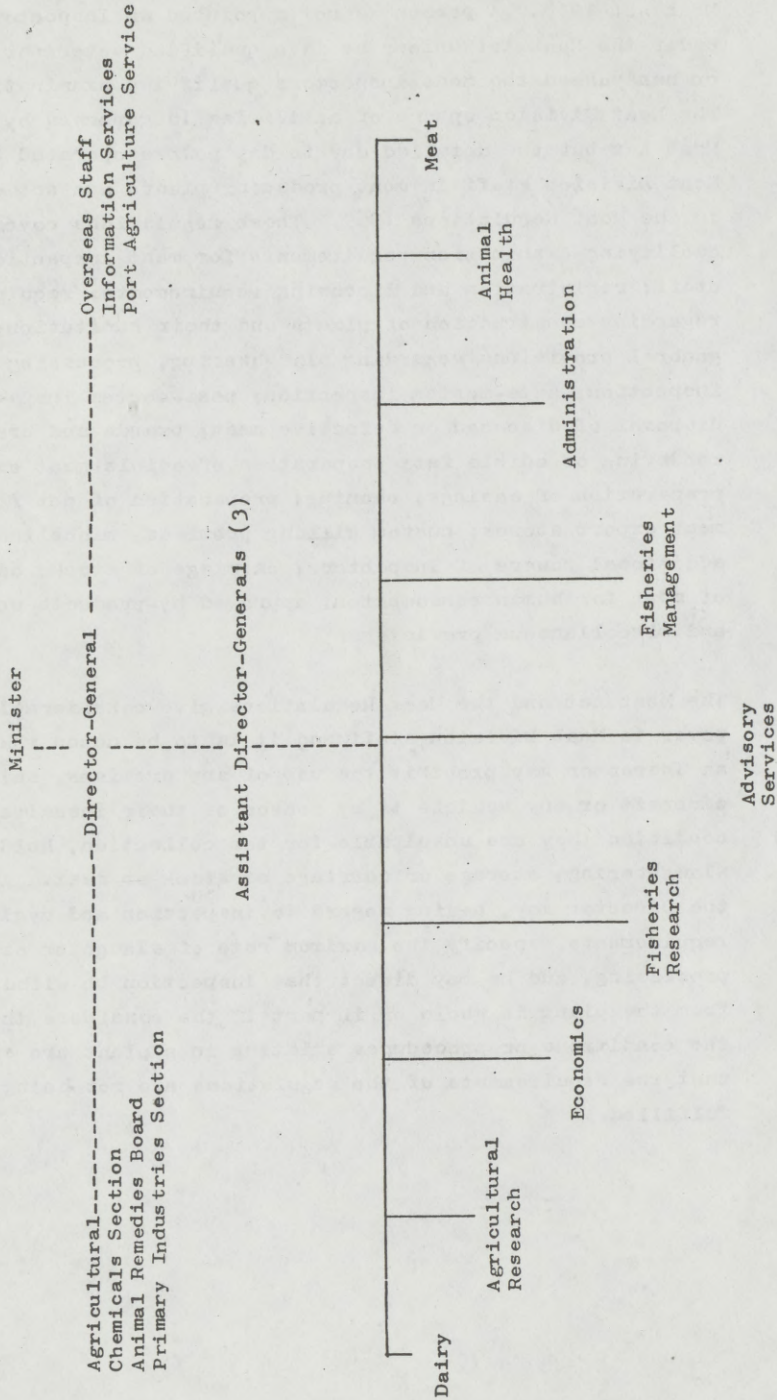
Promotions within the Meat Division are made on merit, and as an aid to this staff are formally reported on annually and placed in an order of merit of suitability for promotion. Plant management plays no part in this. The order of merit is arrived at after consideration of staff at the plant level, regional level and national level. In general terms relative merit is decided by consideration of a person's work experience, his personal attributes and characteristics, and his educational qualifications.

- (c) Legislative Controls: Staff of the Meat Division exercise control over meat production and processing by virtue of the powers vested in people who are Inspectors under the

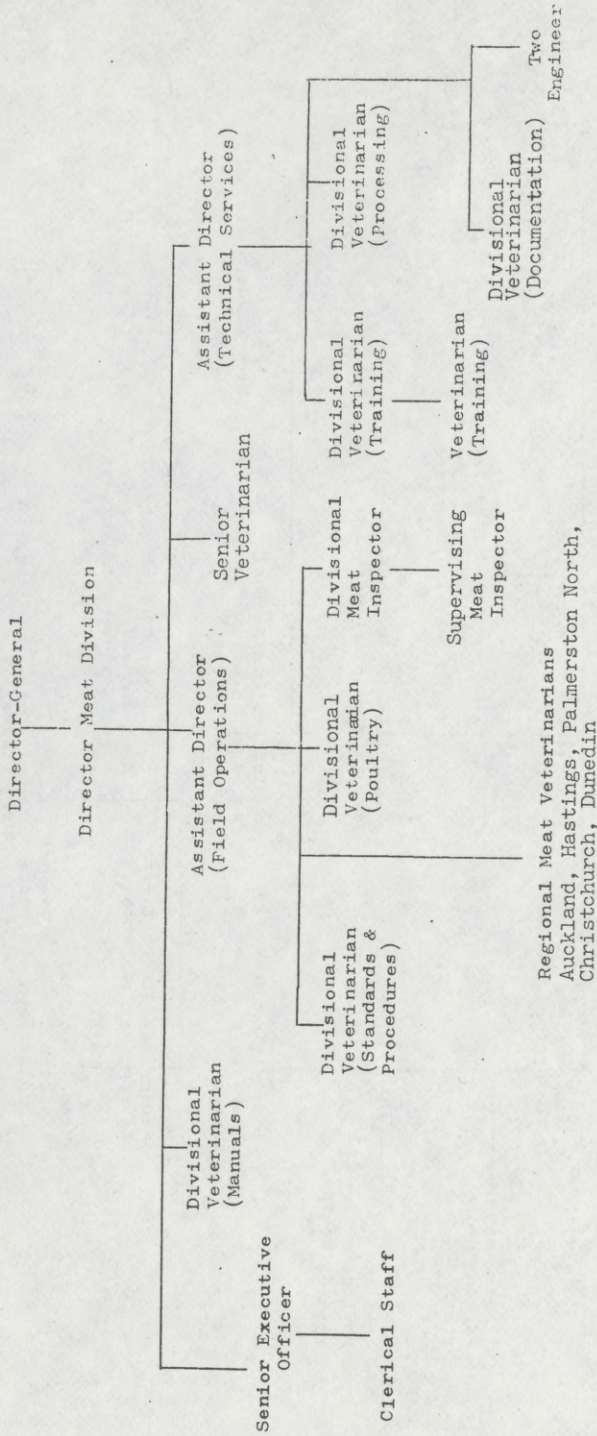
Meat Act 1964. A person is not appointed an Inspector under the Meat Act unless he is a qualified veterinarian or has passed the meat inspectors qualifying examination. The Meat Division sphere of activities is governed by the Meat Act but the detailed day to day powers operated by Meat Division staff in meat producing plants are set out in the Meat Regulations 1969. These regulations cover qualifying examination requirements for meat inspection staff; registration and licensing requirements; requirements regarding construction of plants and their sanitation; general provisions regarding slaughtering, processing and inspection; ante-mortem inspection; post-mortem inspection; disposal of diseased or defective meat; brands and branding; rendering of edible fat; preparation of edible meat extract; preparation of casings; canning; preparation of pet food; meat export stores; custom killing premises, miscellaneous additional powers of Inspectors; carriage of stock; carriage of meat for human consumption; approved by-products works; and miscellaneous provisions.

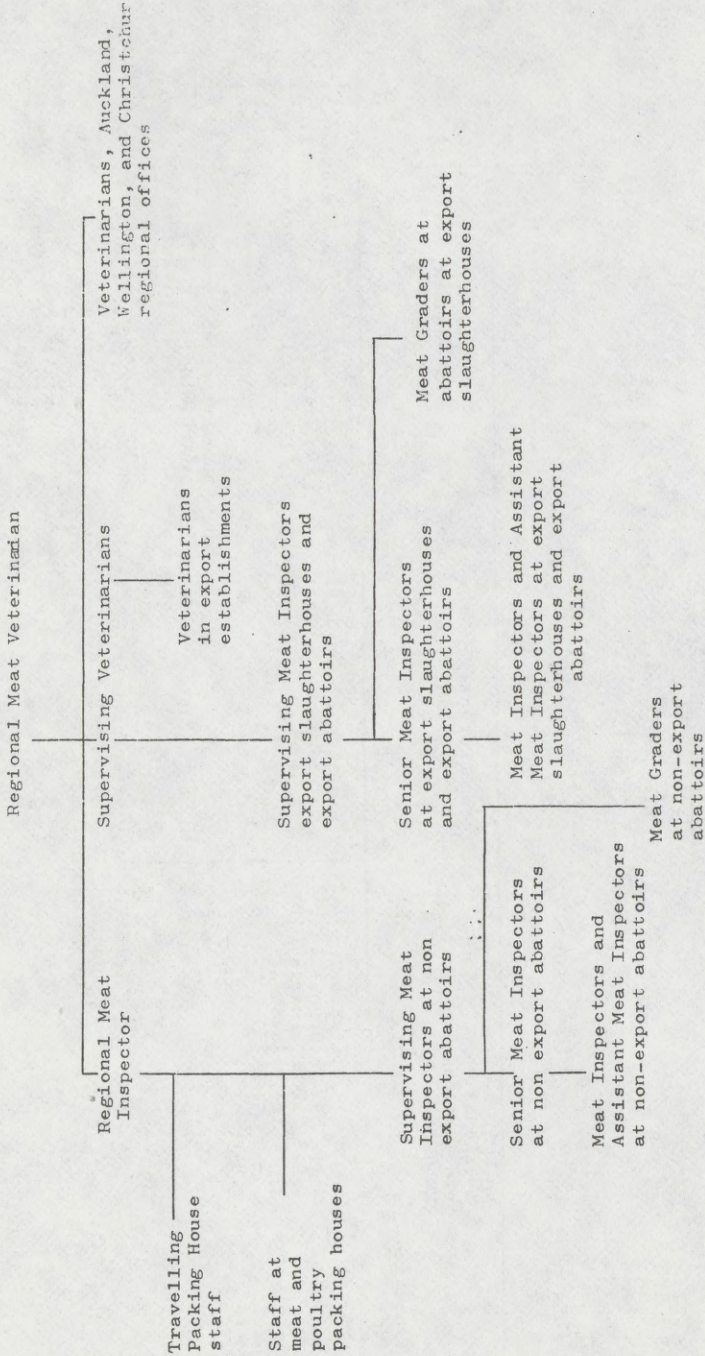
The Meat Act and the Meat Regulations give considerable power to Meat Division staff and it is to be noted that an Inspector may prohibit the use of any premises, ship, aircraft or any vehicle if by reason of their insanitary condition they are unsuitable for the collection, holding, slaughtering, storage or carriage of stock or meat. Also the Director may, having regard to inspection and hygiene requirements, specify the maximum rate of slaughter or processing, and he may direct that inspection be withdrawn from the plant in whole or in part if he considers that the conditions or procedures existing in a plant are such that the requirements of the regulations are not being fulfilled.

ORGANISATION OF THE MINISTRY OF AGRICULTURE AND FISHERIES



HEAD OFFICE ORGANISATION





MEAT INSPECTION

The Meat Inspection Services are the responsibility of the Meat Division of the Ministry of Agriculture and Fisheries. It is a national service catering for both domestic and export meat production and additionally it administers the grading of meat for local consumption. The Meat Division is staffed by veterinarians and para-veterinary assistants located at licensed meat slaughtering and processing establishments plus supporting administrative personnel. Operationally the Service is administered from a central controlling authority within the Ministry, headed by a Director of the Division who is required by law to be a Veterinarian and is supported by district control based on 5 regions throughout New Zealand. Each region has access to a regional research laboratory.

The Meat Division's legal authority is derived from the Meat Act 1964 and the amendments to that Act. The Act provides powers for the making of regulations covering the following:

- (a) The registration of abattoirs:
- (b) The conditions to be complied with before the grant of any licence under the Act and the terms and conditions subject to which any such licence shall be held or may be renewed, transferred, surrendered, or cancelled:
- (c) The registration of marks, stamps, brands, or labels used for the branding or marking of meat, skins, or any other products derived from slaughtered stock:
- (d) The inspection of slaughtering places, packing houses, canneries, stockyards, and other premises subject to this Act, of stock, carcasses, or meat, and of conveyances used for the carriage of stock, carcasses, or meat and prescribing the power of Inspectors in respect of any such inspection:
- (e) The withdrawal, in whole or in part, of inspection services provided by the Ministry of Agriculture and Fisheries in any abattoir or in any premises licensed or approved under this Act in such circumstances as are specified in the regulations:
- (f) Regulating or prohibiting the administration of drugs or harmful substances to stock before slaughter:
- (g) Regulating or prohibiting the acceptance at slaughterhouses of animals for slaughter which are diseased or defective:
- (h) The inspection of ships or aircraft carrying or intended to carry carcasses or meat:
- (i) Regulating or controlling the processing and packaging of meat and meat products or of by-products of stock slaughtered in slaughterhouses:
- (j) The branding, marking, or grading of meat, skins, or any other products derived from slaughtered stock and the certification of carcasses or meat intended for export:

- (k) The provision of refrigerating space and appliances in abattoirs or in premises in respect of which licences may be issued under the Act:
- (l) Regulating the construction, lighting, ventilation, air temperature, cleansing, drainage, water supply, maintenance, and good management of slaughtering places, packing houses, canneries, and stockyards and the construction, cleansing and maintenance of all fixtures, appliances, instruments, utensils, and things connected or used therewith or connected with the management thereof:
- (m) The provision by holders of export slaughterhouse, packing house, or cannery licences, and by controlling authorities of abattoirs, of suitable office accommodation, sanitary conveniences, washing facilities, and accommodation for keeping and drying clothing for use by Inspectors in the course of the performance of their functions under this Act:
- (n) Regulating the conveyance of carcasses or of meat from place to place:
- (o) Regulating or controlling the application of chemicals or drugs to meat or meat products derived from stock slaughtered in slaughterhouses:
- (p) Providing, in respect of meat or meat products intended for export, power to specify and verify the nature and quality of ingredients used in the formulation of processed or canned meat or meat products, requiring information to be supplied as to the nature and quantity of such ingredients, and prescribing the information to be shown on labels of such meat or meat products:
- (r) The storage and treatment of meat intended for human consumption, and prohibiting the use of any injurious or detrimental or deceptive processes in respect of any such meat:
- (s) The mode of dealing with diseased or defective stock or meat and regulating or controlling the sale, use or disposition of diseased or defective meat:
- (t) The humane treatment of calves intended for slaughter for human consumption:
- (u) Regulating methods for the slaughter of stock and prohibiting methods of slaughter which are not humane:
- (v) The matters in respect of which fees shall be payable under this Act, the amount of the fees, and the person liable for the payment thereof:

- (w) Regulating or controlling the processing of carcasses in boiling-down works and the conveyance of carcasses to and the disposal of by-products and effluent from boiling-down works:
- (v) Returns to be made by controlling authorities or managers of abattoirs or by the licensees or other persons in charge of other slaughtering places, packing houses, or canneries, or by the holders of meat exporters' licences and prescribing the persons to whom any such returns shall be made:
- (y) Prescribing information to be supplied and returns to be made by controlling authorities of meat export stores, or of premises intended for the processing of casings, or for the manufacture of food for dogs or cats, or for the manufacture of margarine:
- (z) The establishment and management of any insurance fund to cover losses through meat being condemned:
- (aa) Prescribing penalties for the breach of any regulations under this Act, not exceeding a fine of one hundred dollars:
- (bb) Providing for such matters as are contemplated by or necessary for giving full effect to the provisions of this Act and for the due administration thereof.

The power to make regulations is exercised in the Meat Regulations 1969 and these reflect the power exercised by Inspectors of the Meat Division. In general terms these regulations provide for:

1. The type of examination to be passed by para-veterinary staff in becoming a qualified Inspector.
2. The type of meat producing premises that has to be licensed so as to bring it under the supervision of Inspectors of the Meat Division.
3. The requirements to be met both in regard to construction and sanitation, in premises producing meat and meat products.
4. The requirements to be met in operations associated with the slaughter and dressing of stock.
5. Ante- and post-mortem procedures including the control and disposal of condemned material.
6. The branding of meat including custody of brands.
7. The procedures and requirements to be met in the production of edible fat and edible meat extract.
8. The requirements to be met in casing factories.
9. Standards to be observed in the canning of meat and meat products.

10. The safe and hygienic handling of pet food material and the manufacture of pet food.
11. The standards to be observed in stores in which meat for export is stored prior to shipment and the approval of stores meeting the required standard.
12. The standards to be provided in custom killing premises which are licensed to provide a killing service to those who want their own stock killed for their personal consumption.
13. Special additional powers for Inspectors to seize, detain and condemn meat and to prohibit the use of premises or parts of premises used for the production of meat for human consumption.
14. Rules to be observed with the carriage of stock to a slaughterhouse.
15. Rules regarding the carriage of meat for human consumption.
16. The approval of by-products works to ensure the export of such products only from plants of a high standard.
17. Miscellaneous provisions such as certification by Inspectors that meat and meat products have been inspected, handled, and stored in compliance with the regulations; power to withdraw inspection from premises where the regulations are not being complied with; power to require licensees to disclose particulars as to the formulation of meat and meat products intended for export; power to prohibit the use of unsuitable containers, packaging or wrapping; requirements as to meat and meat products intended for ships' stores; the right of appeal to the Director of the Meat Division of the Ministry against Inspectors' requirements; fees and returns; and offences.
18. While not directly related to the production of meat, the Meat Division of the Ministry of Agriculture and Fisheries also administers regulations covering the production of game taken from the wild state. These regulations aim, as far as practicable, at having game handled as hygienically as possible so as to ensure the production of a good product.

RESIDUE SUBSTANCES

1. The Animal Remedies Act controls the manufacture, sale, and use of drugs, medicines and other therapeutic substances used in treating or preventing diseases of animals. It requires every product to be examined by a Board of veterinary, medical, pharmaceutical, manufacturing, chemical and farming groups prior to licensing and it sets standards for animal remedies, especially biological substances.

All hormones, antibiotics, sulphonamides, nitrofurans are controlled as "prescription only" drugs except Bacitracin, Flavomycin, Virginiamycin, and Tylosin which have been released as growth promotants but Tylosin also for treatment of C.R.D. in poultry. The prescribing of antibiotics and hormones for growth promotion purposes (except those mentioned above) is prohibited.

Where any drug is likely to leave residues in animal products (meat, milk, eggs) withholding periods have been established varying with the active ingredient and the formulation.

In general withholding periods for intramammary preparations are 96 hours unless evidence can be produced which indicates a safe shorter period.

Injected antibiotics have a withdrawal time of 21 days unless satisfactory proof of a shorter safety time is produced and approved. However aqueous penicillin and streptomycin have a withholding period of 30 days and the oily forms a withholding period of 60 days. The following represents withdrawal times associated with particular active ingredients:-

Asuntol 21 days	Maldison 3 days
Arsenic 10 days	Mebendazole 14 days
Arsanilic Acid 5 days	3-Nitro 5 days
Bromsalans (15 days meat	Oxyclozamide 14 days
(72 hours milk	Pyrantel (14 days meat
Bromophos 21 days	(24 hours milk
Carbaryl 7 days	Parbendazole 6 days
Chlorpyrifos 21 days	Payzone 5 days
Crufomate 28 days	Paraban 21 days
Cambendazole 28 days	Prolate 21 days
Copper Glycinate 3 months	Rafoxamide 28 days
Diazinon 21 days	Ronidazole 7 days
Fenchlorphos 14 days	Roxarsone 5 days
Famphur 35 days	Surecide 21 days
Fenthion 35 days	Sulphaquinoxaline 5 days
Furizolidone 5 days	Tetramisole 7 days

2. The Agricultural Chemicals Act 1959 set up the framework for registration of agricultural chemicals, all of which must be registered before they are sold. The Act established a Statutory Board designated as the Agricultural Chemicals Board whose principal function is to consider and determine applications for registration.

The Board carefully evaluates the possible side effects on the grazing animal following proposed use of the agricultural chemical on pasture or forage crops before registration is granted. Animal feeding studies in which animals are fed on treated pasture may be required, to establish withholding periods, before registration is granted. Regulations, under the Act, have been in force since 1961 to restrict the use of organochlorine insecticides on pasture, forage crops, or land. Application of these restricted materials may only be made by permit which specifies the conditions of use.

3. The Stock (Insecticides and Oestrogens) Regulations 1961 provides for control over the use of insecticides and oestrogens when used on animals or in animal slaughterhouses. No insecticide shall be used in a slaughterhouse unless approved. Stock treated with an oestrogen shall not be killed until 30 days after treatment. Where a sample of the fat of meat, obtained from a post-mortem inspection made pursuant to the Meat Regulations 1969 by an Inspector under the Meat Act 1964, contains any pesticide residue exceeding the tolerance prescribed by the Food and Drug Regulations 1973, it is obligatory for the carcass to be destroyed at the direction of the Inspector.
4. The Food and Drug Regulations 1973 and the Food Additives Notice 1973 which are administered in the Department of Health prescribes standards (including tolerances) and labelling requirements for foods and drugs. A person who sells any food containing a pesticide residue in excess of the permitted tolerance commits an offence.

5. Meat Monitoring Programme

Meat has been monitored for insecticide residues on a national basis continuously since 1961. The programme is based on random sampling on a statistical basis, of all classes of stock from current production lines in export slaughtering premises throughout the country.

Samples are tested for DDT and its metabolites DDE and TDE, lindane, hexachlorocyclohexane (BHC), hexachlorobenzene (HCB), chlorinated biphenyls (PCB). All testing is carried out using the extremely sensitive and specific method of gas liquid chromatography.

Additional testing for lindane was introduced in 1971 on all lines of stock sent to slaughter from farms where lindane was used under permit for grass grub control.

A feature of the programme is that the farm source of every sample is known. The programme therefore provides a regulatory service, a general check on national residue levels and of their regional distribution, and permits the rapid trace-back of any unwanted contamination to individual farms.

Although insecticide residues in some stock occasionally exceed tolerances or "actionable" levels it is considered that no major residue problem now exists in New Zealand. This would be consistent with the fact that the U.K. authorities are no longer testing New Zealand meat. Few violations associated with insecticide residues have been reported for New Zealand meat entering the U.S.A. during the past three years. Nevertheless, a close watch is being kept on the overall organochlorine residues situation.

In view of the stricter standards for meat hygiene inspection and monitoring required internationally, the Ministry began planning in 1971 to increase the scope of the current programme to include antibiotics, sulphonamides, herbicides, anthelmintics, and certain heavy metals in addition to the present programme for organochlorine and organophosphate insecticides in meat.

Analytical methods suitable for monitoring these additional chemicals in meat have been developed and new laboratories, designed specially for this work, were completed in September 1973. The expanded monitoring programme was implemented at that time.

These additional monitoring functions are supported by an active research programme. Provision has been made for research into the storage, excretion and metabolism in livestock of any of the above types of chemicals, where this information is lacking under New Zealand conditions of meat production or where it is needed for the interpretation of monitoring results.

6. General Comments:

Virtually all active ingredients of veterinary and agricultural chemicals used in New Zealand farming are imported from overseas. Their formulation and introduction at the farm level follows established practices modified to suit local conditions. Consequently New Zealand has the benefit of considerable research and field use data when new products are submitted for registration.

Where insufficient data are available, a product may be given provisional registration status for a specified period in order that information on residues etc. may be obtained under the proposed conditions of use. To this extent therefore most of the requirements regarding residues and consumer safety for drugs, medicines, remedies, therapeutics and biochemical substances are already met at the registration stage.

Obviously the above types of administrative screening cannot be applied to chemical substances that may appear in meat from environmental sources, i.e., derived from soils, water, food, air or along natural food chains. The Ministry is already committed to monitoring of this type, e.g. PCBs in animal fats, and other heavy metals in livestock. The extension of meat monitoring to include environmental toxicology is a subject of increasing interest both locally and overseas.

The expanded meat monitoring programme is capable of identifying chemical residues resulting both from agricultural and veterinary usage or from environmental sources referred to above. Any administrative action necessary by the Ministry to minimise or eliminate such residues in meat animals will logically follow from routine monitoring.

Facilities for testing meat are centralised at the Wallaceville Animal Research Centre where monitoring staff are also directly involved with the two statutory boards responsible for the registration of all veterinary and agricultural chemicals. Other research interests of this group include residue surveys for pesticides and environmental contaminants in soils, humans, and wildlife species. Therefore, while the expanded monitoring programme is designed primarily to protect export meat markets, the results will provide valuable information complementary to data that is being obtained in related fields of environmental research.

Responsibilities for meat monitoring are with the following sections of the Ministry: Meat Division for organisation and despatch of samples; Research Division for providing monitoring and research facilities; Biometrics Section for collating and analysing test results; Meat Division, Animal Health Division, Agricultural Chemicals Section and Advisory Services Division for "trace-back" investigations through to the farm level.

Results of monitoring are sent to the Agricultural Chemicals and Animal Remedies Boards who recommend on legislation needed to control national residue levels.

Montana Farm Bureau Federation
125 West Mendenhall, Box 1207
Bozeman, MT 59715
Phone: 406/587-3153

June 24, 1980

A Farm Bureau Speedline Message for:

The Honorable Ron Marlenee
U.S. House of Representatives
Washington, D.C. 20515

DATE RECD 6/25
FR. #
TH.
AT 6:00 PM

Dear Congressman Marlenee:

THE MONTANA FARM BUREAU FEDERATION SUPPORTS H.R. 5395 AND H.1998.
PASSAGE OF THIS LEGISLATION WILL RESULT IN BETTER HEALTH AND NUTRITION
SO VITAL TO THE WELL BEING OF THE AMERICAN PUBLIC.

BILL BROWN
EXEC. VICE PRESIDENT
MONTANA FARM BUREAU FEDERATION

STATEMENT OF CONSUMERS FOR WORLD TRADE

Consumers for World Trade (CWT), a non-profit organization formed in 1978 in support of open, competitive and fair international trade, opposes provisions of H.R. 5359 and H.R. 1998 which would require that any food product made in whole or in part from imported meat be labeled to inform consumers that the meat ingredient of the food product was imported.

In addition to the fact that these labeling provisions would constitute a non-tariff barrier to trade which in itself is opposed by CWT, it also would increase prices of food in which meat was an ingredient because of the additional labeling, warehousing, and shipping costs borne by the importers and food processors, which are then passed on to the consumer.

Competitive and fair trade counteracts inflationary pressures which adversely affect the most important "interest group" the American consumer, particularly lower, middle and fixed income families.



**merican
ngus
ssociation**

3201 FREDERICK BOULEVARD | ST. JOSEPH, MISSOURI 64501 | PHONE: 816 233-3101

June 24, 1980

Honorable Berkley Bedell
House of Representatives
405 Cannon House Office Building
Washington, D. C. 20515

Dear Congressman Bedell:

As a representative of 35,000 producers of Angus cattle, I would like to express my wholehearted support for H.R. 5395 which will require the labeling of imported meat and also require testing and inspection of imported meat that is comparable to that which is required of domestic producers.

I know that all Congressmen get many requests from their constituents for legislation that will support individual groups. I think this request is different than most in that we are not asking, in fact do not want, a subsidy but only ask for the opportunity to compete on equal terms.

American agriculture is responsible in a large part for the standard of living in this country today. However, it is not certain that agriculture will be able to help the United States in the future unless legislators require that foreign products that are sold in competition with domestic products at least have to abide by the same restrictions.

I think H. R. 5395 can do more to make the beef industry competitive and improve the attitudes of beef producers than any legislation that has been considered in recent times.

Sincerely,

C. K. Allen, Ph.D.
Executive Vice-President

CKA:ag

STATEMENT OF

AMERICAN MEAT INSTITUTE

The American Meat Institute, national trade association for the meat packing industry with approximately 300 members doing business in all 50 states, appreciates this opportunity to comment on H.R. 5395, legislation that would require any meat or meat food product made in whole or in part from imported meat to be subject to certain tests and be labeled as imported. The American Meat Institute opposes this measure for the following reasons:

First, the bill would effectively create a non-tariff trade barrier. It would be inconsistent for the U.S. to establish a non-tariff meat barrier just when we are working so hard to have such barriers removed or reduced in Japan, Europe and elsewhere. Designed ostensibly to inform consumers that the product contains imported meat, the bill is a thinly disguised attempt to discourage its use.

Second, there are not now sufficient lean animals in the U.S. to satisfy the need for lean meat for hamburger, bologna, wieners, soups, stews, etc. To meet the low fat requirements of these and other products, imported lean meat is needed. To make it difficult for imported meat to be used at this particular time, with domestic beef prices rising seems unwise and unreasonable.

Third, it would be needlessly expensive and inflationary. Imported meat is used interchangeably and together with domestic meat to produce a wide range of canned, frozen and processed foods. Packers, canners and other meat food processors would have to maintain two or three sets of labels, at additional costs and reduced efficiency in their operations.

Finally, it is unlikely that this legislation can be effectively enforced without a huge increase in the number of government employees. Enforcement problems must be carefully thought through before embarking a new government controls.

Based upon these comments, the Institute strongly opposes H.R. 5395 and similar legislation to require the labeling of imported meat.

NATIONAL ASSOCIATION OF MEAT PURVEYORS

Meats for the Food Service Industry

252 WEST INA ROAD

• TUCSON, ARIZONA 85704 •

TELEPHONE (602) 297-1123



July 1, 1980

The Honorable Charles Rose
 Chairman
 Subcommittee on Livestock and Grains
 House Committee on Agriculture
 1301 Longworth House Office Building
 Washington, D. C. 20515

Re: H. R. 5395

Dear Mr. Rose:

This statement is submitted on behalf of the National Association of Meat Purveyors (NAMP) for consideration by your Subcommittee as a part of its hearings on H. R. 5395 and other similar measures which would require that meat food products made, in part, of imported meat be subjected to certain tests and be labeled to indicate its imported product content.

NAMP is a national organization whose more than 400 member companies are engaged in the production and distribution of meat and meat products to hotels, restaurants, institutions and other segments of the food service industry. Since more than 45 percent of all meat consumed in this country is eaten away from home, NAMP members are a vital link in the distribution system to the food service industry.

NAMP objects strongly to the provision of H. R. 5395 and urges that it be rejected by this Subcommittee.

A requirement that imported meat be labeled as such in the manner provided for in H. R. 5395 is nothing more than an attempt to discourage the use of this product by the subtle implication that it is somehow less wholesome than meat produced in this country.

As this Subcommittee is well aware, the meat inspection program of the U. S. Department of Agriculture guarantees the safety and wholesomeness of meat imported into this country through its requirement that the meat come only from those foreign establishments approved by the USDA.

Additionally, when the meat is further processed in this country, it is done under the control of federal or "equal to" state inspection programs.

For the most part, meat imported into this country is used in processing ground beef, hamburger and other similar comminuted products. It is meat which is otherwise unavailable from domestic sources and is not really a competitive "threat" to domestic producers. NAMP submits that imported meat is already sufficiently regulated through the meat inspection program and through the counter-cyclical meat import quota law and, therefore, the adoption of H. R. 5395 is not necessary.

Sincerely,

James M. Goldberg
 NAMP General Counsel

A Healthy Agriculture,
A Prosperous
Country . . .
To This End We
Are Sincerely
Dedicated!



National FARMERS ORGANIZATION

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Washington Office Suite 2250 — 475 L'Enfant Plaza S.W.
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Corning, Iowa

June 23, 1980

Mr. Charles Rose, Chairman
Livestock and Grains Subcommittee
Committee on Agriculture
U.S. House of Representatives

Re: H.R. 5395
H.R. 1998

Dear Mr. Chairman:

The National Farmers Organization supports the principal provisions set forth in these bills relating to testing requirements and labeling of imported meat and dairy products.

We wish to express particularly our appreciation of the efforts of Congressmen Bedell, Marlenee and others who have undertaken consistently to persuade the Congress to act favorably on this legislation. The interest of your Subcommittee, as demonstrated by this hearing, is amply warranted by the economic situation facing our livestock and dairy producers today. Since 1975, a number of hearings have been held on variations of this legislation. It is our hope that this hearing will lead to effective action.

Our organization has urged Congressional action from the outset to protect our own producers from the unfair competition of imported products that may or may not be adequately safeguarded as wholesome, pure food. We are subjected to stringent inspections and regulations designed to protect the quality of food products offered to the public. Even though these safeguards may be justified, and for purposes of this consideration are not brought into question, they nevertheless should be equally applicable to all production offered to the public regardless of point of origin.

Our position was recently reaffirmed in a resolution adopted by the membership in our 1979 national convention: "We continue to call for imposition of quality standards and inspection requirements on imported competing farm products equal to those imposed upon our own producers."

Collective Bargaining FOR AGRICULTURE THROUGH **NFO** } **LEGAL
EFFECTIVE
FAIR**

In regard to the specific bills, we are pleased that Mr. Marlenee's bill encompasses both meat and dairy products. You are urged to act in fair and equitable treatment of both commodity groups.

Mr. Bedell's bill includes a section wisely requiring that eating establishments inform their customers when they are serving imported meat or meat products. Despite some of the current hub-bub against 'regulation' that is often expressed for political purposes, we believe many restaurant operators would be happy to cooperate.

There is a sense of mutual interest among businessmen and farmers or ranchers in many communities. Many of these merchants would like to have labels on containers advising them of the origin of meat they are purchasing. Those who serve only the domestic product could rightfully demonstrate their interest in the economic survival of our livestockmen and dairymen.

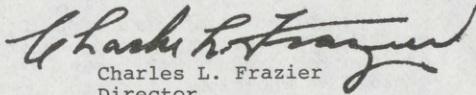
Some provisions common to both bills dealing with tests, labels, assessments and fees to be used to finance the work, and the authority of the Secretary to revoke or suspend exporter privileges are vital to carrying out an acceptable program.

In closing, please let me emphasize that our interest is not wholly centered in the economics of meat and milk production in the American market. In addition to a sense of fairness involved in imposing the same health protecting devices on others, as are imposed on U.S. producers, there is a clear-cut responsibility of the Government to assure that imported products are free of undesirable chemical and organic substances.

To those who would delay further or oppose this legislation on the ground of interference in so-called free trade, we can only ask "Why?". Are they afraid that stringent inspections, tests and certifications relating to purity of the product will disclose that our people are now being fed dirty, adulterated foodstuffs in all too many instances?

We encourage you to move the legislation forward. If we may be of any assistance, please call on us.

Sincerely,



Charles L. Frazier
Director
Washington Office

CLF:jac

STATEMENT OF THE
NATIONAL FOOD PROCESSORS ASSOCIATION
SUBMITTED TO THE
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES
June 24, 1980

The National Food Processors Association, representing the U.S. food canning industry */, opposes provisions of H.R. 5359 and H.R. 1998 which would require that any food product made in whole or in part from imported meat be labeled to inform consumers that the meat ingredient of the food product was imported.

The National Food Processors Association (NFPA) opposes the labeling requirements of these bills because they would be detrimental to all concerned--to the meat processing industry, to consumers, and to the domestic livestock industry.

The purpose of the labeling provisions apparently is to reduce the consumption of imported meat in the hope that it will improve conditions in the domestic livestock industry. The underlying assumption is that, if products containing imported meat are so labeled, consumers will be dissuaded from buying.

First, we do not believe the assumption is true that consumers would not buy imported meat. Imported meat goes into many food products that are reasonably-priced, nutritious, convenient and shelf-stable. Many of these

*/ The National Food Processors Association is a non-profit trade association whose member firms account for approximately 90 percent of the United States production of canned foods. Products of the U.S. canning industry include canned fruits, vegetables, juices, fish and shellfish, meats and meat products, and other products in which meat is an important ingredient.

are staples for many Americans. We do not believe consumers would necessarily refrain from buying such products, except as the legislation would add to the cost of imported meat products, as we will discuss momentarily. Imported meat products could even have extra attraction to shoppers because imported meat is lower in fat content than most domestic beef.

Second, if the labeling provisions of this legislation have the intended effect--that is, if consumers were indeed dissuaded from buying food products containing imported meats--the effect would be as detrimental for domestic food ingredients in the food product, including domestic meat. Products in which imported meat is an ingredient generally consist principally of vegetables or grains or other foods which are of domestic origin. If the labeling provisions were effective in discouraging purchases of certain products, the marketability of the domestic ingredients would be made more difficult to the same extent as would the imported meat ingredients.

To the extent imported meat labeling may appeal to a "buy American" sentiment, and reduce the sales of products with imported meat in them, domestic producers of other ingredients in those products will suffer. Since domestic beef is often blended with imported meat, even the U.S. livestock industry, which presumably is supposed to benefit from the labeling requirement, would be hurt. Of the many products in which meat is an ingredient, meat is often the minor ingredient, in both volume and value. If the entire product is to be "condemned" by the requirement that consumers be informed of the presence of a small amount of imported meat, it is the producers and marketers of the domestic ingredients who will lose markets.

It is not correct to assume that the proposed food labeling requirements would discourage the use of imported meats in processed foods and result in the substitution of domestic beef. The supply of U.S.-produced lean beef suitable for processing is inadequate. The volume of beef imports each year cannot be explained away solely on the basis of price. The U.S. International Trade Commission reported on the "Import Impact" of imported meats in September 1979, as follows (emphasis added):

Imports of beef have supplied about 7 percent of the average annual consumption of all beef in most recent years (table 8). ^{1/} In 1978, imports accounted for about 8.4 percent of consumption and the Department of Agriculture estimates that imports will account for 10 to 12 percent of consumption in 1979. Of the supply of beef used only for manufacturing, however, imports have supplied about 18 percent. The imported frozen boneless beef is in strong demand to supply the increasing U.S. consumption of hamburger. Imports account for all of the U.S. commercial consumption of canned corned beef and meat extract. The remaining imported beef items--sausages, offal, and prepared or preserved beef, and so forth, account for only a small part of U.S. consumption.

Prices of the domestic and imported beef tend to be very close, as discussed in the domestic market section of this summary. However, because of the lean content and the frozen state of the imported beef, domestic producers of hamburger generally gain an advantage by using the imported beef in their product mix. Indeed, the frozen imported lean beef when mixed with unfrozen domestic beef and fat trimmings to produce hamburger, lowers the processors costs of production inasmuch as the lean beef when mixed with the fat enhances the value of domestic fat trimmings. Also, the frozen imported beef chills the domestic beef with which it is mixed, thus inhibiting bacterial growth. (p.36)*/

Following is the USITC's discussion of prices of imported and domestic boneless beef on the domestic market (emphasis added):

*/Summary of Trade and Tariff Information, "Live Cattle and Meat of Cattle," USITC Publication 841, September 1979.

The prices of imported and domestic boneless beef tend to be quite close and to rise and fall together (fig.8). Some seasonality appears to exist, however, with respect to the spread between the domestic and import prices. During the first several months of each calendar year the domestic price exceeds the import price (table 15), but in the last few months the import price often equals or exceeds the domestic price. Significant in explaining this phenomenon include the facts that imports tend to arrive well in advance of the end of the year and, because of the need to fill the annual quota, a short-term scarcity of imported meat is created. In addition, U.S. cow slaughtering has been somewhat seasonal, with higher rates of slaughter generally occurring in the winter months, and thereby lowering prices of the domestic beef. In part, because of transportation charges, the price advantage enjoyed by imports appears more pronounced near the coastal ports of entry. (p. 29)*/

Third, a requirement for separate labels for processed foods containing domestic meats and imported meats would result in added costs for consumers of all such products regardless of the origin of the meat.

This is so because processors would be obliged to warehouse separately, ship separately, and account separately for the two kinds of food products.

The special handling will burden all such products with higher costs and will have an inflationary impact on the consumer food bill.

Fourth, a requirement for separate labels for processed foods containing domestic meats and imported meats would constitute a non-tariff barrier to trade, in violation of the United States obligations and commitments under the General Agreement on Tariffs and Trade (GATT).

For these reasons, the National Food Processors Association opposes H.R. 5359 and H.R. 1998 and urges that these bills not be favorably considered by the Subcommittee.

*/Summary of Trade and Tariff Information, "Live Cattle and Meat of Cattle," USITC Publication 841, September 1979.

STATEMENT
OF THE
NATIONAL MEAT ASSOCIATION

The National Meat Association represents about 300 packers and/or further processing firms. These establishments slaughter more than 70 percent of the nation's beef and account for a substantial portion of the pork and processed meats tonnage. We believe we are well qualified to address this issue with a high degree of first-hand knowledge and expertise.

As we understand this legislation, it has a two-fold purpose: 1) to require that imported meat or meat products are subjected to the same strict inspection standards as imposed on domestically-produced meat; and 2) to require imported meat or products using imported meat to be so labeled throughout the distribution chain until delivery to the consumer.

Although our primary concern is with the labeling provision contained in this legislation, we believe it is incumbent that we comment on the impact the additional inspection requirements would have on the meat industry.

We do not believe there is a legitimate need to require further inspection or testing of imported meats. We are satisfied that the inspection procedures now in effect are more than adequate to assure confidence in these imports and protect the American consumer from any adulterated product.

The Federal Meat Inspection Act requires that any country exporting meat to the United States maintain--for plants preparing products for export to the U.S.--a meat inspection system with requirements equal to those of the United States. The current system of inspection has proven sufficient.

In addition, assessing exporters a fee to cover the costs of the additional tests and verifications would create ill will, would most certainly be construed as a non-tariff trade barrier to protect our domestic livestock industry and may in fact be in conflict to this country's obligations under the General Agreement on Tariff and Trade (GATT) and provisions in the Multilateral Trade Agreements. It certainly would be detrimental to antagonize our trading partners over something that is not needed.

It should be emphasized that when we discuss imported meat, we are primarily talking about boneless beef or lean beef which is either used in the production of hamburger or turned into "manufacturing material" which is used in soups, sausage or processed meats.

It is important that supporters of this bill and consumers realize that this type of beef does not compete with domestic table beef (derived from fat cattle), which is consumed as steaks, chops and roasts.

Domestically, the sources of lean beef are dairy cows, which are no longer effecient milk producers, and breeder stock, which are beyond their reproductive prime. The supply of boning cattle (as they are known in the industry) going to slaughter is not sufficient to meet U.S. demands and imported beef is necessary to supplement domestic production.

Livestock producers, who target their cattle for the consumer table or restaurant trade, do not raise lean, grass-fed beef because they have found it more profitable to produce the grain-fed "Prime" and "Choice" grade beef that Americans prefer.

These imports do not pose a threat to domestic producers. U.S. cattlemen are protected by the counter-cyclical legislation Congress wisely enacted last year. In essence, it provides that if domestic cow or breeder stock slaughter is up, imports will be held down and if U.S. slaughter of these animals drops off, imports will be allowed to rise. There is also a mechanism in the law which triggers a quota system if imports reach the prescribed ceiling level.

We have found no evidence that cattlemen are anxious to change their production methods and begin producing lean beef to satisfy domestic needs. If there is no danger to U.S. cattlemen and no ground swell of activity to switch to the production of grass-fed cattle, why then is there a need to enact legislation which would penalize food processors who use imported meat?

Seasonal adjustments by livestock producers coupled with changes in the cattle cycle (breeding stock held back or liquidated) produce fluctuations in the supply of domestic lean beef. During some periods, the meat processor has no alternative but to use imported meat to meet his production quotas. It becomes a matter of either incorporating imported meat in his products or cutting back on his production.

There is also another severe consequence of this labeling provision. In order to comply, processors would need one label for products containing just domestic meat and another to signal the consumer that imported meat was used. This duplicity of labels would result in a doubling of costs for printing and maintaining label inventories. Also, overhead costs will be increased because the production line would have to be stopped each time labels were switched.

The processor would have only two alternatives to meet this requirement:

1) to charge higher prices to cover the added overhead expenses; or 2) to simply use one label which reads "may contain imported meat" on all his products, regardless of whether they did or did not use imported meat. This latter opinion would eliminate the higher costs, but would also defeat the purpose of the bill.

Also, just as with the added fees to be assessed to exporters, this labeling provision may be in conflict with our multilateral trade agreements and be construed as a non-tariff trade barrier.

We can't help but wonder why meat is the target of this type of discrimination--and we do feel it is discrimination. We are not aware of any other product that is finished in this country which contains imported parts that is required to notify the consumer of this fact.

Can you imagine the proliferation of labels that would flourish if this type of legislation was enacted across-the-board for every product assembled in the U.S. that contains one or more imported components. Labels stating "May contained imported _____" would be required on practically everything from television sets (imported electronic parts) to cars (imported steel).

In conclusion, we see no practical reason for this legislation. The present inspection procedures for imported meat is "equal to" that covering domestic production and has proven adequate in assuring consumers with safe and wholesome product.

The labeling provisions of this legislation would be chaotic to the meat industry and would result in either higher consumer prices or one label indicating the product contained imported meat, whether it did or not. In both instances, this would be counterproductive to the goals of this legislation.

And, we believe it is extremely important that this committee pay special heed to the ramifications this legislation could have on our trade relationships with the affected countries. This nation is working very hard to develop overseas markets for high quality beef. This legislation certainly would act as a damper on any such endeavors.

It would also bring accusations that we are enacting non-tariff trade barriers as a form of protectionism. This is something this country is very quick to protest against when the shoe is on the other foot. A perfect example is the controversy we are currently embroiled in with the United Kingdom and other European Countries over restrictions they are seeking to impose that would prevent the flow of our meat and poultry products into their countries. It would make us appear very inconsistent if we were to protest on the one hand, while at the same time started erecting non-tariff trade barriers of our own.

And finally, there is a need for imported meat for the justifiable reason that domestic supplies of this lean beef are not adequate to meet demands.

We believe upon full consideration of all the implications of this legislation, the wisdom of this subcommittee will prevail and these measures will be set aside without any further consideration.

STATEMENT OF

NATIONAL MEAT CANNERS ASSOCIATION

The National Meat Canners Association, national trade association for the meat canning industry, is opposed to H.R. 2272 and H.R. 5395. This legislation would require that imported meat and meat food products made in whole or in part from imported meat be labeled "imported" at all stages of distribution until delivery to the final consumer.

The enforcement of such labeling provisions would require a huge increase in the number of federal government employees. Currently the regulations of the U.S. Department of Agriculture state that "all imported products, after entry into the United States, shall be deemed and treated as domestic product...". As imported meat has the same characteristics of domestic meat, enforcement of the bill's provision would necessitate a vast bureaucracy of inspectors to oversee the operations of each canner and processor in this country.

In addition to increased costs to the taxpayer, there would be increased costs to the direct consumer due to the need to keep the imported meat separate from domestic. Imported meat is used interchangeably and together with domestic meat to produce a wide range of canned, frozen and processed foods. Packers, canners and other meat food processors would have to maintain two or three sets of labels at additional costs and reduced efficiency in their operations.

There are not now sufficient lean animals in the U.S. to satisfy the need for lean meat for hamburger, bologna, wieners, soups, and stews. To meet the low fat requirements of these and other products, imported lean meat is needed. To make it difficult for imported meat to be used when the country is faced with high domestic beef prices seems unwise and unreasonable.

It would be inconsistent for the United States to establish a non-tariff trade barrier when we are so desirous that these barriers be removed by other countries. This effort designed ostensibly to inform consumers that the product contains imported meat is simply an attempt to discourage its use.

Canned meats provide low and middle income Americans with animal protein in its most economical form. Enactment of legislation along the lines of these bills will result in higher prices for canned meats, thus penalizing those consumers who depend so much upon them.

We recommend rejection of this legislation.



P.O. BOX 578, DAYTON, OHIO 45401 PHONE 513/890-6400

June 11, 1980

The Honorable Charles Rose
The U. S. House of Representatives
2435 Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Rose:

On June 24 hearings have been scheduled by the House Agriculture Subcommittee on Livestock and Grains for H.R. 2272, H.R. 5395 and Title I of H.R. 1998. All of these measures are import restrictive and would require additional labeling and inspection of imported meat. This type of onerous meat labeling requirements would not only be costly, but they would be almost impossible to implement or enforce. It would also be an impediment to interstate commerce; and is a classic example of an indirect trade barrier, the type of device used by foreign countries to impede United States exports.

Like all new trade barriers or protectionism, foreign countries will retaliate with their own restrictions on trade.

Protectionism is protectionism whether it is at the local, state or federal level. With growth in economic efficiency already weakening in the United States no one can afford these further blows to competition. Ponderosa System, Inc., operates over 580 steakhouses in the United States. We need your help in ensuring that these bills never become active.

Sincerely,

A handwritten signature in dark ink, reading "Kenneth J. Palmer". The signature is fluid and cursive, with a long horizontal line extending from the end.

Kenneth J. Palmer
Vice President - Corporate Affairs

KJP:alm

U.S. Council for an Open World Economy

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July 2, 1980

The Chairman
Subcommittee on Livestock and Grains
Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Our Council is opposed to H.R. 5395, H.R. 1998 and any other bills (a) requiring that imported meats, when sold in whatever form in this country, be designated as "imported" on labels, signs or food-service menus, and (b) requiring precise duplication of U.S. inspection procedures for foreign meats produced for export to the United States, without any compelling evidence that such duplication is necessary, feasible and equitable.

Our Council is a private, nonprofit organization engaged in research and public education on the merits and problems of achieving an open international economic system in the overall public interest, which is the Council's only standard. The Council neither speaks for nor acts on behalf of any private, commercial interest. The Council totally endorses the need for health standards in imported meat which are at least the equivalent of the high standards commendably enforced in the marketing of domestic meat products. It also believes that a strong livestock industry is vital to the national interest. However, familiar with the long history of such labeling and inspection proposals in past Congresses, we see in them and their stated justifications an effort by various livestock interests to get highly burdensome procedural strictures applied to imported meat and thus to discourage such imports. Proponents deny that import control to reduce consumer access to imported meats is their intention. They in fact portray themselves as champions of the consumer's best interests. But such denials and portrayals are less than convincing. They are particularly surprising coming so soon after the enactment in 1979 of the reformed meat-import-control law featuring a counter-cyclical approach to increasing or decreasing meat imports.

Labeling imported meat as imported, and indicating country of origin, is already required by statute, and is enforced, up to and including the sale of such products to purchasers who consume them

in the form in which they are imported or who, as food processors convert these imports into other forms for use in other types of food products. When meat in the form in which it is imported is reprocessed for use in such things as soups, hot dogs, hamburgers, etc., the various forms and degrees of utilization of imported meats reflect decisions of private entrepreneurs producing food products they believe will meet consumer needs and demands. Our economic system benefits immeasurably from maximum flexibility in decisions to use or not to use imported meats and in selecting whatever degrees of import content best serve production needs at particular points in time.

Proponents of the labeling advocated in these bills emphasize that consumers have a right to know if the product purchased includes imported meat -- that labeling to this effect helps consumers make informed, intelligent choices in buying food. Our Council believes that truth-in-packaging is highly desirable, in fact essential, to the extent that this standard can reasonably be implemented. But government should not make import-content labeling obligatory under all circumstances regardless of need, practicality and other pertinent considerations, under the notion that it is desirable to foster food choices on the basis of whether the item is wholly of domestic ingredients or consists even in part of imported components.

Requiring hamburger vendors, hot-dog makers, soup manufacturers and the like to record on labels, menus or other forms of identification that the foods they sell on the retail market include imported ingredients in some degree even with respect to meat alone -- the degree impossible to specify, for this is subject to the widest variations -- would involve huge administrative complications and commensurate costs both in business management and government enforcement. To the extent that food processors and vendors would dutifully be willing and able to obey such a law, the result of such marking requirements would be a serious impediment to world trade (with respect both to U.S. imports and the retaliatory and emulatory implications for U.S. exports), as well as serious disadvantages to U.S. consumers in inflationary and other terms.

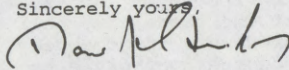
The National Cattlemen's Association's assertion that "if it is desirable to require that cameras, watches, television sets, radios, tools, clothes, and other hard and soft goods be labeled as to their origin, then it follows that the same practice is desirable when applied to food products and meat in particular" reveals a logic that is most surprising coming from a leading organization in this country's food producing industry. If the

cattle industry or anyone else wishes to promote consumer preference for meat-containing food products wholly of domestic origin at least insofar as the meat ingredients are concerned, they should mount a promotional effort to this end and bear its cost, involving all the forms of labeling they would like to see required on import content alone. The merit and practicality of such a campaign is a horse of another color.

As for the inspection issue, we urge continuing efforts to improve the present system. The House and Senate agriculture committees would do well to review systematically the performance of the Department of Agriculture in this matter. Those who advocate the inspection system proposed in these bills should produce evidence that nothing short of these proposals will deal adequately with the health problems they should document in detail. The National Cattlemen's Association says that, while "much progress has been made in upgrading the inspection systems of those countries exporting meat to the U.S.," "many cattlemen question whether the statutory requirements are indeed being thoroughly and effectively applied to foreign products." Just declaring that such doubts exist on the part of "many" cattlemen is less than the proof needed.

If the U.S. meat-producing industry needs government help, such assistance should take the form of a coherent, balanced strategy addressing the real problems and needs of this vital industry and in every way serving the totality of the national interest. The meat labeling and inspection bills you are now considering are far from satisfying this exacting standard.

Sincerely yours,



David J. Steinberg
President

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