

Testimony to the Congressional-Executive Commission on China

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Thank you for inviting me to address you today. It's a privilege to speak to you on such an important topic.

I have been asked to share with you information about the effects of the Chinese ban on U.S. beef imports following the finding of a single case of BSE in the United States. Like over 50 other countries, in late December China chose to shut its borders to live bovine and any related products from the United States.

Our U.S. negotiators have been working to re-establish trade, and we applaud their efforts. But they have not met with success, and we are told that Chinese officials continue to indicate they will take their cues from Japan.

I do not believe this to be in the best interests of China. Japan has made animal testing demands that are not based in science or practical experience, and negotiations are ongoing. While Chinese trade negotiators look to Japan for cues, consumers in China have indicated they still want United States beef. The Nebraska Department of Agriculture's Ag Promotion and Development Administrator Stan Garbacz returned last Friday from a trip to Beijing. While there, he had numerous opportunities to visit with beef importers, restaurant owners and citizens, in addition to his governmental appointments.

Mr. Garbacz summed up his trip by saying it was "depressing and frustrating." On the positive side, he said he was unable, during his numerous appointments, to find anyone that is concerned about potential health issues connected to United States beef consumption. Instead, what he found, were individuals who believe in the safety of our food supply and were clamoring for more of our product. The depression and frustration stem from the knowledge that our customers are ready and willing to accept product, but the Chinese government won't allow it.

Some of these Chinese companies get over half of their meat products as imports, and they generally recognize that the United States has a better quality product than other beef producing nations. These companies have been allowed to use U.S. beef product that was in their freezers prior to December 23rd, but as those supplies have dwindled, these companies are gradually going out of business. So, not only are we unable to service existing customers, but we are losing these potential outlets permanently when they close their doors.

I personally also had the opportunity to travel to China earlier this year. I took it upon myself to visit with consumers there about U.S. beef, and I must tell you, I was pleased with the responses I received. In the wake of the Washington state BSE case, consumers told me they were hoping U.S. beef products could be made available again as soon as possible. Like the company representatives Mr. Garbacz spoke to, these consumers expressed a belief in our food safety system and desired U.S. meat over that of other countries.

What our experiences tell me is that China must consider the needs of its own citizens. The United States should continue to encourage Chinese government officials to use science in its decision-making process. It is China's obligation as a member of the World Trade Organization, and it is what its citizens want. As a point of digression, I want to note that the Chinese government recently highlighted its openness to

using scientific principles in considering major policy decisions. Last month, China announced approval of permanent safety certificates for a number of biotechnology crops. This is encouraging, and it would be my hope that a similar route will be followed in addressing the BSE situation.

If Chinese officials look to science for answers regarding BSE, I believe they will find that Nebraska, and the United States, can provide them with the quality and safe beef products they desire. Even before December 23, the United States had in place a number of protective measures to lessen the opportunity for occurrence of BSE in our cattle population. We've had a surveillance program in place since 1990, we've banned imports of cattle and bovine products from countries with BSE since 1989 and, most importantly, we've had a ban against feeding ruminant-derived meat and bone meal to cattle since 1997. Feeding of such products is generally agreed to be the principal means of transmission of BSE.

In addition to these points of action, since December 23rd, USDA and FDA have implemented a number of actions to further bolster protection against BSE in our beef production system and in our food supply. For example, non-ambulatory or disabled cattle and specified risk material are now banned from the human food supply. Mechanically separated meat also is now prohibited from use in the human food supply.

Animal feed production rules have been changed also. For example, to prevent cross-contamination issues, facilities must have production lines that are dedicated to non-ruminant animal feeds if they use protein that is prohibited in ruminant feeds.

Just last week, USDA Secretary Ann Veneman announced an enhanced surveillance program as a means of making a thorough assessment of the status of the United States herd. This action was taken at the suggestion of an international scientific review panel, which reviewed USDA's response to the BSE case. Animals of high risk will be focused on, with USDA's goal to obtain samples from as many of these types of animals as possible. They will also obtain samples from animals that appear normal, but are older, since science has shown these have a greater likelihood of having BSE than cattle under age 30 months.

While the enhanced USDA and FDA activities should serve as more than enough scientific justification for opening the borders to trade, states like Nebraska are moving ahead with their own efforts at further disease protection enhancements. Even before the December 23rd announcement, the Nebraska Department of Agriculture had stepped up its contact with feed manufacturers and animal rendering facilities in the state to raise awareness about BSE issues at their level of the livestock production chain.

The Nebraska Department of Agriculture also has moved ahead aggressively with the development of a statewide animal tracking system that we intend to be compatible with whatever plan is eventually implemented nationwide. Our model at present focuses on the beef industry, although other species will be added later. It will contain both premise identification and individual animal identification components.

The primary goal of the system is traceability for protection against and reaction to diseases issues like BSE. However, we also intend to utilize this beef tracking system for marketing purposes. The idea is to work in conjunction with partners in the beef production cycle to create a closed loop, farm to fork tracing system.

Nebraska has chosen to move forward in the animal traceability arena because, frankly, we have a great deal to lose if foreign country borders remain closed to U.S. beef products. Already, the effects are apparent. For example, Nebraska generally is known for leading the nation in commercial cattle processing. A report released just last week by USDA highlights a 7 percent decline nationally in beef production during February compared to February 2003. In that same report, Nebraska slid from first

place to second in total cattle processed. Our packing plants have had to cut jobs – some of them, hundreds of jobs – as we continue to deal with the impact of lost overseas markets.

I believe the beef industry in the United States, and Nebraska, has shown its desire to provide China and other U.S. beef importing countries the tools necessary to engage in a thorough risk assessment regarding the beef trade. Given that many countries still have hesitated to recognize our enhanced animal disease protection measures, China has an important opportunity to distinguish itself as a leader. We are hopeful that the country's officials will recognize this and respond to the needs and desires of its citizens and food industry representatives.

Thank you for allowing me to share our Nebraska perspective. I welcome any questions you may have.