

**REVIEW OF THE USDA'S BOVINE
SPONGIFORM ENCEPHALOPATHY
RESPONSE**

HEARING

BEFORE THE

**COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES**

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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JANUARY 21, 2004
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REVIEW OF THE USDA'S BOVINE SPONGIFORM ENCEPHALOPATHY RESPONSE

WEDNESDAY, JANUARY 21, 2004

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC.

The committee met, pursuant to call, at 2:00 p.m., in room 1300, Longworth House Office Building, Hon. Bob Goodlatte (chairman of the committee) presiding.

Present: Representatives Boehner, Pombo, Smith, Lucas of Oklahoma, Moran, Jenkins, Gutknecht, Ose, Hayes, Osborne, Rehberg, Burns, Rogers, King, Musgrave, Nunes, Neugebauer, Stenholm, Peterson, Dooley, Holden, McIntyre, Etheridge, Hill, Baca, Ross, Case, Alexander, Ballance, Cardoza, Scott, Marshall, Pomeroy, Lucas of Kentucky, Thompson of California, Udall, Larsen, and Davis.

Staff present: William E. O'Conner, Jr., staff director; Brent Gattis, John Goldberg, Pete Thomson, Craig Jagger, Elizabeth Parker, Callista Gingrich, clerk; Pam Scott, Sam Diehl, Stephanie Myers, Teresa Thompson, Andy Johnson, Lisa Kelley, and Andy Baker.

OPENING STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

The CHAIRMAN. Good afternoon. This hearing of the House Committee on Agriculture to review the U.S. Department of Agriculture's bovine spongiform encephalopathy response will come to order.

I would like to thank the Secretary for coming to the committee today for a hearing to review the Department's response to the finding of a BSE-positive cow in the United States, which was announced less than a month ago.

The committee appreciates that it has been an incredibly busy time and that there is still considerable work to be done. Please know that we value your hard work and the time you have taken to be here today.

The recent finding of the Canadian-born BSE-positive cow in Washington State has reinvigorated debate about a number of subjects, some of which are related to this issue and some of which are not.

The committee will have a full schedule this year, addressing many of these policy discussions. Following this hearing, the committee will be traveling to the world's largest livestock show, the

International Livestock Congress in Houston, TX, to hold a field hearing on animal identification on March 5. Other topics will be dealt with in due course.

For this reason, I encourage my colleagues to focus on oversight of the Department's response to date, and resist the urge to have far-ranging discussions on every livestock-related subject imaginable.

Given the news we all received on December 23 and the concerns we all faced that day, I believe most analysts would be relatively pleased with where we are now less than a month down the road. While cattle prices have declined in the range of 16 to 18 percent, they have been remarkably stable since immediately after the announcement. The press has been largely responsible in its coverage of events, and all evidence indicates that consumer confidence in the safety of our beef supply has remained strong.

The market seems to have priced in the temporary loss of our beef exports, and I interpret the current stability as a vote of confidence that commercial interests, working in hand with Government, will restore normalcy in this trade in a timely manner.

While exports represent an important 10 percent of the United States beef market, I would encourage all involved to keep the remaining 90 percent in mind as they consider solutions for reopening markets. A cure that is worse than the disease is no cure at all.

The Department of Agriculture was swift in responding to the finding of this single cow in our Nation's herd. The public had been kept informed of events at every step, which is vital to maintaining consumer confidence. The Secretary has clearly made it a priority to keep the communication channels open about the facts of this case and her actions in response.

However, I have questions about one element of the Secretary's announcement made on December 30.

For some time, well-intentioned Members of Congress have sought to bar the movement of nonambulatory cattle, so-called "downers" in livestock commerce. As a result of ongoing consultations with the Department of Agriculture, we have resisted these efforts. This was a hotly debated topic in the conference discussions in the 2002 farm bill. USDA officials and White House representatives were present and contributed to staff discussions that led to the compromise language addressing nonambulatory livestock, which was subsequently signed by the President.

Our reason for rejecting the notion of simply barring nonambulatory livestock from commerce was not an indifference to sound animal stewardship principles. We all agree with and support animal welfare practices. Not only is it the law; it is the right thing to do.

The reason for resisting these initiatives was that the policy of simply excluding these animals from commerce was incomplete. It failed to address important questions about what happens to these animals when they do not move forward in the food production system and how the vital task of animal disease surveillance would be conducted if the animals did not find their way to Government inspectors.

Our concern remains, as the Secretary's announcement also failed to answer these questions. The examination, diagnosis and inspection of downed livestock by licensed veterinarians is a fundamental component of our Nation's animal health infrastructure in our efforts to detect diseases such as BSE, tuberculosis and brucellosis.

Prior to the Secretary's December 30 announcement, non-ambulatory animals were the principal target of our BSE surveillance and testing regime. The fact is that if the Secretary's current policy had been in place previously, we would not even have found this BSE-infected cow.

In addition to a general review of where we stand and where we are going since the events of last month, I will be listening closely today about the Department's plan for monitoring nonambulatory animals that can no longer enter the food chain. What scientific evidence was used to arrive at this decision? How many animals are we talking about? How will this segment of the herd be monitored in the future? How does this improve animal health and public safety? What is the administration's position on expanding this policy to other species?

The answers to these and other questions will help shape the policy process in the coming months.

Again, I want to thank the Secretary for her participation today. I look forward to her testimony.

And at this time it is my pleasure to recognize the gentleman from Texas, the ranking member, Mr. Stenholm.

OPENING STATEMENT OF HON. CHARLES W. STENHOLM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. STENHOLM. Thank you, Mr. Chairman, and thank you for holding this very timely and important hearing. One of the main functions of our committee is to provide oversight of USDA activities, and I appreciate the seriousness with which you have approached this task, as evidenced by today's hearing.

Let me also take this opportunity to thank the Secretary for being present today. I am sure this has been a very busy month, Madam Secretary, and I appreciate the time commitment you made by appearing today.

Given last month's discovery of a BSE-positive cow within our borders, a cow that had been imported from Canada, this is obviously a very important hearing. There have been a number of significant actions and regulatory responses by USDA over the past several weeks. Some of these actions are common sense and have spurred many to ask why they weren't implemented in the first place. One such example would be establishing a new test-and-hold requirement for sampled animals.

In any case, I want to commend the USDA for taking these actions and to say that I am deeply appreciative of the work done by so many hundreds of USDA staff over the Christmas holiday season. Generating a timely response to this incident required a great deal of sacrifice by a large number of USDA employees, and I want them to know that many in Congress are grateful to them.

Despite the good work of many USDA employees on the ground, however, there are a number of questions about USDA's response to this situation that I hope will be answered today.

The first relates to the place of sound science in USDA's policy response. The chairman mentioned this. Let me emphasize that I am deeply committed to the principle that we should use the best available science to drive all Government regulatory policy. Private companies may make decisions that are unsound scientifically in order to market products or meet special consumer interests, and that is their prerogative.

The USDA as a governmental entity, on the other hand, must make objective decisions based on sound science and sound science alone. That is the only safe and sure road for us to follow where regulations are concerned.

Let me also say that I respect the right of some of my colleagues to interject humane animal rights issues into the discussion of our food processing industry. We should recognize these issues for what they are, however, and not confuse them with the sound science policies that make our food safer.

Second, I am concerned about the efficacy of the new surveillance program for BSE. Let me be clear. I am not questioning the safety of our food supply. The chance of BSE-infected tissue getting into our food supply is minuscule. I am, however, concerned about the ability of our Government to provide credible statistical evidence of the fact that our homegrown beef herd remains free of BSE. Recent actions by USDA that limit access to high-risk animals and questions about past testing schemes are a significant concern in that regard.

On the trade front, we also have two major concerns. First and most importantly, how do we reassure our customers around the world that our beef products remain safe? In my humble opinion, we do so by maintaining science-based rules and explaining why we think those science-based rules ensure a safe meat supply.

A second trade concern is how we treat countries that are exporting beef to the United States. On January 7 FSIS sent letters to each of the 10 countries that export beef to the United States under FSIS import authority. The countries are Argentina, Australia, Brazil, Canada, Costa Rica, Honduras, Mexico, Nicaragua, New Zealand and Uruguay. The letters informed these countries of the downer ban and of the intention of FSIS to issue regulations on removal and segregation of specified risk materials, advanced meat recovery and captive bolt stunning.

The letters also state that the exporting countries will have to adopt these or equivalent measures for beef products exported to the United States. These new processing requirements will of course be subject to WTO rules mandating that such requirements be science based, and I will be interested to hear the Secretary's comments on how the rules will be implemented in a manner consistent with our WTO obligations.

Many reports indicate that consumer confidence in our food safety remains high in the United States. When all is said and done on the BSE issue, consumers understand that our U.S. herd is BSE free. We need to ensure that actions taken by USDA will enhance our food safety systems and not merely address perceptions. Fail-

ure to do so could come back to haunt us in two ways. On the trade front, perceptions might cause other countries to impose non-science-based requirements. And on the home front, consumers could become disillusioned with our food safety system if we institute measures that don't actually enhance food safety.

These issues and others will need to be reviewed in similar hearings over the coming months. Today, at the beginning of the new session, we are making a good start, and I look forward to an open and frank discussion.

I also look forward to working with the administration to craft a sound, defensible BSE response as we move into the future.

The CHAIRMAN. I thank the gentleman.

In order to get to the Secretary's testimony and to afford the members full opportunity to ask questions, we are going to make all other opening statements a part of the record, or as a part of your 5 minutes, you can certainly use part of that material.

[The prepared statements of Members follow:]

PREPARED STATEMENT OF HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NORTH CAROLINA

Mr. Chairman, I would like to thank you and Mr. Stenholm for holding this important and timely hearing to review the USDA's response to the one BSE case that occurred in Washington State last month. I appreciate Secretary Veneman for taking time out of her busy schedule to be with us today.

I would like to commend the Department for their rapid response to the BSE issue. Because the Department has based their investigation on science and has served as a steady source of information, consumer confidence in our nation's beef supply has remained strong.

Since the investigation has gone well, I was surprised by one of the announcements the Secretary made on December 30 which would ban downed animals from the food supply. This change contradicts the policy the Department had in place that allowed them to find this one positive cow.

Banning downed animals from the food supply is not a new idea to Congress or the Department.

We are all aware of the numerous attempts that have been made to ban downers from the food supply. The reason this policy has not made it into law is because it would undermine the surveillance program for detecting animal diseases since downed animals are primarily targeted for testing. I am hopeful that since the Secretary's announcement, she now can provide us with details on the new surveillance program USDA will conduct to maintain a safe food supply as safety is our first concern.

Since the discovery of this one positive cow, I am also concerned that many of my colleagues are rushing towards legislative fixes that are well intended but may not enhance food safety and animal health but instead place more hardship on America's cattle producers. Burdening our producers with more costly Government mandates at a time when cattle prices have declined and exports have not resumed is not the way to help the industry. I want to caution my colleagues to proceed carefully when thinking legislation will magically "fix" what may not necessarily be broken.

Lastly, I am pleased to see USDA diligently working with our major export markets, particularly Japan, to resume trade. I am hopeful these ongoing negotiations will result in a re-opening of these markets as soon as possible, but not at potentially unreasonable demands that are not based on science.

Again, Mr. Chairman I thank you for holding this hearing. As the chairman of the Livestock and Horticulture Subcommittee, I will be working with you closely on this matter, and I am willing to hold any follow-up hearings that may be necessary at a later date.

PREPARED STATEMENT OF HON. MIKE ROGERS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ALABAMA

Mr. Chairman: Thank you bringing us together for this vital hearing so soon after Congress has returned.

Madame Secretary, I commend your efforts in trying to achieve "the most robust system possible to guard against BSE" as well as the best way to maintain consumer confidence in our safe beef supply.

Your recent actions in response to the case of BSE in Washington State though raise many questions about what process we are moving toward to ensure the safety of our beef supply.

In your remarks you state that the President's budget will include \$178 million to complete the renovation of the USDA campus in Ames, IA. In creating the most robust system, you have announced plans to double to 40,000 the number of BSE surveillance samples that USDA will be having analyzed. That combined with all the other animal health and food safety testing that USDA does would seem to create a need for a more diversified, regional analytical base.

There are many outstanding veterinary schools and animal research centers throughout the Nation and especially in the southern United States such as Auburn University where there are many cattle farmers that could become an integral part of the USDA's programs. In keeping with "creating the most robust system" I believe we should diversify our number of labs that do these types of testing and I look forward to hearing your thoughts on this idea.

PREPARED STATEMENT OF HON. MIKE ROSS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF ARKANSAS

Mr. Chairman, I would like to thank you for holding this hearing to provide members of his committee the opportunity to review the Department of Agriculture's response regarding the single case of BSE in the United States.

I am grateful for the quick response of the Animal Plant Health Inspection Service in response to the case in Washington State. Their initial reaction helped to educate the public and reinforce the fact that our food supply remains safe. Further, actions by USDA have ensured the confidence in American beef. I look forward to discussing the potential challenges that might arise from some of the policy decisions enacted recently.

I am particularly concerned about re-opening U.S. beef export markets. As you are all aware, in excess of 50 of our trading partners have blocked some or all of U.S. beef product imports. This could be disastrous to cattlemen in the rural areas of the country that are represented by most of the members of this committee. I am committed to working with USDA and USTR to re-opening these export markets.

Again, Mr. Chairman, I thank you for your time and attention to this matter. Further, I appreciate the openness by which this hearing was formulated and look forward to hearing from the Secretary.

The CHAIRMAN. We would now welcome Secretary Veneman.

Madam Secretary, you contacted me about this first on Christmas Eve, and I think that has been the hallmark of your approach to this. You also then directly spoke to the American people, and I think you have done an outstanding job in assuring the public that our food supply in this country is very safe—I would argue the safest in the world. And I commend you very much for that, and we welcome you here today.

**STATEMENT OF HON. ANN M. VENEMAN, SECRETARY, U.S.
DEPARTMENT OF AGRICULTURE**

Secretary VENEMAN. Well, thank you very much, Mr. Chairman, and thank you to the members of the committee for being here today. I do appreciate the opportunity to be here with you today to discuss this recent find of a single BSE-positive cow in the State of Washington and the response that the USDA has taken as a result of this find.

I have had the opportunity to talk with many of you over the past days and months, and I appreciate the input I have received; and your input is valuable as we continue to work through the many issues, as the chairman said, that surround this situation.

As was indicated, on December 23 we received word that a tissue sample taken as part of our routine surveillance system had tested

presumptive positive for BSE, or what is commonly referred to as “mad cow disease.” That was only 4 weeks ago, but in some ways it seems like 4 months, especially when you consider all that has transpired.

We had in place a BSE response plan, which was first developed in 1990 and has been continually updated since then to reflect the latest knowledge about the disease as well as lessons learned from other countries who have had cases of BSE. Upon hearing of the BSE find, we immediately began to implement our plan. We began an epidemiological investigation to determine the origin of the cow and to identify and locate her offspring and cohorts.

We also began the process of tracing the meat forward and learned that while meat from this cow went into the food supply, the high-risk product, such as brain and spinal cord, did not enter the human food system. We feel very confident that the meat that did enter the food supply posed virtually no risk to public health. However, in an abundance of caution, we traced the meat from the animal and issued a recall of the product.

Also consistent with our response plan, we sent the tissue sample for conservation to the World Organization for Animal Health reference laboratory in Weybridge, England. We also decided that it was important to immediately inform the public. I felt then and I still feel very strongly that we have an obligation to the American public and to our industry to be as transparent, timely and accurate as possible in our communication efforts.

Upon learning of the presumptive positive, I asked our scientists how confident they were in these preliminary results that they had presented to us. When our experts said they were very confident in the accuracy of the tests conducted by our scientists at the National Veterinary Services Laboratory in Ames, Iowa, we made the information public on the same day that I learned of the presumptive positive, December 23, even though the laboratory in England had not yet verified our findings.

After the announcement, we began daily briefings that were broadcast live via our Web site and in some cases broadcast live on network and cable television so that those who were interested could hear the latest information and updates. From December 24 through New Year’s Eve, some 100,000 people viewed our briefings via the Web, and thousands more participated through interactive phone lines.

When considering actions to be taken following the find, we repeatedly asked ourselves and our staffs three questions: First and foremost, what, if any, additional actions need to be taken to further protect public health? Second, what additional actions, if any, need to be taken to prevent potential spread of the disease in cattle herds? And third, how can we best maintain consumer confidence in the safety of our beef supply?

On December 30, 1 week after the find, I announced a series of actions to further enhance our already strong safeguards. These included an immediate ban on nonambulatory, or so-called “downer” animals, from the food system, and further restrictions on what we call “specified risk materials,” such as brain and spinal cord tissue, from entering the food supply.

We also announced that meat from cattle tested for BSE will be held until the test is confirmed negative, a so-called “test-and-hold” policy. These measures were published on January 12 as interim final rules.

We were able to act so quickly because of the advanced planning that we had undertaken. After the find in Canada on May 20, 2003 and prior to the find in Washington State in December, we had been working on new regulations on specified risk materials, so much of the regulatory analysis had already been completed.

In addition, we said that we will maintain an aggressive surveillance system by doubling the number of animals tested and continuing to target high-risk animals. We also announced that we will be expediting the implementation of a verifiable system of national animal identification. Currently, many animals can be identified through some system of animal identification. In fact, the BSE-infected cow in Washington had an animal ID which greatly facilitated the trace-back.

Significant work to develop such a system has already been accomplished. Over the past 18 months, USDA has worked with the National Institute for Animal Agriculture and State and industry groups to identify national standards for an animal identification system that will enhance the speed and accuracy of our response to animal disease outbreaks.

I have asked USDA’s chief information officer to make it a top priority to develop the technology architecture necessary to implement an effective and verifiable system throughout the country. Our goal is to achieve a uniform, consistent and efficient national system.

On Saturday, December 27, we learned that the ear-tag matched that of a Canadian cow that was exported to the U.S. We made the public announcement of that information the same day, and further announced we would be confirming that find through DNA testing.

On January 6th, the DNA result, along with other records and documentation, allowed the U.S. and Canada to confirm that the cow originated on an Alberta dairy farm. In keeping with our commitment to continually review our systems, I also announced on December 30 that I would convene an international panel of experts to review our investigative efforts. We are asking them to make recommendations for possible further enhancements to our systems, including recommendations on changes to our current surveillance systems in light of the current situation. This team will be composed of the same experts who reviewed the Canadian situation, with the addition of an expert from OIE.

We expect them to be here this week to begin their review. We are also in the process of approving so-called “rapid tests” for BSE. On January 9, we announced that the Animal and Plant Health Inspection Service would begin formally accepting license applications for BSE rapid test kits. These tests, among other things, are less specific than the immunohistochemistry test that USDA has designated as the official test for BSE, but can produce results for screening purposes more quickly.

Internationally, this IHC test is considered the gold standard diagnostic test method. Our Animal and Plant Health Inspection Service is now reviewing and responding to the data submissions,

physically inspecting the facilities where these test kits would be produced and actually testing these kits at the National Veterinary Service Laboratories in Ames, Iowa.

Last week, on January 13, I traveled to Ames, IA to visit with our scientists at the National Veterinary Services Laboratory to get a sense of how the testing process currently works, to listen to their views about revisions to our testing program, and to discuss what additional resources they need to get their jobs done.

As you all know, the National Centers for Animal Health in Ames are the linchpin in our animal health infrastructure. We have world-class scientists there, and they need world-class facilities. That is why I was pleased to announce last week that the President's 2005 budget, which will be announced in early February, will include \$178 million to complete the renovation of the USDA campus in Ames, Iowa. This houses a critical mass of APHIS diagnostics and veterinary biologics laboratories, as well as many of our Agricultural Research Service researchers.

When completed, the campus will be the most modern and best equipped animal disease diagnostic and research facility in the world. If approved by Congress, these funds would allow us to fully complete this project by the end of 2007 under an accelerated contracting and construction schedule. All the actions that we are taking are in addition to the strong safeguards that we had in place before this find on the 23rd of December.

We have continually reviewed the scientific research, conducted risk assessments and strengthened our protective measures accordingly. As you know, USDA requested Harvard University to conduct an independent risk assessment to evaluate preventative measures already in place and to identify additional actions that should be taken to minimize the risk of BSE. After 3 years of extensive data-gathering and analysis, these results were announced and released in November of 2001. At that time, the Harvard study found that BSE is highly unlikely to become established in the United States should the disease be detected in our country.

As a result of the Harvard analysis, we announced additional preventative actions such as increased surveillance in the testing of certain ground beef products for central nervous system tissue.

In 2003, we asked Harvard to reassess the situation, taking into account the BSE find in Canada in May. In August, Harvard reaffirmed the findings of the initial study that systems already in place would prevent BSE from spreading if it were found in the United States.

Harvard also concluded that even if infected animals or ruminant feed material entered the U.S. agriculture system from Canada, the risk of spreading extensively within the U.S. herd was extremely low.

Throughout this process we have been committed to maintaining public health, safety and consumer confidence in our systems. Some 90 percent of U.S.-produced beef is consumed domestically, and all indications are that the confidence of the U.S. consumer in the safety of American beef remains very strong. Retailers and food service outlets are reporting virtually no adverse effects on consumer demand as a result of the BSE finding. We believe this is due in part to the quick and aggressive steps the administration

has taken to protect the public health. Unfortunately, most of our export markets including our key buyers, Japan, Korea, Mexico and others, immediately closed their markets to U.S. beef after the December 23 announcement.

In 2003, the quantity of U.S. beef exports is estimated at about 2.6 billion pounds, accounting for 10 percent of U.S. beef production. The value of exports of our beef, veal and variety meats is estimated at about \$3.8 billion for 2003, and we exported another \$65 million worth of live cattle.

The products that otherwise would have been exported in 2004 must now be absorbed into the domestic market. The loss of exports had an immediate impact on the cattle market, resulting in an initial drop of 15 to 20 percent in cattle prices on cash and futures markets.

However, prices have continued to strengthen over the past week. Markets are now down as of last week about 10 to 15 percent, and today's prices indicate even a little higher than that. They are down about 10 to 15 percent from last-week levels prior to the BSE finding, but current cattle prices remain above year-ago levels.

Regaining our export markets is a top priority for the administration. The conditions our trading partners impose on us for re-opening trade must reflect what science tells us. We know that the risk to public health from BSE is very low in countries that have no or low incidence in cattle and that also have appropriate mitigation measures in place.

The United States is leading the effort to ensure that the international response to BSE is science based. After the find in Canada last May, we reacted exactly the way other countries are now treating the United States. We shut off all beef and cattle imports from Canada. However, after conducting a complete and thorough investigation into the incident and evaluating the additional safeguards that Canada made to its already strong system, we allowed trade in low-risk products to resume in late August.

The United States reviewed the scientific evidence and determined that imports of boneless beef from animals under 30 months of age and other low-risk products could safely resume.

The U.S. decision was consistent with international scientific standards that allow for trade to resume when a country has taken necessary actions to prevent the spread of BSE.

Last fall, we published a proposal to extend the trading to allow live animals and certain other products to enter the United States. The comment period on that rule closed on January 5. In light of the finding in Washington State and the origin of the cattle, we will consider the next steps on this proposal after our investigation is complete and determine how to obtain further public comment on the proposal or if we need to revise the original proposal.

In addition, together with Canada and Mexico, we have asked the OIE to clarify its guidelines regarding trade among countries with BSE so that science guides the actions of all countries. We expect the OIE to issue an updated chapter on BSE this spring.

U.S. beef is safe for consumers in the United States and all around the world, and we are urging our trading partners to base their decisions on science. Since December 23, we have worked con-

tinually to inform our trading partners about the case, the steps we are taking to investigate the situation, and the additional safeguards that we have implemented.

Within days of the finding, we dispatched USDA's senior trade adviser, David Hegwood, and Dr. Chuck Lambert, Deputy Under Secretary for Marketing and Regulatory Programs, to Japan and to South Korea to explain the investigation and the rigorous safeguards that we already had in place.

Earlier this month, U.S. Trade Representative Zoellick and I each had very encouraging meetings with the Japanese trade minister. Last week I had a lengthy conversation with Japan's Minister of Agriculture Kamei. I impressed upon him the importance of finding a practical solution to allow resumption of trade and releasing into commercial channels the considerable quantity of beef shipped to Japan prior to December 23.

Minister Kamei stated that Japan is looking forward to resuming trade. As a result, Dr. J.B. Penn, Under Secretary at USDA for Farm and Foreign Agriculture Services, is in Japan today leading a delegation of USDA and FDA officials to further engage the Japanese in discussions to reopen that important market for our beef.

In addition, I have talked with ministers from Canada, Mexico, the Philippines and others on an ongoing basis to keep them informed of our progress. We have been quite pleased with the reactions from both Canada and the Philippines, as both countries have allowed at least a portion of their markets to remain open to our beef.

Dr. Penn and Mr. Bill Hawks, USDA's Under Secretary for Marketing and Regulatory Programs, traveled to Mexico a week or so ago for a very productive discussions, and other U.S. officials just rushed from China where these issues were discussed.

And last Friday I hosted a meeting of my counterparts from Canada and Mexico, and we discussed the need to enhance and coordinate a consistent North American response to the animal health and trade issues that BSE raises. We agreed to develop an enhanced consultative process led by senior officials in each of our Departments to facilitate these efforts. The work is already under way, and we expect the officials to meet within the next 30 days.

In addition, technical teams from Japan and Mexico spent several days in the United States over the past couple of weeks, meeting with technical experts at USDA and the Food and Drug Administration. The Japanese team also traveled to the State of Washington to review the investigation there, and the Mexicans visited processing facilities in Colorado.

USDA staff at U.S. embassies abroad continue to inform foreign governments of actions taken and reassure them of the safety of our beef. In addition, we held a briefing here last week for all foreign embassies to keep them informed of new developments in the BSE investigation and to respond directly to their questions.

Our efforts to restore our foreign markets continue to be a top priority, and we are urging our trading partners to resume trade based on sound scientific principles.

Our investigation into the case in Washington State is ongoing. In just 4 weeks and 1 day, we have made a great deal of progress in both the trace-back and trace-forward from the infected animal.

Our investigators have worked hand in hand with the State of Washington and other States, as well as with Canadian authorities.

Because of our advanced planning and our continuous review of BSE risk mitigation measures and particularly the intensive review we have undertaken since the Canadian find in May of last year, we were able to respond very quickly and effectively to the BSE find in Washington State.

We are continuing to trace the other animals that came across the border with the infected cow and are finding and testing those animals. To date, all animals tested have been negative for BSE. We have implemented significant policy changes and had numerous meetings with our international counterparts. We have worked to be as transparent in our process as possible and provided updated information as quickly as possible.

I am very proud of the accomplishments of our dedicated team at USDA and the work that they have done on this process. Many of them are with us today, including Under Secretary Hawks, Under Secretary Murano, and our chief economist, Keith Collins, but I would especially like to recognize our chief veterinarian, Dr. Ron DeHaven, for his extraordinary work throughout this process.

We will continue to provide timely updates to the public as information is available to us. We will continue to update this on our Web site as information is available.

Mr. Chairman, again, thank you very much for holding this hearing today. We appreciate the opportunity to inform the agricultural community and the broader public of the actions that we have taken. We recognize that there are different ideas and opinions as to how we can achieve the most robust system possible to protect the public health and guard against BSE. I look forward to the opportunity for dialogue on these issues that this hearing affords us, and I am pleased to take questions at this time.

Thank you very much.

[The prepared statement of Secretary Veneman appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Secretary Veneman, and thank you for that very comprehensive statement, which very clearly outlined the enormous effort that you and your good people at the Department have put into this issue in the last month. I commend you for that.

Let me go right away, since time is short for each of us, to the area that I have expressed concern to you about with regard to nonambulatory cattle, or so-called "downers".

What is the legal definition of nonambulatory cattle that will be used in enforcing the new policy of excluding nonambulatory cattle that you announced on December 30?

Secretary VENEMAN. I don't have the definition in front of me, but I can tell you that it is the definition that we had previously used in the Food Safety and Inspection Service directives and guidelines. We did not alter this definition, but wanted something that was known to the plants and interested parties to be the current definition. And so the definition that we put in our regulation, our interim final rule, mirrors that.

Basically, it defines nonambulatory disabled livestock as those that cannot rise from a recumbent position or that cannot walk, including but not limited to those with broken appendages, severed tendons or ligaments, nerve paralysis, fractured vertebra column, or metabolic conditions.

The CHAIRMAN. And how many such animals were tested for BSE in 2003?

Secretary VENEMAN. I am given a number of about 16,500.

I can tell you that we are dealing with a universe here of about 35 million cattle that are slaughtered in the United States. Of that, about 150,000 to 200,000, it is estimated, were presented at slaughter as these nonambulatory or downer animals. This is less than 1 percent. It is a relatively small number. And we also have a number of animals that are called "deads or dyings," that don't go into the food chain, of about an additional 400,000. So we are basically pulling the downers from the category of the 35 million into the category of the 400,000.

The CHAIRMAN. So 16,000 were tested in 2003. How many will be tested in 2004?

Secretary VENEMAN. Of what animals?

The CHAIRMAN. Of nonambulatory cattle.

Secretary VENEMAN. Well, in 2004, we are looking at the various at-risk populations, probably the most at risk would be the deads and the dyings, animals that are presented at rendering plants, and we do have agreements with some rendering plants and like plants to test animals there. We will expand those kinds of agreements.

We are looking at information on various additional ways, looking at older cattle that may be presented to slaughter. Those obviously with central nervous system disorders are at the highest risk. Those are the ones we want to target for testing, but overall we will be using the international team that will be coming to the United States beginning this week to review our investigation and our actions. We will be using that team to make recommended actions on our overall surveillance process.

I am told that we are increasing our testing to about 40,000 total animals. Of those, it is estimated that probably about 35,000 will be nonambulatory animals.

The CHAIRMAN. Now, according to estimates—and they seem to be widely varying—the number of nonambulatory cattle in the country range from 150,000 to 1.4 million. According to these widely varying estimates of the number, somewhere between 8,600 and 80,000 of these animals should have occurred in the first 21 days of this year.

Do you know how many nonambulatory cattle have been turned away from the food processing system as a result of your change in policy thus far?

Secretary VENEMAN. Mr. Chairman, I don't. I have never heard the million animal number. The number of animals that were the estimates that were given to me in terms of the number of downer animals possibly within the system were between 150- and 200,000. Those are the numbers upon which we made our decisions.

The CHAIRMAN. Let me get to my point. How many of these non-ambulatory cattle that have been turned away have been tested for BSE?

Secretary VENEMAN. I am unsure at this point.

The CHAIRMAN. And based on historical trends, how many non-ambulatory cattle are no longer moving forward to slaughter facilities as a result of the policy change?

Secretary VENEMAN. Well, again, the estimates are the best numbers I can give you; the estimates that we had been given were somewhere between 150,000 and 200,000 had annually—out of 35 million, had been slaughtered. Again, this is a very, very minuscule part of the overall amount that are slaughtered every year.

Let me just say, apparently—I have just been handed a note—there have been so far tested this year, as of the 15th of January, 6,744 downers tested.

The CHAIRMAN. We will come back to this issue. My time has expired, and that is the only reason I was interrupting, but I continue to be concerned that we have a gap in the system if we do not deliver downer cattle to the facilities where the veterinarians are located that can spot them and inspect them.

At this time, I recognize the gentleman from Texas, Mr. Stenholm.

Mr. STENHOLM. To follow up the chairman's question, how did we accomplish the testing of those 6,700 downers in the last month? Rendering plants?

Secretary VENEMAN. Oh, I am sorry. That was since the beginning of the 2004 fiscal year. The note wasn't specific on that. I apologize.

Mr. STENHOLM. On January 7, FSIS sent letters to each of 10 countries that export beef to the United States under FSIS import authority. The letters informed these countries of the downer ban, FSIS's intention to issue regulations on removal and segregation of specified risk materials, advanced meat recovery and captive bolt stunning. The letters also state the exporting countries will have to adopt these or equivalent measures for beef products exported to the United States.

My question is, are any of these countries likely to challenge the new requirements for exports of beef to the U.S. as being non-scientific based?

Secretary VENEMAN. We have not heard that any country plans to challenge any of those restrictions as not being scientifically based, no.

Mr. STENHOLM. To the best of your knowledge, do any of these exporting countries have in place any of the regulations similar to the ones we are now implementing?

Secretary VENEMAN. Well, certainly Canada is a good example of regulations that are in place. As a country that did find BSE, they implemented a new regulation with regard to specified risk materials, which is quite specific. As we went through the various options for the regulation that we would implement with regard to specified risk materials, it was determined we would mirror those that were already adopted in Canada following their single case of BSE, and that is what we put in the interim final rule that we announced and published.

So our regulations with regard to the specified risk materials are virtually identical to those that were promulgated in Canada, and so I know that in that one instance, we are in fact—should be very equivalent in that regard.

Mr. STENHOLM. I think there is a generally accepted belief that the so-called “downers” are the suspects that are the ones that we normally have looked to for maintaining our BSE surveillance program. The concern that many of us have is, how are we going to maintain this surveillance for the future in order that we might do as we are able to do today, reassure the American public and the world that we do have a BSE-free beef supply?

And some of the practical aspects of this, it is stock show season now; young boys and girls are showing calves. If, by an accident, a broken leg occurs to that animal, it is no longer fit for human consumption.

I have a little difficulty with the practical effects of that, because every one of us in this room would agree that a broken leg does not render the meat supply unfit, unsafe for human consumption, but a literal interpretation, which is what we are doing now and asking the entire world to do, that is the result.

I won't pursue it any further along that line, but obviously I have concerns regarding what we have constantly and consistently complained about other countries for imposing nonscience-based requirements on our exports of food to them; that is a constant battle that is going on. And there is concern now that by the absoluteness of the downer question, that we have not only come up with a non-scientific-based proposal, but we also are in danger of having it thrown back at us in not only animal agriculture, but in crop agriculture across the world. And therefore, our interest, my interest, the interests of this committee are going to be working with you to make certain as you have testified today, as you deal with the scientific community of the world, that we ultimately put in place things that can be defended and can also be put in place that will continue to reassure our consumers that we are doing everything humanly possible to maintain a safe beef supply.

The CHAIRMAN. I thank the gentleman.

The gentleman from Ohio, Mr. Boehner.

Mr. BOEHNER. Let me thank you, Mr. Chairman, and say to you, Madam Secretary, a job well done.

The potential disaster that was about to face our country needed quick, decisive and bold action. I believe that you and your team at the Department responded in a way to reassure Americans that our food supply is, in fact, safe, while also assuring our customers around the world that they, in fact, were going to continue to receive safe beef.

Now, while we may have some disagreement over some of the details here, I believe if we step back and look at the bigger picture, the type of bold and decisive action that the Department took was in the best interest of the U.S. beef industry and in the best interest of U.S. agriculture and our continuing concern about the safe food supply that we have.

Now, having said that, there are questions. We have decided that nonambulatory animals will no longer be allowed to be presented at slaughter. Yet, it doesn't appear to many of us that there is a

plan with what to do with nonambulatory animals and a requirement that they be tested.

And I guess my question is that: Why would we clearly remove downed animals, nonambulatory animals, from slaughter before we knew what the plan was to deal with them?

Secretary VENEMAN. Well, I appreciate your question, Mr. Boehner, and I think that I attempted to answer that question in response to a previous question; and that is, as we looked at the situation with regard to downers and testing in the United States, as we made this decision, we looked at the fact that we have one population of animals, about 400,000 of the so-called “deads and dyings” which go into various processes, including the rendering plants in this country—

Mr. BOEHNER. Are they tested today?

Secretary VENEMAN. Some are, and what we plan to do is increase testing for those animals. And, frankly, the deads and the dyings are probably higher-risk animals than were the downers that were being presented at slaughter.

But, again, one of the things that we want to do is, we would like to also call upon this international panel of experts, one or two of whom are specifically recognized as international experts in putting together the appropriate kinds of surveillance programs to get at the likely kinds of animals that should be tested to maintain an aggressive surveillance program.

Mr. BOEHNER. What is the cost of this likely to be?

Secretary VENEMAN. Well, we had already announced that we were going to increase testing from around 20,000, just over 20,000 animals last year, to about doubling that to about 40,000 animals, and we have anticipated that in our budget.

Mr. BOEHNER. It has been estimated that the cost to do this type of testing could be as high as \$70 per animal. Do you have information similar to that?

Secretary VENEMAN. I think that it depends—testing of animals, the cost estimates vary depending upon what kinds of tests are used, the volume tested and so forth; but our estimates currently are running around \$50.

Mr. BOEHNER. Now, Secretary, before my time runs out, one more question. Do you believe that the Department has sufficient authority to develop an animal identification system?

Secretary VENEMAN. Statutory authority?

Mr. BOEHNER. Yes.

Secretary VENEMAN. That is one of the issues that we are looking at very closely, and we have, as I indicated in my opening remarks, a team that is working to look at the architecture of this. But there are some issues that have been raised, particularly on some of the confidentiality issues that we may ask the Congress to assist us with legislation.

Mr. BOEHNER. Madam Secretary, as my time runs out, even though there may be questions that members of the committee do have and concerns, again, I can't tell you and my colleagues how proud I am of the job that you and your Department have done in handling what could have been a very, very difficult situation.

Secretary VENEMAN. Thank you very much.

The CHAIRMAN. I thank the gentleman.

The gentleman from Minnesota, Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman, and I want to echo my colleague, Mr. Boehner's kudos to you and all of your folks. You did a tremendous job in getting on top of this.

I want to concentrate, following up on Mr. Boehner's question about animal ID. Some members of this committee know, and others, that I have been pushing this for some time, and my concern is how soon we are going to get this accomplished.

Are you familiar with the national FAIR Program? This was funded by the Department in 1998, and it now is in 43 States. There are 7,500 farms, 1 million cattle. The tags are developed. They have radio transmitters, as I understand it. These are now ISO certified so that everybody in the country uses this technology. And I am told that this is ready to go tomorrow. What they need is a \$100,000,000 appropriation from Congress, and we funded this. We gave them \$1.8 million in 1998.

The Holstein Association, the Angus, Herefords, a number of the different livestock groups are involved in this, and as I understand it, it is ready to go. And now my staff and myself have been involved in a task force that has been meeting this last year that I guess wrapped up in December with some recommendations, and as I understand it, the recommendation out of that was that we were going to wait until 2006, until the middle of 2006, to finally implement a national animal ID system.

I guess my question is, in light of the fact that we financed this, this is ready to go, it is all read by radios, they have a database where you can go in and within 20 seconds you can know where your livestock is on a database, a Web base that is called *nationalfair.com* or something like that, why would we not take something that we have developed and funded and implemented when it is ready to go—why would we wait till 2006?

Do you know what is going on here?

Secretary VENEMAN. Well, I think that obviously the 2006 date, I think, stems from discussions that took place before the positive find of BSE in this country and before the announcement that I made on December 30 that we would indeed expedite the implementation of a verifiable national identification program. As you say, considerable work has been done on the development of standards for a national animal identification program. That is very important work, because we need consistency of standards.

What we are looking at now is how do you develop the appropriate architecture, the appropriate system to really allow you to access the data from a national system.

Mr. PETERSON. They are accessing the data. It is working.

Secretary VENEMAN. We are certainly taking that system into account, but there are a number of questions that get raised about whether or not you simply adopt a system. Or do you adopt standards that can be met by a number of systems that give you the same kind of information, but that may allow technology to continue to develop?

I don't know the answer yet to these questions, but I think they are appropriate questions to be asking under the circumstances.

We are also hearing now that a number of purchasers, whether fast food outlets or retailers, are going to request their own system

of animal identification. Now my concern is that we need to understand some of those things that are going to be requested of our producers so we don't burden them with multiple systems, and I think that unless we do a good job of looking at these issues we can't develop the right overall system to do this work.

Mr. PETERSON. I agree with you, but what I am concerned about is this. There are, that I know of, seven places trying to get into this business. Tomorrow, there is a demonstration in front of the Capitol here of a cow that is going to be tracked on GPS. You have one in Minneapolis, one in Fargo, one in Ames, IA, one in Colorado, North Carolina, maybe many more. There are a lot of people going to try to get into this business because there is money to be made.

But what I still have a problem with is that it has been done and done with government money. All of these livestock groups are using it. It works. The database is there. I don't understand why we are reinventing the wheel. I think we can spend a lot of time studying this and really what it is about is people trying to get into this business.

Tomorrow morning at 11 o'clock, here in this committee, there will be a demonstration of this system briefing, if anybody is interested in looking at it. I think we need to do this sooner rather than later. They tell me we can do this, and I am going to work on appropriations to make this happen.

Secretary VENEMAN. I understand your concerns, Congressman; and I understand the need to get it done quickly. I want to make sure that we do it right and do it with enough flexibility to allow technology to advance in the future and to allow systems to come together and give us the information we need.

The CHAIRMAN. I thank the gentleman and remind the members of the committee that we are going to hold a hearing solely dedicated to that subject in Houston on March 5. We hope you will make efforts to plan to attend that very important hearing.

Now I would like to recognize the gentleman from Oklahoma, Mr. Lucas.

Mr. LUCAS of Oklahoma. Thank you, Mr. Chairman, and thank you, Madam Secretary, for you and your Department's efforts. When many of us in the industry went to bed on Christmas Eve it wasn't pleasant thoughts of Santa Claus but the potential nightmares of an economic apocalypse coming down upon the beef industry that dominated our thoughts all that night. The efforts of you and your Department have been tremendous.

Along that line, let me pursue some interesting thoughts that I think my colleagues are taking us towards in this question about the nonambulatory animals and where we go with that. Since these animals will no longer be part of the food supply, is USDA putting together a comprehensive plan for the monitoring process and the associated issues of compensation and encouragement to persuade veterinarians and producers to work with us in this effort?

Secretary VENEMAN. We are looking—as I indicated in response to some of the previous questions, we are looking at things that—we have worked with in the past with rendering plants, with veterinarians, with laboratories, we have worked with universities as well as the processing plants to get the kind of population needed. The important thing is to get the appropriate mix.

The fact that these animals are no longer being allowed in the food chain should not deter us from doing the kind of testing that is aggressive and appropriate to have a good solid surveillance system in this country, and that is what we are going to do. It may mean we do it in different places to some extent, not entirely, but I am absolutely certain that we will get the kinds of samples in the kinds of population of cattle that we need.

Mr. LUCAS of Oklahoma. That brings me back to the question of compensation as a way to encourage producers to make sure those non ambulatory animals become available for that examination. I would think it would be important that there be an incentive. Because, after all, since the animals can't go into the food supply anymore, certainly their value will be difficult to determine. How do we come up with a way of judging the appropriate compensation for these animals so there will be an encouragement to make those non ambulatory animals available for the examination?

Secretary VENEMAN. I think the issue of whether or not compensation is appropriate is an issue that needs to have some further debate. I think that we don't want to have a compensation system that encourages our farmers to allow an animal to become a downer so they can get compensated. I don't think that is the kind of system we want. We want good animal health practices on our farms so that we have the least number of downers possible. So I think the issue of compensation is one that probably needs more study as to whether or not that is appropriate.

Mr. LUCAS of Oklahoma. But I would assume if we don't come up with a way to address that there is the potential for animals that should be tested, should go through the process, simply will disappear to the back side of the farm where they will never be properly examined. That is where I am coming from. I want to make sure we provide the necessary incentives so that we have the ability to examine these animals. If we create a situation by which it is an extra financial burden on top of the loss of the value of the animal at the very beginning, then we may not have that opportunity to examine these animals is the perspective that I was coming from.

Secretary VENEMAN. I understand your perspective, but I would remind you that we have—in addition to the downs and downer population that we have discussed earlier, we also have about 400,000 what we call sicker animals, the dead and dying animals that are going into rendering plants and other places of disposal in this country, and we plan to utilize those places to test the appropriate populations.

Mr. LUCAS of Oklahoma. Thank you, Madam Secretary.

I think it would be worth noting, Mr. Chairman, that in a feedlot of 40,000 1,400-pound steers pushing around at each other, there are invariably accidents; and a number of these animals simply reflect those damages. Nothing to do with their health. Just simply too many big steers butting heads. Oh, that could be Congress, couldn't it?

I yield back my time.

The CHAIRMAN. I thank the gentleman for his attempt.

The gentleman from California, Mr. Dooley.

Mr. DOOLEY. Thank you, Mr. Chairman; and I want to join with a number of my colleagues, Madam Secretary, in complimenting you for the strong leadership that you provided. I think the actions that you initiated were most appropriate, and I think the figure that you cited that we now have beef, cattle prices in this country today that are higher than they were a year ago and we have to be pleased with the response of the domestic marketplace that beef consumption is holding fairly strong, a lot of that has to be attributed to a lot of the measures you implemented.

Referring to some of the comments from my colleagues, I would disagree wholeheartedly, that I think it is a ludicrous argument to make that the only way we are going to have adequate and effective testing for BSE is if we have animals that are going to go into the food chain. I think the challenge with the Department right now is to ensure that we have the testing processes that are targeted at the rendering plants so that we can be effective in ensuring that we have the most comprehensive approach to identifying those animals that might be affected.

I had the opportunity to talk to two of the largest beef processors in my area, John Harris from Harris Ranch and Beef Packers Incorporated in Fresno; and they both applauded your actions and in fact had implemented prior to you taking the actions voluntary restrictions on the use of downer animals and felt that all the regulations that had been put out to date were ones that they felt were in the best interest of the industry, best interest of producers and best interest of consumers.

One area they are somewhat concerned about, though, is on the animal identification system and also one of the recent regulations that have been put out by USDA dealing with the 30-month-in-age cut off in terms of how we treat animals of that age. One is that the identification process is one that is inexact. I am interested if we do move to an animal identification system which gives us the capability to also include information dealing with the age of that animal, the birth of that animal, that would greatly assist if we are going to maintain this 30-month criteria in terms of how we are going to treat different carcasses and also how we are going to have different protocols, testing protocols. Is the Department then giving consideration to what information we would be requiring to be included in an animal identification system?

Secretary VENEMAN. Thank you very much, Congressman Dooley, for both your kind words and for your question. We are taking all of that into account.

I think that, in fairness to the group that has been working on this animal identification system, a lot of the focus has been in the wake of watching what happened in 2001 with an outbreak of foot-and-mouth disease which, as you know, is a different disease than mad cow disease because it spreads quickly. The question among producers has been how do we deal with a fast-spreading disease like that and how would we quickly find animals and where they may have moved, and you may be looking at one set of data that may be very necessary for that kind of circumstance. If you look at the BSE situation and looking at ages of animals, you may want different information.

The more we get into this issue of what is going to be required in terms of identifying animals and tracing back, we are finding more and more that there are retailers and others further up the food chain who are going to require and actually are offering economic incentives. For example, we recently learned that, just a couple of months before this BSE find, McDonald's had implemented a policy where they are providing an economic incentive to their packers and producers if they can trace back the birth farm of the animal so they will be able to know where the animal has been.

So you see that the system is beginning to require some of the same data. And I want to make sure again that as we develop the animal identification system that if there is going to be requirements from the ultimate user of the product that we not have multiple systems that are imposed upon the producer providing additional economic hardship but that we ought to have systems that can utilize technology so that producers don't have to have multiple systems, that they be consistent with what others may be doing.

So that is some of the technology questions that we are looking at and I think some of the questions we need to be asking as we go through this process.

Mr. DOOLEY. I would agree with you. I think we are in a situation where we are almost talking about an open source approach to this whole system, is that you have to create a standard that encourages the flow of investment dollars into the development of new technology that might provide greater efficiencies over time. I applaud you in that direction, and it applies not only to the animal ID system but also in the testing system for BSE and other diseases.

The CHAIRMAN. I thank the gentleman.

The gentleman from Kansas, Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman, and for the Secretary joining us today.

This is a critical issue to the country, to our economy, but especially in the folks in the first district of Kansas. There is no congressional district in the country that I think beef prices matter more to than mine at home.

Madam Secretary, a couple of questions. One, I am very pleased that the U.S. consumer has been good about staying in the market. We have not seen a demise in the consumption of beef domestically, and that is a great sign. I attribute that in part to the USDA's response and the timeliness and quality of the information that you are providing the American consumer.

There is great concern about where we are with foreign markets, and I know this is an area of your expertise and one that you share greatly. I am interested in knowing the kind of conversations that are taking place with Japan, with South Korea, with Mexico. Somewhat pleased to hear that Mexico has indicated a willingness to consider reopening their market; and I am interested if there are any demands being made upon the United States' cattle industry for those markets to return to their normal state. Seems to me there is no valid reason that beef is not being imported into those countries.

Secretary VENEMAN. Well, thank you, Congressman, for that question.

As I indicated in my opening remarks, this is an area of considerable focus since day one. We have, for example, our ag attaches all over the world. We have a network of ag attaches, and they were as impacted as my staff at home was because they had to do things like translate our briefings into their host country's language to make sure that people understood exactly what we were doing and to reassure them that we were appropriately handling the situation.

We immediately dispatched a team. They left Saturday after the announcement on Tuesday between Christmas and New Year's to Korea and Japan to begin discussions to let them know exactly what we were doing. We then had a team the following week after New Year's arrive here from Japan and spend time not only here in Washington, DC, but also in Washington State. The trade minister was also here in town for meetings with Ambassador Zoellick, and I also met with him.

Ambassador Zoellick and I had extensive discussions with him on the need to find a solution to this trade problem. He indicated that American beef is something that is valued by the Japanese consumer; and, obviously, there are going to be some shortages in some restaurants if there isn't a way found to deal with this.

I then had conversations by telephone with my Japanese counterpart for a considerable amount of time last week; and we went through some of the various things that we have been discussing, the science, the actions that we had been taking. I think that, again, we heard a message of we would like to find a practical way to address the issues. They do, in Japan, require testing of every animal. That is something that we don't think is based on sound science. So we are addressing whether or not there are equivalent ways that can provide the consumer satisfaction that they are requiring. So we have now a team in Japan that arrived—would be Wednesday their time—who is furthering these discussions and includes both officials from USDA as well as the Food and Drug Administration, Dr. Crawford. In addition, the team will be going on to Korea.

We also had someone in China discussing in both Hong Kong and Beijing with some of the things that we have done and discussing this with officials in China.

We had extensive discussions with Mexico, which is our largest market by volume, our second largest by value, . Under Secretary Penn and Under Secretary Hawks both traveled there the second week after this issue surfaced and began immediate discussions. I had talks with my counterpart the very first week.

One of the interesting things about Mexico is that Mexico followed our lead in opening up to boneless boxed beef from Canada following the BSE incident. Canada has maintained an open market, to us for boneless boxed beef as we have for them which is absolutely the lowest risk product for cattle under 30 months. And Mexico, while they are doing it for Canada, has not yet done it for us. We are hopeful that once they have finished the review of our investigation—and they also had people in the United States they will ask to also open up the Mexican market.

I also hosted a meeting for my Canadian and Mexican counterparts to discuss how we provide more consistency in terms of our

regulatory structures that were aimed at BSE in the North American market. I think that was a very productive meeting, and we are going to have senior level officials from each of our departments to help that ongoing effort.

Mr. MORAN. Thank you. My time has expired, but I will be back in touch with you about the Livestock Revenue Protection Program that was terminated, at least temporarily, shortly after the discovery of BSE. I also want to thank a couple of your staff that happen to be Kansans. They were great resources for me during the Christmas recess, Mike Torrey and Dale Moore, not only provided me with information about what the Department was doing but were very gracious in accepting information about what Kansas cattlemen were telling me that the Department of Agriculture needed to know.

The CHAIRMAN. The gentleman's time has expired.

The gentleman from North Carolina, Mr. Etheridge.

Mr. ETHERIDGE. Thank you, Mr. Chairman; and let me thank you and the ranking member for holding this critically important hearing and to the Secretary for being here. We thank you for your time and welcome you to the committee.

Madam Secretary, you mentioned an international panel to review our efforts against BSE. Can you discuss Canada's experience with the panel? What were its findings and recommendations and what was the Canadian government's response? Finally, has the panel's finding or the Canadians' response made any difference with regard to convincing other nations to accept Canadian beef exports?

Secretary VENEMAN. Thank you, Congressman, for that excellent question.

I think it is very critical that we not forget that Canada did have its first case of BSE in May 2003. In many ways, we were confronted with some of the issues at that time. We had issues about our export markets with Japan. We had issues of initially cutting off the market and then reopening to these low-risk products. We had issues of assisting them from the very beginning days in their investigation.

We worked very, very closely with the Canadian officials. I know Dr. DeHaven and his counterpart have worked extensively together as we have gone through both of these situations.

In the case of the Canadian government's response, the international team helped to identify some actions to strengthen both the areas of SRMs, the specified risk material. And, as I said, Canada did adopt more stringent regulations after their find; and we likewise announced more stringent regulations on December 30. Those mirror what was done in Canada.

There were also some recommendations with regard to strengthening the feed systems in the report. And Canada is still looking at ways—and they are discussing with our Food and Drug Administration officials, who has jurisdiction for feed in this country, about what kind of additional actions might be taken with regard to feed restrictions in our respective countries; and the international panel did make some recommendations in that regard.

Mr. ETHERIDGE. So, I guess the answer is, yes, it has helped move them along the process.

Secretary VENEMAN. I think it has helped in terms of us being able to look at their aggressive response and then take the action with regard to opening up at least for boxed beef. We have announced that regulation for cattle coming in for slaughter under 30 months. The commentary closed on that on the 5th of January. We have suspended sort of a decision on that until our own investigation is complete. But I think certainly the international panel, the Canadian response, their complete investigation helped us, helped Mexico open up at least to the lowest-risk product. So I think it is important to have a transparent and a full scientific review of what you are doing in your country.

Mr. ETHERIDGE. Let me move to one other question, Madam Secretary. Currently, if you are asking a packer or someone to recall some meat or if we have a problem, they do it voluntarily or you have to go to court in order to require that to be done? A few bills have either been introduced or are being contemplated to give you the right and authority to mandate a recall. My question is, as we are thinking about these issues today, number one, do you believe such authority is necessary; and, if so, why? And if not, why not?

Secretary VENEMAN. It is important as we look at these kinds of issues to look at how the process works. One of the things that we require in our country is that a meat plant in this country cannot operate without the presence of a USDA inspector. So we physically have to have USDA inspectors in the plants at any time when they are operating. Therefore, when it becomes necessary to effect a recall, if there is any reluctance on the part of a plant to cooperate in that recall we can simply withdraw our inspectors, thereby shutting down their operations.

So I believe my staff has indicated to me that we have never experienced any difficulty effecting a recall of meat and meat products because we do have such strong authority to go into a plant and withdraw that inspection and thereby effectively shut down the plant.

Mr. ETHERIDGE. Thank you, Madam Secretary.

The CHAIRMAN. Thank you.

The gentleman from Minnesota, Mr. Gutknecht.

Mr. GUTKNECHT. Thank you, Mr. Chairman; and thank you, Madam Secretary, for being here.

I hope I won't take my whole 5 minutes. I think what needs to be said has been said. I think you reacted appropriately and quickly and probably saved our beef producers billions of dollars in doing so. While I think we do some have problems that need to be resolved relative to these downer animals as we go forward, my own sense is if you had to overreact or underreact, I think it was better to overreact.

I want to say a special thank you to Dr. DeHaven who came on my radio show in Minnesota and did a wonderful job of talking about the problem and the solution and what we are doing about it. So I want to thank him personally.

I also real briefly want to attach myself to the comments made by Representative Dooley earlier, and I do hope that you will consider this. Because I think, at the end of the day, the answer to this problem, like the answer to so many of our problems, lies in research and in technology; and I hope that you will work with one

of the crown jewels of the Federal Government as far as I am concerned and that is the National Institute of Standards and Technology.

Because I am concerned as it relates to both testing and national animal ID systems as well as eventually the use of microtaggants, which you may or may not be familiar with. One of the things we can do at the Federal level is create a standard. Because the marvel of our economic system is that we will have lots of solutions coming forward to these problems, and I think that is wonderful. What we need to do is make certain that, as much as possible, that these are all talking to each other and we are all on the same page.

So I do hope if there is going to be a special appropriation or however you are going to handle this administratively you won't try to do this purely in-house. Because not too far from here we have one of the crown jewels in the Federal agency, and I hope you work with them.

Secretary VENEMAN. Thank you very much for that comment and that suggestion. We will do that.

The CHAIRMAN. I thank the gentleman.

The gentleman from Hawaii, Mr. Case.

Mr. CASE. Thank you, Mr. Chairman, Madam Secretary.

First of all, I want to tell you I reached in my State administration Dr. Jim Foppoli as well as the cattle industry in Hawaii. Yes, we do have a cattle industry, a thriving one that depends on export to the United States primarily but also throughout the Pacific; and the marks you got were good marks from them. They thank you for the prompt response.

I want to read one e-mail that I just received, and you don't have to comment on it, but this is from a rancher on Oahu: "My main concern is that Congress does not overreact and pass unneeded legislation on this issue."

I also wanted to thank your Department for its prompt action on a side effect that I think is worth noting for the record. In Hawaii our goal is to transit 2,500 miles of ocean to take our product to market, which is primarily U.S. domestic. The Jones Act is a Federal law that I am trying to change or repeal that severely restricts the transportation alternatives. Your Department did a study on geographically disadvantaged areas of our country. An unattended side effect of the Jones Act is that the ranchers in Hawaii have to transit much of their cattle through Canada on foreign ships and then down into markets in this country.

Obviously, the ban from Canada created a problem. Your Department was very kind in jumping on the bandwagon and assisting us in making sure that cattle that were at sea on the way to U.S. markets did, in fact, transit Canada efficiently. The cattle arrived and were sold at a good price. Thank you very much.

The problem is not finished. It is just finished for now, and we will revisit the Jones Act in another day.

Two questions from my community in Hawaii, and I will give them to you both and you can answer them in whatever way you want.

Following up on import limitations from Canada, Mexico, Japan, my industry is very interested in the development of specialty beef, beef that they can sell at a premium based on grass-fed—Hawaii

grass-fed, organic beef that is brought to market without the consumption of the materials that are most suspected in BSE. Have the export markets created or are they considering creating exemptions from their ban that would allow the import of this type of beef under easier conditions than might exist for other kinds of beef? I am sure this problem is one shared by other parts of our country that are trying to develop the same kind of markets.

Second, carcass retention pending BSE test results. In Hawaii, we have a problem of being a long way from anywhere. The critical mass is not there to retain carcasses for the period of time necessary, at least not without substantial expense.

The observation of my industry is, because of the lack of really quick BSE test results where you have to hold on to carcasses for months, if not a year at a time, the concern is, first of all, the accessibility of the industry to affordable, faster test kits for BSE, which would solve the problem, but also, if that problem is not solved, are there discussions under way to relax carcass retention requirements or come up with another means of retaining some portion of the cattle pending tests?

And answer them however you want.

Secretary VENEMAN. Thank you, Congressman; and I appreciate the questions you have raised here.

First, I understand your concerns about the Jones Act. It has been a challenge to many parts of agriculture in different arenas over the years, and so that is something we will talk to you about at a later time.

On the import requirements, I think we are at a fairly early stage in terms of our discussions with many of these countries. I have not heard specific discussions about specialty products. As you say, those are much more of a marketing type of approach, as opposed to a regulatory approach, for an animal disease like this. So I haven't heard discussion of that particular idea, but I do applaud your producers in looking at niche markets and trying to get value out of the market.

With regard to carcass retention, we have not had tests that take a year. I think the situation with regard to this cow that was found in the State of Washington is fairly illustrative of the amount of time it has taken with what we call the hold standard and that is that it takes a couple of days to get the sample prepared, get it sent in, and then it took about 9 to 10 days to get the tests back. That is, as you say, a fairly long time to hold a carcass. We are in the process, as I said in my opening remarks, of approving these more rapid tests, many of which can be done in a matter of 3 or 4 hours. So we believe that the test and hold policy that we announced can be implemented under the circumstances that we have described.

Mr. CASE. My time is up. Obviously, carcass retention is not a problem even when you are 2,500 miles in the middle of the ocean if those tests kits are readily available. So I would encourage that development. Thank you.

The CHAIRMAN. I thank the gentleman.

Gentleman from North Carolina, Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman, and rethank everybody.

Madam Secretary, hog producers are concerned about the downer issue. If hogs are found because of fatigue or other reasons down, is this a risk to the human food supply and how are we going to handle that with the proposed regulation?

Secretary VENEMAN. Our regulations pertain only to cattle. They did not pertain to hogs.

Mr. HAYES. Right. Thank you.

Did the international team review Canada recommend banning all downers?

Secretary VENEMAN. I don't recall what they recommended with regard to downers. I am not sure they addressed that particular situation or that issue, I should say.

Mr. HAYES. I believe they recommended not to ban all downers. Just further clarification, cow with a broken leg, this does not in and of itself indicate BSE or lead to BSE, would that be a correct statement?

Secretary VENEMAN. It does not necessarily indicate BSE although of the three cattle that have been found in North America with BSE one was presented as a downer with a broken leg, so it is not impossible.

Mr. HAYES. Thank you, ma'am. And again, you are doing a great job. Safety and confidence in the market. The way you have done has been excellent and I look forward to working with you and the fine folks in the Department to make sure we have safe, safe, safe supply and confidence in our markets, and I yield back.

The CHAIRMAN. I thank the gentleman. The gentleman from Washington, Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman. Fortunately my district is in the northwest part of the Washington State, although I had a very busy time back home this last couple of weeks, 4 weeks or so, talking with farmers in my own district. And I have a relative who is a dairy farmer. I want to give the community a flavor of what is taking place in Washington right now in that there is 81 cows in the birth herd of the one cow that was found with BSE, 23 of which have been identified and the remainder we have not yet found the remainder of the birth herd; is that correct?

Secretary VENEMAN. It is not exactly the birth herd. Initially, an export certificate was found with 82 cows that were exported from that herd to the United States. It turns out one of those cows was not exported actually because there was some problem with it. So 81 cows altogether that came across of which we have identified 23 to date and we are continuing to search for others.

Mr. LARSEN. We are still tracking the remaining 58 cows, which underlies some of the argument behind trying to get a national ID system established?

Secretary VENEMAN. Yes, it does. But I also think that it is very important to recognize that the particular cow that we were dealing with in this instance did, in fact, have an animal ID number that gave us the ability to track that cow pretty quickly and to trace it back to Canada and the herd that it came from and to access the records. So I think it is important to recognize in the case we are dealing with we did have identified ID animals.

Mr. LARSEN. On this issue of national ID and the fact that certainly throughout the 1990's a lot of cows were being exported from

Canada into the United States and Washington State as well sort of speaks to the North American nature of this market. What are we doing with Canada in this case as we move forward on a national ID system to try to make it a North American ID system. Doesn't it lend itself to create a North American ID system?

Secretary VENEMAN. I think that is a very, very important question. And one of the issues that we did discuss in my meeting with Mr. Speller from Canada and Secretary Santiago last week, as we talked about the array of issues we are presented with now, whether it is regulatory issues or things like animal identification, we talked about the importance of understanding each other's systems and how they might fit together as these systems are developed. So I agree with you. It has been in the past quite an integrated North American market as you indicated. There has been a lot of cattle that have gone across the border both ways. And certainly that trade in live animals now of course is now terminated, at least terminated temporarily because of these finds of BSE, but the fact of the matter is we have had a North American market in cattle.

Mr. LARSEN. The punch line for ranchers and dairy farmers in my district and Washington State and others is probably paying for that system. And what thoughts do you have in not only trying to create that system but pay for it and make it happen?

Secretary VENEMAN. That is part of what we are looking at as part of the overall architecture. We believe that we have a very good start in terms of a standard being identified. The question is now how do we implement. Do we build upon what others are going to require and include in the numbers so that there won't be a separate system that the Federal Government is paying for. I think that it is important that we look at all of these aspects, including the overall cost not only to the producers but to the taxpayers and what kind of information is going to be gathered through other sources and whether or not we can utilize that information for our ultimate national system of animal identification. So I think that we certainly are putting money into the budget because whatever happens we are going to have to have a computer structure to house a national system that maintains all these identification numbers. So at a minimum, we are going to create and maintain that structure.

Mr. LARSEN. Mr. Chairman, could you indulge me one question on testing?

The CHAIRMAN. Very quickly.

Mr. LARSEN. This has to do with establishing a testing capacity and testing network we talked about earlier, the existing lab network that we have that was developed after 9/11. What thought have you put into using that existing network while we also expand at Ames?

Secretary VENEMAN. Ames has been the laboratory where we have done most of our BSE testing. As we increase the number of tests, obviously we will be looking at other laboratories. These tests will be the State and Federal network that we work with.

The CHAIRMAN. The gentleman from Nebraska, Mr. Osborne.

Mr. OSBORNE. Thank you, Mr. Chairman, and like others, I would like to echo my thanks for your being here and the chairman having this hearing. First of all, I would like to start out with a

comment. This may not be particularly what you want to hear, but I think in deference to the producers in my part of the country, I have been hearing a lot about this. And it is kind of a geographical issue. There are three or four States where this is a hot topic. And I will make a comment. I have traveled this State recently and there is a lot of angst out there about this issue, feeling that somehow there is a correlation here. Some would disagree, some would not. But anyway, I just wanted to mention that the 2-year delay has caused some concern in my part of the world and will say no more than that, just to register the concern and realize this is a difficult thing to address at this time.

Couple of other issues. My understanding in hearing your comments is that we probably will test instead of 20,000, roughly 40,000 animals next year. And of that 40,000, roughly 35,000 will be downed or dying animals; is that correct?

Secretary VENEMAN. That is our estimate, yes.

Mr. OSBORNE. I share the concern of many others. I think it is important to continue to test those who will not enter the slaughterhouse because we need to make sure what the disease situation is and I applaud you for attempting to do that.

I have three quick questions here. One is, do you have any rough idea on the time line of tracing those 81 animals? I know, again, that is asking a lot. But my perception is that probably until we have those 81 animals pretty well run down, we may have a hard time opening trade across most borders. Is it going to be a year, 6 months, do you have any idea?

Secretary VENEMAN. I would say it will be a matter of weeks, not a number of months. It may be difficult given the time that has passed to finally trace all of the animals. Some of them may have gone to slaughter earlier. There were dairy animals, so we are trying to trace them to the herds where they may have ultimately ended up. But again, I am not certain that we can immediately give you an estimate as to when we will have it done. But we are working to get this done as quickly as possible. And clearly, it is in everyone's best interest to get the investigation behind us and move on with a number of other issues we need to address.

Mr. OSBORNE. I am glad to hear that and I realize that is an imprecise answer and a difficult question, but a lot of our people are interested, is it going to be months or a few years or is it going to be a matter of weeks. But hopefully weeks.

Second, there are some who would like to test some of our animals, particularly our trading partners. Is this feasible? Is anyone looking at that or do you feel the 40,000 animal test would do it?

Secretary VENEMAN. I think it is important to recognize that the testing of 40,000 animals, the testing that we do for surveillance is testing that is done based upon what the international organizations indicate will give you a good predictor of whether or not you have an established disease in your country. I think what we have seen so far is despite the fact that we have had a single find there is no indication that we have an established disease of BSE in this country. And that is why we continue to reiterate that we have a safe food supply, that we believe that with the additional actions that we are taking, that we are doing everything we can to protect public health. We know that, for example, Japan does test every

animal. They will tell you that that is because of their consumer concerns. They saw a huge drop in their consumer market. They don't tell you that it is based on good scientific evidence, but rather because it is the way they found to regain their consumer market. It is not so much an animal surveillance test as a reassuring the consumer test. Japan slaughters a fraction of the animals we slaughter in this country. We slaughter about 35 million a year, as you know. And I think that at this point, the kind of surveillance that we are doing is giving us good information about the fact that we don't have established BSE in this country, that what we found is isolated. The other important thing we haven't discussed here today is the fact that both the cow in Canada and the cow in the United States were old enough to be before the North American feed ban, which probably explains how they could have gotten this, is from ruminant to ruminant feed that may have been in the system before the feed ban, which we know is one of the most effective ways to control this before that feed ban was in place.

Mr. OSBORNE. I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. The gentleman from Tennessee, Mr. Davis.

Mr. DAVIS. Madam Secretary, thanks for being here today. I am from Tennessee. We have the ninth largest beef cattle industry in the States, the No. 1 industry for our State. On December 24, I attended Mountain Farm Equipment—they always have a breakfast before Christmas. For the last several years, I, my father before he passed away, and my brother always attended that breakfast. Can you imagine the questions that were asked on December 24 when less than 24 hours earlier it was revealed that the major agricultural product in our district, in our area was in jeopardy. And then I did some research that night on December 23 before I went to that breakfast. And as I researched, I had to have some answers and some assurance when they asked me to make a presentation. So when I researched I was somewhat delighted, certainly wishing that we had more exports, but somewhat delighted that 10 percent of our beef is exported and that we import about 10 percent. So I rationalized to those folks that Americans have confidence in our food supply for a reason, our inspection process, whether it is vegetables, fruits, beef, dairy products have been consuming the American farmers' product for many, many years. And I think in the future there will always be confidence because the U.S. agriculture does the research in processing of the food that our consumers in this country have become so confident of. If we ever lose that, I think that probably is the major role that could happen to the farming industry in this Nation. So I applaud the quick movement.

I could ask several questions and most of them have been asked and answers have been given. But I want to applaud you and the U.S. Department of Agriculture for the quick actions in assuring the American public and I think eventually those that we will export to that you can always have confidence in America's food supply because we mean business when we do the inspection process. Thank you for that.

The CHAIRMAN. I thank the gentleman. The gentleman from Texas, Mr. Neugebauer.

Mr. NEUGEBAUER. Thank you, Madam Secretary, and I want to reiterate what others have said. But when I have talked to some of the industry groups about how things were going in the early days, they were very complimentary of your efforts. So on behalf of them and myself, I thank you for that. I have some short questions because I think most of the long questions have been asked. But the 30 something animals, I know that there has been a lot of discussion about that. Is there any feeling that at some point in time we would begin to segregate the 30 something animals and those younger and look at their downer status and give them a different downer status because of their age?

Secretary VENEMAN. Well, the policy that we have announced at this point is that we have banned all downer animals from the food system. Now this was done as an interim final rule. We will expect to get comments on that interim final rule. We have a 90-day comment on that interim final. What it means as an interim final is that we put the rule into place but still allow for public comment on the rule. So I am sure that those kind of comments will be put in. But I would remind you that the number of animals under 30 months that would be downers is very, very small population. Most of the downer animals are in older animals. That is usually the way that you see downer animals showing up. And most of the animals that go to slaughter in this country are 24 months and under. So that is the bulk of what goes into the slaughter in this country. So, again, the ban does apply to all animals.

Mr. NEUGEBAUER. And I would remind you that most animals are under 30 and—but 11 or 1,200-pound animal at the price levels that we were at is certainly a significant number, the 168 million that you are proposing for the Ames laboratory, that seems to me like a lot of infrastructure for a laboratory when I feel like around the country, many of the major universities may already have some laboratory capacity that is closer to the producers that we may be able to utilize. I am not trying to micromanage the Department of Agriculture, but I would encourage you to look at possibly what some of the existing capacity in the system is today before we go out and build some additional bricks and sticks infrastructure.

Secretary VENEMAN. Let me make a comment on that. The Ames laboratory is our flagship laboratory for animal diseases and particularly the ones that need the secure lab facilities for particularly infectious diseases. This houses the Animal Health Inspection Service, the agency that tests for things like BSE and other animal diseases. But it also houses a considerable amount of research. We conducted a complete review of all of our laboratory facilities around the country. And those that are really the flagships, like Ames, should be where we invest money to make sure they truly remain the flagship and have the infrastructure to support that. Now as we increase the tests for BSE and other animal diseases, we do use other laboratories, particularly since 9/11. As was indicated earlier in a question by Mr. Larsen, we are working more closely with State laboratories, with other laboratories around the country so that if we did have something like a real contagious animal disease like foot and mouth disease, we have laboratories we could put into a Federal system to do testing. And I think it is im-

portant that we do have that kind of interconnection among our laboratories in the country.

Mr. NEUGEBAUER. One last question. \$168 million for new infrastructure, but where are we, do you think, in the process here of live animal testing for BSE so we could eliminate some of the delay and possibly do some early diagnosis?

Secretary VENEMAN. At this point there is not a viable live animal test. There are tests that people are attempting to develop. I think it is important to keep in mind that BSE in the realm of animal diseases is a relatively new disease in terms of what we know about it, because it first came to light in the 1980's with the outbreak in Europe and we learned a lot about ruminant to ruminant feeding. And there is considerable research that continues to go on about the disease itself and how it transmits in cattle as well as how do we find additional tests, more rapid tests and whether or not we can find a live animal test. I think that is a ways down the road, but certainly technology and research are important in that regard.

Mr. NEUGEBAUER. One quick follow-up question. There is some literature out there and there has been a lot—I call it scare literature where people are trying to tie together other neurological diseases in humans to the BSE; for example, Alzheimer's. Are you aware of any good science that correlates those two together?

Secretary VENEMAN. I have never seen any scientific studies that made that correlation whatsoever. And I think that, people who don't have scientific backgrounds don't like to speculate. We have to make sure we are looking at good, scientific studies when you look at these kind of issues, and I have never seen a study. I don't believe there has been any studies that would make that correlation.

I might just add with regard to the previous question, the other thing that we began in our Department that I think is very important—and we are doing it with Texas A&M as one of our partners—is to begin to sequence the bovine genome, and that is going to be very important in terms of our research overall on animal diseases and how we can treat them, test them, and so forth.

The CHAIRMAN. I thank the gentleman. The gentleman from North Dakota, Mr. Pomeroy.

Mr. POMEROY. I thank the chairman. Madam Secretary, I commend you for the actions that you took immediately after the incident. I believe for one that you captured the sense of Congress. In fact, the appropriations process for fiscal year 2004 certainly produced discussions on the downer animal and both the Senate and the House—passed the Senate on voice vote and came within four votes of passing in the House. There is no doubt that if Congress had had a vote following the incident of the cow in Washington State that I believe the ban on downer animals would have passed overwhelmingly in each House.

So I think you anticipated the will of Congress, because you took the proactive steps that you took. I believe it is very important to get these markets back, and we needed to take strong, immediate unilateral regulatory steps to ensure that the quality of our food supply, especially our beef exports, were second to none, and I

think you have taken many of the critical steps necessary in that regard.

Last week I attended the Asian-Pacific Parliamentary Forum in Beijing, China. Prior to leaving I was briefed by the Assistant Secretary of the Foreign Agricultural Service. While in Beijing, some of your staff members in the Foreign Agricultural Service further briefed me. And I then had meetings with officials from the Chinese government, as well as parliamentarians from Japan, Korea and Hong Kong on this issue, actually an administrative official in Hong Kong.

I was very pleased to learn that they wanted the questions answered but were very explicitly not asserting the ban in some kind of protectionist manner. They went out of their way in each instance to assure me that this isn't about keeping our product out, that it was the interest of their market as well as our market to get the product flowing again and the markets back open.

And so I commend you for the work that you have going on at the Ag Department to ag ministries in these countries. And I really do believe if we are able to—I am pleased about the leadership, for example, of the Philippines. If we could give a couple more market examples of that nature, I believe this is a situation where the rest of the trading partners will come along once confidence has been restored.

It has been thrilling for all of us to see the confidence the American consumer has placed in the beef product, and I also think that that can show firsthand to our trading partners what we think of our own beef supply and its quality.

A couple of steps that I guess you didn't take and I think maybe should have been taken. I would like you to address them. One, the comment period expiring on January 15 on the resumption of live cattle imports from Canada. One of the things that I thought might appropriately follow a lot of this new and very significant development is an extension of the comment period past January 15. The administration under your leadership has taken no steps to reopen live cattle coming down from Canada, but we would like to have had a longer import period.

Secretary VENEMAN. Yes. We actually did do—was it January 5 that the comment period—

Mr. POMEROY. January 5, yes.

Secretary VENEMAN. Rather than the 15th.

Mr. POMEROY. Thank you.

Secretary VENEMAN. We did announce on the January 2—I wanted something to go out before the comment period closed to give those who wanted to comment some indication of what we were going to do, and basically—and I think my opening comments indicated this—what we said—and this was a rule that would allow the least risk cattle to come in for slaughter, those under 30 months going directly to slaughter. We said that we would not take any action in this January 2 announcement, we would take no action on this rule until our investigation was complete, and then we would decide whether or not we needed to make some amendment to the rule and/or request further comment. But I do anticipate that there will be some opportunity for additional public comment in light of what has happened here.

Mr. POMEROY. I drew some comfort from that January 2 announcement, in that when the extension was not made I thought, well, my goodness, they must be thinking about throwing this open pretty quickly. So I drew assurance from that. But the people I represent that really want to make a statement on this would like a formal comment opportunity.

Secretary VENEMAN. Well, let me just explain why we didn't extend the comment period. We didn't extend the comment period because we didn't know how long it would take to finish the investigation, and after consulting with our lawyers we determined that it was a better process to simply kind of suspend the process and reopen the comment period once we knew the results of the investigation. So we were trying to give everyone a fair chance once we had more information available to assess all of the information that needed to be put into the process.

Mr. POMEROY. I appreciate that response, and that is certainly a legitimate approach.

Finally, in conclusion, Mr. Chairman—

The CHAIRMAN. Very quickly.

Mr. POMEROY. This isn't even a question. I do think that this all calls for moving forward on country of origin labeling, not for stalling it or kicking it out into the future, and so I think that the Department of Agriculture will continue to consider market preference, in my opinion consumers' strong preference, to knowing country of origin labeling, especially to U.S. produced beef in light of this incident. And I would like you to reflect upon that in the months ahead as you—

Secretary VENEMAN. If I might make one comment because there has been a couple of references now and I want to make it clear that this was passed as part of the farm bill and that the Department has not missed a single deadline in terms of implementation of this legislation on schedule. And in fact, I have heard many people call for country of origin labeling to immediately begin, and we did in accordance with the law put into place the voluntary country of origin labeling regulations, which are available to anyone who wants to utilize them to do exactly what you are talking about.

We have continued to implement the mandatory program on schedule. I know there has been a considerable amount of debate. There has been a considerable split in the ag industry with some of the major agricultural groups wanting the Congress to reconsider and have more time for reconsideration, but I can assure you that the Department has stayed on schedule, not knowing how Congress is going to act on this.

The CHAIRMAN. The gentleman's time has expired.

And this would be an appropriate time to make a part of the record the Secretary's letter yesterday to Senator Enzi indicating your support in the omnibus bill that we do delay the implementation for 2 years so we can write a country of origin labeling law that would work well for American farmers.

[The letter follows:]

THE SECRETARY OF AGRICULTURE

WASHINGTON, DC

January 20, 2004

Hon. Michael B. Enzi
United States Senate
Washington, DC 20510

Dear Senator Enzi:

Thank you for your letter last week to the President regarding your support for country of origin labeling. I know this is an issue that you passionately support and I appreciate your continued dialog with the administration.

We heard first hand the concerns of your constituents at the Country of Origin listening session held by the Department of Agriculture in Cody, Wyoming, on June 4, 2003. The legislation passed by Congress initiated a lot of discussion and we were happy to hear these thoughts directly from your constituents.

On October 8, 2002, USDA put into effect the guidelines for utilizing the voluntary country of origin labeling provisions of the farm bill. This program has been available for well over a year. In addition, after the find this past summer of a single case of BSE in Canada, we implemented a voluntary Beef Export Verification Program to assist in the export of beef from the United States to Japan and Korea. Nearly 200 different companies across the United States are using BEV in their operations.

Currently, we are in the process of implementing the mandatory country of origin labeling provisions in the farm bill and we are receiving comments on proposed regulations. However, as outlined in the Statement of Administration Policy on H.R. 2673 on July 14, 2003, we do believe it would be wise to provide Congress with additional time to address the impacts of these requirements. Therefore, we do support the provision in the Omnibus appropriations bill. The country of origin provision contained in the farm bill is a targeted retail marketing tool, not a food safety or animal health program and should be treated as such.

We are expediting the implementation of a verifiable system of national animal identification. Currently, many animals can be identified through some system of animal ID. In fact, the single BSE-infected cow in Washington had identification, which greatly facilitated traceback. A national verifiable system will be helpful in our efforts to enhance our BSE response efforts.

We would be happy to further discuss these issues with you at your convenience.

Sincerely

Ann M. Veneman

The CHAIRMAN. At this time I would like to recognize the gentleman from Iowa, Mr. King.

Mr. KING. Thank you, Mr. Chairman, and I too would like to thank the Secretary for not only her quick action and appropriate action, but also for your testimony today and your conduct before this committee and Dr. DeHaven for insightful information that he has delivered, particularly in enjoying a roast beef dinner while we went into those details about BSE.

As I look at this—and I think that we are slowly narrowing in on this as it is starting to become clear that our best chance right now is this case in Washington is an unexplained anomaly. The best thing we can hope for is it becomes an explained anomaly. And I would point out also that we know that this animal was born before the ban in ruminant by-products, but we don't know if this animal was infected before or after that ban went in place. And we don't know to what degree we had compliance within the first few months of that plan.

I would hope that we would also be able to have a chance to identify a common source of feed. That might give us more confidence that this becomes an explained anomaly.

I would point out also that the statistics that I have seen and the probability of a human suffering a disease as a result of eating U.S. beef, I have seen those numbers statistically in the one and billions, and rhetorically I would pose the question as could we name a food from any country that is safer than that. And I would withdraw that as a rhetorical question. But one specific one would be on the reintroduction of chicken litter that has ruminant by-products in it and fed back to ruminants, where are we going to be on that regulation?

Secretary VENEMAN. Well, that regulation is a feed regulation, which is under the jurisdiction of the Food and Drug Administration. The Food and Drug Administration is considering further actions with regard to additional regulatory actions on our animal feed, but I can't at this point tell you what or when exactly they are going to announce, but I think they are certainly considering a number of issues.

Mr. KING. I think that also speaks to the consumer confidence issue if we would go forward with that ban on ruminant by-products being fed back to ruminants—actually chicken litter being fed back to ruminants.

Another one of my concerns is that as we accelerate the testing of dead, downed and diseased livestock, somewhere near 50 percent of the livestock in this country doesn't find its way to rendering, and maybe they die on the farm and there is now maybe a potential for that livestock to be drug over the hill by the ditch. I call it buzzard bait. How are we going to incent the testing of those animals that never leave the farm, the dead livestock on a farm?

Secretary VENEMAN. Well, again, we estimate there are about 400,000 animals that are deads and dyings that are presented into the system. We are going to be reaching out to veterinarians, we are going to be working with renderers, we are going to be doing everything that we can to make sure we have the opportunity to test these animals and so forth, and we are not ruling out the possibility of testing some animals on the farm as well.

Mr. KING. And has the Department contemplated an incentive plan to work with farmers on helping to bring those livestock in for testing?

Secretary VENEMAN. There are a lot of things that have been suggested. I can't say that such a plan is in the works.

Mr. KING. Again, I just speak to the national animal identification system. As this unfolded last May it became clear to us that we needed to move forward with the national ID system, of course that process has been at work in this country for a year and a half, maybe longer. It was being accelerated for May, and we saw it as essentially an insurance policy that gave us the ability to identify sources of disease and any disease. And this of course brings us now to the forefront and really causes us to accelerate now the need for a national animal ID system. And I would point out that we may look back on this circumstance, this unfortunate Christmas present for the beef industry, as maybe a blessing in disguise if this helps us get to an animal ID system, and potentially and even worse disease could come along and our ID system could in fact save our herd if we can do that. And there may well be enough car-

cass ID information that comes with an animal ID system that actually cash flows the effort for animal ID.

With regard to rendering, if rendering shuts down, the beef industry shuts down, is there anything coming along with the regulations that would limit the utilization of the feed that comes from rendering?

Secretary VENEMAN. That would limit what?

Mr. KING. The utilization of the feed that comes from rendering.

Secretary VENEMAN. Well, again, that is being addressed in terms of the package that is being considered by the Food and Drug Administration, because, again, that is feed issues, which are under the jurisdiction of the Food and Drug Administration.

I would say, though, that I think that your comments about a national animal ID are very relevant. I mean, I think that there is the potential to really develop a system, as you say, that has real value to it for multiple purposes. And I think that has got to be one of the objectives that we look at as we look at this national animal ID system.

But, again, we are also looking at what are some of the alternative uses in rendering for animal products. For example, we know that there is at least one plant in the United States that makes biodiesel out of rendered product, and I have asked my staff to look at what programs we might have to further incentivize that industry. Obviously there would be a big incentive if we were to pass the energy bill, because that has an incentive for biodiesel in the energy bill, renewable sources.

There is a lot of technology and research being done on use of rendered product for alternative uses, and I think that we need to encourage that kind of new research and new uses as we look to the future of the industry.

Mr. KING. Thank you, Madam Secretary, and thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The gentleman from Arkansas, Mr. Ross.

Mr. ROSS. Mr. Chairman, thank you, and as the ranking member of the Livestock Subcommittee, I want to thank the chairman and the ranking member of the full committee for having this hearing with Secretary Veneman before the full committee, because this is an issue that is very important, not only to the cattle farmers and producers of America, but it is important to our consumers, and it is important to our economy.

Madam Secretary, thank you for the time you gave me yesterday and a lot of the things we discussed yesterday, we can save a little time here today probably.

On Saturday of last week in Texarkana at J&J Livestock Sale Barn, I had a town hall meeting in conjunction with the Arkansas Cattlemen's Association, and W. Smith at my invitation is here today, who heads up the Arkansas Cattlemen's Association. And the issues that came up from cattle producers large and small pretty much are the issues that have been discussed today.

Let me just say that on the downer issue, for someone running 200 to 2,000 head of cattle, having a downer cow is not a big deal to them. It is still an economic loss, but it is not a big deal. But to a cattle farmer with 20 or 25 cows, it is a huge deal to him. It

can mean the difference between a loss or a profit in a given year, and a lot of times we all know that downer cows are the result of a pulled muscle or a nerve and not related to anything that would make the cow unworthy or unsafe to consume. I think the downer issue, the way you all have handled it, is very proper for now. I think it has helped to restore confidence by the consumers in the U.S. beef industry. We have not seen a decrease in beef consumption in the United States for the most part. But I think long term we have got to go back and revisit that issue for those reasons. Also I am concerned if there is no incentive to do something with the downer, then how are we ever going to know if the downer in fact might have had BSE or some other kind of disease. And I think it is important for the safety of the consumers and for the cattle industry and the economic impact that we are able to identify those cattle who might be diseased. So that is one thing to carry back with you, and I hope you will continue to consider.

The other thing is I stand I think with Mr. Peterson from Minnesota. He has been working on this issue before—you heard the song it was country before country was cool, and he was addressing this ID tag issue before we ever had a case of BSE or mad cow disease here in America. What the cattle producers are telling me is they understand the need for it, they want to make sure it is affordable, and they have serious concerns about the privacy issues and making sure that those privacy issues and concerns are not violated and shared with those who really don't need it.

And finally, on trade, we all know that one of the reasons prices are down, it is not because U.S. consumption is down. It is because of the trade issue. We have got I want to say about 50 trading partners who have either blocked some or all of our U.S. beef exports. We all know that 90 percent of those exports go to four countries, Japan, Mexico, South Korea and Canada, and I know you are working in that regard. A number of my colleagues join me in sending a letter to you and to USTR to ask you to continue to work in that regard. If we can get these four markets back open, then I think we can see beef prices for cattle producers stabilize in this country.

And finally because I have got a little bit of time left and because you are here, Madam Secretary, I would like to point out that Arkansas is big in cattle, but it is also the No. 1 rice producing State in America, and I am aware that the rice industry is meeting with USDA regarding Iraq. And I would appreciate anything that the Department can do to work with them to try and move U.S. rice into Iraq, both short term through food aid and long term through commercial sales. And with that, Mr. Chairman, thank you for the time.

The CHAIRMAN. I thank the gentleman.

And now the most patient member of the committee, the gentleman from Georgia, Mr. Scott.

Mr. SCOTT. Thank you very much, Mr. Chairman. And I would like to join the chorus of those who—I certainly want to pass on my compliments to you and the United States Department of Agriculture for the excellent way you have responded to this, and I am very confident that our beef is safe. As a matter of fact, I am going

out tonight and am going to get a good steak dinner at one of these great restaurants in Washington, DC.

But I would like to just ask if you would comment on the fact that during last year, 2003, your Department tested 20,526 head of cattle for BSE, which is triple the level tested of the previous year, 2002.

Do you anticipate that this number will rise further in response to this outbreak, or do you think that the current level of testing is sufficient in relationship to this outbreak?

Secretary VENEMAN. Congressman, we had previously indicated that we were going to increase testing, particularly in light of the first find in North America in Canada, and we have anticipated that our testing will about double for the 2004 year to about 40,000 head of cattle is what we anticipate. So we are increasing our testing. We are targeting at the highest risk animals. We are working within the international guidelines to assure that in that surveillance program that we are testing appropriately, that we should be able to detect the disease within a very high degree of probability according to what the international organization guidelines have told us.

Mr. SCOTT. And in that 20,000, that is an awful lot of cattle that you tested, 20,526, what were the findings there?

Secretary VENEMAN. Well, we only had one positive case of BSE in this country. That case was found, as you know, on December 23. So we have never previously had a positive find of BSE in this country, nor have we had since December 23.

Mr. SCOTT. Well, I think that is fine, and that is a wonderful point to end my questions on. Thank you.

Secretary VENEMAN. Thank you, sir.

The CHAIRMAN. I thank the gentleman.

I believe the gentleman from Texas has one additional question he would like to raise, Madam Secretary.

Mr. STENHOLM. One statement. I just want to associate myself with the comment you made in a letter to the chairman, to Senator Enzi, where you stated country of origin labeling is a tried and tested and true marketing tool, not a food safety issue, and I wished more in our industry would accept that, because that is exactly the way it is. And I appreciate you saying that and associate myself with your remark.

Many times today you have indicated the cooperation that we have had with Canada, with Mexico, you with them, they with us, as we have dealt with the North American problem, and I think that needs to be continually emphasized in this. There is a tendency among some of us on the producing side to tend to ask for—I will put it this way. Be careful what you ask for because you might get it, and that is something—and I appreciate the way you and your people have handled this issue regarding—this is a North American problem. It is a Canadian cow, but as we deal with a solution, since our markets are so interrelated, in getting our markets reopened, I hope Mexico follows very, very quickly, and Japan right behind them.

My question is on something we have not talked about, and that is the AMR, and according to the study of Harvard BSE Risk Management, we know that the AMR process and the—well, we put it

this way. It says in routine regulatory sampling conducted, FSIS detected spinal cord in 23 of the 340 randomly scheduled samples. That is 6.8 percent. We know that the most important means which low-risk tissue can become contaminated with high-risk tissue such as spinal cord and DRG is through this particular process.

We also know that of the 26.5 billion pounds of beef produced in the United States each year, AMR provides about 45 million pounds of beef. Now, that is worth about \$100 to \$150 million.

But here is my question. With the 0.0017 percent of the meat that we banned, why not just ban AMR altogether, given the difficulties of controlling the presence of CNS-type tissues? Why allow it under the system that you have proposed? Why not just ban it? Just a question for my edification.

Secretary VENEMAN. Well, Mr. Stenholm, I think that the question is one that allows us to talk for a moment about some of the actions that we took on December 30 and even before. After the Harvard risk assessment, we began the testing program because of the very concerns that you raised.

We now have basically restricted AMR for animals over 30 months, but as you know, we did that through a rule that is an interim final rule, and I would anticipate that the kinds of issues that you are raising may be those that can be inserted into the comment process if there are those who believe that it should be further restricted beyond what the Department has proposed, and that is what you are suggesting in your question.

But I would suggest that the comment period would be the appropriate place, which is ongoing right now for 90 days from January 12—that that would be the appropriate forum in which we should address that issue.

Mr. STENHOLM. And I thank you for that answer, and I wasn't suggesting it. I was just asking the question, and you have edified it from the standpoint it is in the comment period and it is something that we will have to continue to look at, since it is the spinal column, the vertical column, the brain tissues and all that even get interjected through AMR into 30-month and younger beef, according to the Harvard study. I think that is something that I suspect we will get some comments on and you will weigh those and make the proper determination.

Thank you. Thank you for being here today.

Secretary VENEMAN. Thank you.

The CHAIRMAN. I thank the gentleman for his question. Let me close by thanking you, Secretary Veneman, for taking the time to participate in today's hearing. I know you have been extraordinarily busy in the last month, but I also know that the excellent way in which you answered so many diverse questions from so many members in the past 2 hours and 20 some minutes shows that you have spent an extraordinary amount of time on this issue, and we thank you for that.

I believe the record will show that the Department has been swift to respond to the situation and has done an excellent job of keeping the public informed of developments in the last month. Markets are stable and consumer confidence in the beef supply remains high. Of course we are hopeful that our foreign markets are reopened in a timely and reasonable fashion.

At the same time, it is clear that many questions remain about how the vital role of BSE surveillance will be fulfilled in the wake of the Secretary's decision to exclude nonambulatory cattle from the food supply. Many members of this committee and indeed the House, have been approached—and indeed the House have already approached me about the calls they are receiving from constituents regarding the disruption and confusion associated with this policy. So I would encourage the Secretary to keep in close contact with us as she seeks to sort these problems out. Frankly, I believe there are many challenges ahead as she wrests with these issues.

Let me finish by reassuring the Secretary that we intend to be attentive to this matter every step of the way.

I thank you again for your participation.

Without objection, the record of today's hearing will remain open for 10 days to receive additional material and supplementary written responses from witnesses to any question posed by a member of the Secretary. This hearing of the House Committee on Agriculture is adjourned.

[Whereupon, at 4:25 p.m., the committee was adjourned.]

[Material submitted for inclusion in the record follows:]

STATEMENT OF ANN M. VENEMAN

Mr. Chairman and members of the committee, thank you for the opportunity to appear today to discuss the recent BSE-positive cow found in Washington State, and our response.

I have appreciated the conversations that I have had with many of you during the last month. Your input and comments are extremely valuable as we continue to work through this situation.

RESPONSE ACTIONS ON AND AFTER DECEMBER 23

On December 23, we received word that a tissue sample taken as part of our routine surveillance system had tested presumptive positive for BSE. That was only 4 weeks ago, but in some ways it seems like 4 months, especially when you consider all that has transpired.

We had in place a BSE response plan, which was first developed in 1990, and has been continually updated since then to reflect the latest knowledge about the disease, as well as lessons learned from other countries that have had cases of BSE. Upon hearing of the BSE find, we immediately began to implement that plan.

We began an epidemiological investigation to determine the origin of the cow and to identify and locate her offspring and cohorts. We also began the process of tracing the meat forward and learned that, while the meat from this cow went into the food supply, the high-risk products, such as brain and spinal cord, did not enter the human food system.

We feel very confident that the meat that did enter the food supply posed virtually no risk to public health. However, in an abundance of caution, we traced the meat from the animal and issued a recall of the product. Also, consistent with our response plan, we sent the tissue sample for confirmation to the World Organization for Animal Health (OIE) reference laboratory in Weybridge, England.

We also decided to immediately inform the public. I felt then and still feel very strongly that we have an obligation to the American public and to our industry to be as transparent, timely and accurate as possible in our communication efforts.

Upon learning of the presumptive positive, I asked our scientists how confident they were of the preliminary results. When our experts said they were very confident in the accuracy of the tests conducted by our scientists at the National Veterinary Services Lab in Ames, IA, we made the information public on December 23—the same day I learned of the presumptive positive test result—and even though the lab in England had not yet verified our findings.

After the announcement, we began daily briefings that were broadcast live via our website and, in some cases, broadcast live on network and cable television so that those who were interested could hear the latest updates. From December 24 through

New Year's Eve, some 100,000 people viewed our briefings via the web and thousands more participated through an interactive phone line.

When considering actions to be taken following the find, I repeatedly asked myself and staff three questions: First and foremost, what, if any, additional actions need to be taken to further protect public health; what additional actions, if any, need to be taken to prevent potential spread of disease in the cattle herds; and how can we best maintain consumer confidence in our safe beef supply.

On December 30, 1 week after the find, I announced a series of actions to further enhance our already strong safeguards. These included an immediate ban on non-ambulatory (downer) animals from the food system and further restrictions on specified risk materials—such as brain and spinal cord tissue—from entering the food supply. We also announced that meat from cattle tested for BSE will be held until the test has confirmed negative. The measures were published on January 12 as interim final rules.

We were able to act so quickly because of the advance planning we had undertaken. After the find in Canada, and prior to the find in Washington State, we had been working on new regulations on specified risk materials, so much of the regulatory analysis had already been completed. In addition, we said that we will maintain an aggressive surveillance system by doubling the number of animals tested and continuing to target high-risk animals.

We also announced that we will be expediting the implementation of a verifiable system of national animal identification. Currently, many animals can be identified through some system of animal ID. In fact, the BSE-infected cow in Washington had an animal ID, which has greatly facilitated the traceback.

Significant work to develop such a system has already been accomplished. Over the past 18 months, USDA has worked with the National Institute for Animal Agriculture, and state and industry groups, to identify national standards for an animal identification system that will enhance the speed and accuracy of our response to animal disease outbreaks. I have asked USDA's Chief Information Officer to make it a top priority to develop the technology architecture necessary to implement an effective and verifiable system throughout the United States. Our goal is to achieve a uniform, consistent, and efficient national system.

On Saturday, December 27, we learned that the ear-tag matched that of a Canadian cow that was exported to the United States. We made the public announcement of that information that same day, and further announced we would be confirming through DNA testing. On January 6, the DNA result, along with other records and documentation, allowed the U.S. and Canada to confirm that the cow originated on an Alberta dairy farm.

In keeping with our commitment to continually review our systems, I also announced on December 30 that I would convene an international panel of experts to review our investigative efforts. We are asking them to make recommendations for possible further enhancements to our systems, including recommendations on changes to our current surveillance systems, in light of the current situation. This team will be composed of the same experts who reviewed the Canadian situation, with the addition of an OIE expert. We expect them to be here this week to begin their review.

We are also in the process of approving so-called "rapid tests" for BSE. On January 9, we announced that APHIS would begin formally accepting license applications for BSE rapid test kits. These tests, among other things, are less specific than the immunohistochemistry (IHC) test that USDA has designated as its official test for BSE, but can produce results for screening purposes more quickly. Internationally, the IHC is considered the "gold standard" diagnostic test method.

APHIS is now reviewing and responding to the data submissions, physically inspecting the facilities where these test kits would be produced, and actually testing these kits at the National Veterinary Services Laboratories in Ames, Iowa.

Last week, on January 13, I traveled to Ames, IA to visit with our scientists at the National Veterinary Services Laboratory to get a sense of how the testing process currently works, listen to their views about revisions to our testing program, and discuss what additional resources they need to get their jobs done.

As you all know, the National Centers for Animal Health in Ames are the linchpin in our animal health infrastructure. We have world-class scientists there, and they need world-class facilities. That is why I was pleased to announce last week that the President's 2005 budget will include \$178 million to complete the renovation of the USDA campus in Ames, which houses a critical mass of APHIS' diagnostics and veterinary biologics laboratories, as well as ARS researchers.

When completed, the campus will be the most modern and best-equipped animal disease diagnostic and research facility in the world. If approved by Congress, these

funds will allow us to fully complete this project by the end of 2007 under an accelerated contracting and construction schedule.

All the actions that we are taking are in addition to the strong safeguards we had in place before December 23. Since the discovery of BSE in the United Kingdom in the mid 1980's, the United States has been very proactive in implementing measures to guard against BSE. We have continually reviewed the scientific research, conducted risk assessments and strengthened our protective measures accordingly.

As you know, USDA requested Harvard University to conduct an independent risk assessment to evaluate preventative measures already in place and to identify additional actions that should be taken to minimize the risk of BSE. After three years of extensive data gathering and analysis, the results were released in November 2001. At that time, Harvard found that the BSE is highly unlikely to become established in the United States, should the disease be detected in our country. As a result of the Harvard analysis, we announced additional preventive actions, such as increased surveillance and the testing of certain ground beef products for central nervous system tissue.

In 2003, we asked Harvard to reassess the situation, taking into account the BSE find in Canada in May. In August, Harvard reaffirmed the findings of the initial study that systems already in place would prevent BSE from spreading if it were found in the United States. Harvard also concluded that even if infected animals or ruminant feed material entered the U.S. animal agriculture system from Canada, the risk of it spreading extensively within the U.S. herd was very low.

IMPACT ON DOMESTIC AND EXPORT BEEF MARKETS

Throughout this process, we have been committed to maintaining public health safety and consumer confidence in our systems. Some 90 percent of U.S.-produced beef is consumed domestically, and all indications are that the confidence of the U.S. consumer in the safety of American beef remains very strong. Retailers and food service outlets are reporting virtually no adverse effects on consumer demand as a result of the BSE finding. We believe this is due in part to the quick and aggressive steps the Administration has taken to protect public health.

Unfortunately, most of our export markets, including our key buyers—Japan, Mexico, Korea and others—immediately closed their markets to U.S. beef after the December 23 announcement.

In 2003, the quantity of U.S. beef exports is estimated at 2.6 billion pounds, accounting for 10 percent of U.S. beef production. The value of our exports of beef, veal and variety meats is estimated at about \$3.8 billion for 2003, and we exported another \$65 million in live cattle. The products that otherwise would have been exported in 2004 now must be absorbed in the domestic market.

The loss of exports had an immediate impact on the cattle market, resulting in an initial drop of 15 to 20 percent in cattle prices on cash and futures markets. However, prices have strengthened over the past week. Markets are now down 10 to 15 percent from the levels prior to the BSE finding, and current cattle prices remain above year-ago levels.

Regaining our export markets is a top priority for the administration. The conditions our trading partners impose on us for re-opening trade must reflect what science tells us. We know that the risk to public health from BSE is extremely low in countries that have no or low incidence in cattle, and that also have appropriate mitigation measures in place.

The United States is leading the effort to ensure that the international response to BSE is science-based. After the find in Canada last May, we reacted exactly the way countries are now treating the United States—we shut off all beef and cattle imports from Canada. However, after conducting a complete and thorough investigation into the incident, and evaluating the additional safeguards Canada made to its already strong system, we allowed trade in low-risk products to resume in late August.

The United States reviewed the scientific evidence and determined that imports of boneless beef from animals under 30 months of age and other low-risk products could safely resume. The U.S. decision was consistent with international scientific standards that allow for trade to resume when a country has taken the necessary actions to prevent the spread of BSE.

Last fall we published a proposal to extend the trading, to allow live animals and certain other products to enter the United States. The comment period on that rule closed January 5. In light of the finding in Washington State and the origin of the cow, we will consider the next steps on this proposal after our investigation is complete, and determine how to obtain further public comment on that proposal, or if we need to revise the original proposal.

In addition, together with Canada and Mexico, we have asked the OIE to clarify its guidelines regarding trade among countries with BSE so that science guides the actions of all countries. We expect the OIE to issue an updated chapter on BSE in the spring.

U.S. beef is safe for consumers in the United States and around the world, and we are urging our trading partners to base their decisions on science. Since December 23, we have worked continually to inform our trading partners about the case, the steps we are taking to investigate the situation, and the additional safeguards we have implemented.

Within days of the finding, we dispatched USDA's senior trade advisor, David Hegwood, and Dr. Chuck Lambert, Deputy Under Secretary for Marketing and Regulatory Programs, to Japan and South Korea to explain the investigation and the rigorous safeguards that we already had in place.

Earlier this month, U.S. Trade Representative Zoellick and I each had very encouraging meetings with the Japanese trade minister. Last week, I had a lengthy conversation with Japan's Minister of Agriculture Kamei. I impressed upon him the importance of finding a practical solution to allow resumption of trade and releasing into commercial channels the considerable quantity of beef shipped to Japan prior to December 23.

Minister Kamei stated that Japan is looking forward to resuming trade. As a result, Dr. J.B. Penn, USDA Under Secretary for Farm and Foreign Agricultural Services, is in Japan today leading a delegation of USDA and FDA officials to further engage the Japanese in discussions to reopen that important market to our beef.

In addition, I have talked with ministers from Canada, Mexico, the Philippines and others on an ongoing basis to keep them informed of our progress. We have been quite pleased with the reactions of both Canada and the Philippines. Both countries have allowed at least a portion of their markets to remain open to our beef.

Dr. Penn and Mr. Bill Hawks, USDA Under Secretary for Marketing and Regulatory Programs, traveled to Mexico for productive discussions, and other U.S. officials just returned from China where these issues were discussed.

Last Friday, I met with my counterparts from Canada and Mexico, Minister Speller and Secretary Usabiaga, to discuss the need to enhance and coordinate a consistent North American response to the animal health and trade issues that BSE raises. We agreed to develop an enhanced consultative process led by senior officials in each of our respective departments to facilitate these efforts. The work is already underway, and we expect the officials to meet within the next 30 days.

In addition, technical teams from Japan and Mexico spent several days in the United States, meeting with technical experts at USDA and the Food and Drug Administration. The Japanese team also traveled to the State of Washington to review the investigation there, and the Mexicans visited processing facilities in Colorado.

USDA staff at U.S. embassies abroad continue to inform foreign governments of actions taken and reassure them of the safety of our beef. In addition, we held a briefing here last week for all foreign embassies to keep them informed of new developments in the BSE investigation and to respond directly to their questions.

Our efforts to restore our foreign markets continue to be a top priority, and we urge our trading partners to resume trade based on sound scientific principles.

Our investigation into the case in Washington State is ongoing. In just 4 weeks and 1 day, we have made a great deal of progress in both the traceback and the trace-forward from the infected animal. Our investigators have worked hand-in-hand with the State of Washington and other States, as well as with Canadian authorities.

Because of our advance planning and our continuous review of our BSE risk-mitigation measures—and particularly the intensive review we have undertaken since the Canadian case in May—we were able to respond very quickly and effectively to the BSE find in Washington State.

We are continuing to trace the other animals that came across the border with the infected cow and are finding and testing those animals. To date, all animals tested have been negative for BSE. We have implemented significant policy changes and had numerous meetings with our international counterparts. We have worked to be as transparent in our processes as possible, and provided updated information as quickly as possible.

I am very proud of the accomplishments of our dedicated USDA team, many of whom are with us today, including Under Secretary Hawks, Under Secretary Murano, and Chief Economist Keith Collins. I would like to especially recognize our chief veterinarian, Ron DeHaven, for his extraordinary work throughout this process.

We will continue to provide timely updates to the public as information is available. We have also included as an attachment to my testimony a timeline of events relating to this incident. We will continue to update this on our website as appropriate.

Mr. Chairman, again, thank you very much for holding this hearing today. We appreciate the opportunity to inform the agricultural community and the broader public of the actions we have taken. We recognize there are many different ideas and opinions about how we can achieve the most robust system possible to guard against BSE. I look forward to the opportunity for dialogue on these issues that this hearing affords us. I would be pleased to take any questions you have at this time.

ANSWERS TO SUBMITTED QUESTIONS

Rep. Rogers' Question: In keeping with "creating the most robust system" I believe we should diversify our number of labs that do these types of testing and I look forward to hearing your thoughts on this idea.

On March 15, 2004, the Secretary announced a surveillance plan that incorporates recommendations from the international panel. The goal of the plan is to test as many cattle in the targeted high-risk population as possible in a 12 to 18 month period, and then evaluate future actions based on the results of this effort. The plan also incorporates random sampling of apparently normal, aged animals at slaughter. This one-time effort will give a snapshot of the cattle population in the United States and help to define whether BSE is actually present in the population and if so, at what level. USDA is taking these proactive steps to further assure consumers, trading partners, and industry that the risk of BSE in the United States is low.

Historically, all BSE testing in the United States has been performed exclusively at the National Veterinary Services Laboratories (NVSL) in Ames, Iowa. Under the new surveillance program, USDA plans to use a network of State and Federal veterinary diagnostic laboratories to conduct BSE surveillance tests. On March 29, 2004, the Secretary announced the approval of seven geographically dispersed State diagnostic laboratories that will assist in the BSE surveillance program. The approved laboratories include:

- the California Animal Health and Food Safety Lab System at the University of California-Davis;
- the Colorado State University Veterinary Diagnostic Laboratory;
- the Texas Veterinary Medical Diagnostic Laboratory at College Station;
- the Wisconsin Animal Health Laboratory in Madison;
- the Washington State University Animal Disease Diagnostic Laboratory;
- the Athens Diagnostic Laboratory at the University of Georgia's College of Veterinary Medicine; and
- the New York State College of Veterinary Medicine at Cornell University's Veterinary Diagnostic Laboratory.

USDA will provide these laboratories with Federal funding as needed for high throughput testing equipment. Other laboratories that meet specific criteria may also be certified to analyze surveillance samples in the future. However, confirmatory BSE testing will still be conducted at NVSL.

Rep. Rehberg's Question: Recently, I have been made aware of a rapid BSE test guaranteeing no false positives that the Canadian Food Inspection Agency (CFIA) recently approved and that the company has petitioned for use in the United States. Consequently, I encourage you to closely examine this test for use in USDA's BSE monitoring program to see if such a testing program has merit.

We agree that, in testing for transmissible spongiform encephalopathies, choosing a test that is fast and accurate is of paramount importance. In addition, USDA continuously seeks to improve the effectiveness of its testing. Accordingly, on January 9, 2004, Dr. Ron deHaven, USDA's Chief Veterinarian, announced that APHIS' Center for Veterinary Biologics (CVB) would begin accepting license applications for BSE tests.

The rapid tests are intended as screening tests. Therefore, they have a higher sensitivity to ensure they identify all possible positive results. There is no rapid test currently available that will not produce false positive results. Samples that test positive by the rapid screening test will not be considered presumptive positives; they will be classified as "suspects." The rapid screening test suspect samples will be tested by immunohistochemistry (IHC) and/or western blot at the National Veterinary Services Laboratories for confirmation.

CVB recently approved two rapid antigen test kits for BSE, produced by Bio-Rad Laboratories and IDEXX Laboratories, Inc., respectively. These rapid tests are now eligible for use as needed in USDA's expanded BSE surveillance testing program. CVB is also reviewing data from a number of other companies that are proposing rapid test kits; accordingly, other such kits may be approved in the near future. We assure you that our officials will continue to base licensing decisions on the accuracy of the tests, among other factors.

STATEMENT OF HON. GARY L. ACKERMAN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK

Good Afternoon. Thank you Chairman Goodlatte and Ranking Member Stenholm for holding this important and timely hearing on the USDA's response to our country's first discovery of a BSE infected cow.

For the past 12 years, we have been pressing the case before this committee to humanely euthanize all non-ambulatory disabled animals and exclude those sick animals from the American food supply. Having resisted this bipartisan legislation throughout the years, the USDA has now acknowledged a ban on downed animals was the right and prudent policy all along. The USDA has now seen the light, but only because they were struck by lightning.

The USDA rule on downed animals, printed in the January 12, 2004 Federal Register, is not only humane, but good and sound science. The rule cites a study that "the odds of finding a BSE case was 49 times higher in fallen stock." Fallen stock endanger American lives and should never have a place in our food system.

We applaud and support the USDA's recent enlightenment. Unfortunately, the USDA is locking the barn door after the mad cow escaped. For this reason, we beseech the committee today to reconsider our renewed and urgent request to pass H.R. 2519, the Ackerman-Houghton-Kaptur-Smith Downed Animal Protection Act. Now, more than ever, it is important to codify the USDA's ban on downed cattle. That which is done by executive fiat is temporary and could be reversed when public scrutiny is lessened or by a less enlightened administrator. It is our job to make permanent the protection of the American people.

Thank you for the opportunity to testify at this hearing. I look forward to working with Secretary Veneman, the USDA and our colleagues on both sides of the aisle to strengthen the USDA ban on downed cattle, and pass H.R. 2519.

STATEMENT OF HON. TIM JOHNSON, A SENATOR FROM THE STATE OF
SOUTH DAKOTA

Mr. Chairman and members of the House Agriculture Committee, I appreciate the opportunity to submit a statement today on what we can do to blunt the threat to the United States livestock industry that Bovine Spongiform Encephalopathy represents. As you know a Canadian-born Holstein found in Washington State, tested positive for BSE. This has so far been an isolated incident in the United States. Until now the United States has never experienced a recorded case of BSE, which is a tribute to the safety of our food system, particularly the sound management practices of our cattle ranchers and feeders.

This recent finding demonstrates the need for more funding to understand how the disease is spread, and what materials pose a risk to humans. U.S. Department of Agriculture must also work to develop a quicker, more efficient test on live animals that would help prevent infected cattle from entering the country. Currently, tests can only be performed after slaughter and it can take up to 2 weeks to receive the results. By that time, potentially contaminated meat could be broadly dispersed in the United States food system.

This case of BSE also necessitates increased enforcement of the ban on ruminants in livestock feed in the United States. The Food and Drug Administration must do more to prevent contamination of cattle feed. It is my hope that in light of this case of mad cow, USDA and the FDA will learn that the must be more diligent in monitoring the feed and packing industry.

It is also important to note that the USDA, in conjunction with the FDA, has a detailed contingency plan in the event that a suspected case of mad cow disease is reported in the United States. I applaud them for their quick action in tracing the animals past to Canada soon after the announcement of the mad cow case on December 23, 2003. The USDA responded quickly by quarantining other cattle that may have come from the same Canadian herd. However this response could have been hastened if country-of-origin-labeling had been in place. Meat could be identi-

fied and the Holstein's origin would have been on record. Country-of-origin-labeling, would not have prevented this incidence but it could have prevented the United States from loosing its export markets. While U.S. beef demand is strong producers are still loosing money because we cannot export beef to Japan and South Korea.

I have recently sent a letter to President Bush requesting that he make funding for meat and livestock testing a priority in his next budget request. Rapid testing of livestock and meat products would ensure a safer meat supply and would protect consumers and ranchers across the country. I also call on you Secretary Veneman work quickly to reopen Japan and other countries borders to American beef, the best in the world.

