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Senate Reauthorizes Livestock Mandatory Price Reporting

Last week the U.S. Senate reauthorized the Livestock Mandatory Reporting Act for four more years, through September 30, 2010. Legislation was passed in the House last year for a five-year reauthorization. The legislation requires packers, processors and importers to provide daily information on price, contracting, and supply and demand to the USDA's Agricultural Marketing Service (AMS). Since the law expired on September 30, 2005, some packers have been voluntarily reporting to USDA. The law is intended to help livestock producers across the country by providing the reliable and timely information they need to make sound marketing decisions, and will now go to President Bush for approval. The legislation includes three enhancements to the pork reporting provisions: adding more sows to the pricing reports; changing the timing for data reporting; and allowing USDA to publish price distributions for net prices. SMA and other meat industry groups attempted to make changes in the way cow and bull information is reported, but these were not included in the final revision. We will continue to work closely with market news officials to make sure the system is accurate and useful. National Cattlemen's Beef Association President, Mike John, said, "Making price-reporting practices mandatory by law assures cattle producers are getting the marketing information they need about their beef products." He added that NCBA will also continue to work with USDA to improve the mandatory price-reporting process, so that it will better serve the needs of all cattle producers. Mandatory price reporting originally went into effect in April 2001. Reports are available online at the AMS website, found at www.ams.usda.gov/LSMNpubs/index.htm.

Smithfield Announces Merger with Premium Standard Farms

Smithfield Foods, Inc., the largest pork producer and processor in the U.S. announced last Monday that it will acquire Premium Standard Farms, Inc., America's second-largest pork producer, in a cash and stock deal that's been approved by both companies' boards. The agreement has a total transaction value of around \$810 million, including the assumption of PSF's debt of around \$117 million. Kansas City, Missouri-based PSF produces pork products for the retail, wholesale, foodservice, export, and further processor markets. The company is the nation's sixth largest pork processor, with around 4,300 employees working at farms and processing facilities in Missouri, North Carolina, and Texas. Smithfield, Virginia-based Smithfield processes and markets fresh pork and processed meats in the United States with sales of \$11 billion. The deal is expected to close early next year. Smithfield said it will honor all current Premium Standard hog production contracts and remain committed to making open-market purchases of "significant" numbers of hogs. Smithfield also said Premium Standard's facilities will remain open and in operation at least at current production levels. Meanwhile, three farm-state senators, Chuck Grassley (R-IA), Tom Harkin (D-IA), and Jim Talent (R-MO), have expressed concern about the merger. Senator Grassley sent a letter to the Department of Justice (DOJ) asking them to review the transaction. "Over the last several years Smithfield has made it perfectly clear that it intended to purchase its competitors to assert its dominance in the pork industry. This is alarming. I expect the Justice Department to take a serious look at this merger," Grassley said. Harkin has also urged the DOJ to "thoroughly review" the merger plan, and said that the DOJ "should look into whether or not the merger would violate anti-trust laws and what impact the merger would have on pork producers, consumers and hog and pork markets." Talent also sent a letter to the DOJ and has requested a Senate hearing on the matter.

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Food Safety Conference Set

FSIS' Food Safety Education conference is scheduled for next week, September 27-29, 2006. Participants will focus on educating general and at-risk populations such as pregnant women, children, older adults, immune-compromised patients and culturally diverse populations about food safety. The conference will be held at the Adam's Mark Hotel, 1550 Court Place, in Denver, CO. Pre-conference workshops will be held on September 25-26. Sponsored by FSIS, FDA, CDC, NSF International and others, the conference will be organized around five primary themes: Foodborne Illness Surveillance and Epidemiological Insights; Food Safety Behavioral and Attitudinal Research; Social Marketing, Educational Interventions and Program Research; Role of Food Service and Food Industries; and New Technologies. To register or view the program and a list of presenters, visit FSIS' Web site at www.fsis.usda.gov/denver2006.



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USDA Expands National Poultry Improvement Program

Last week the U.S. Department of Agriculture (USDA) announced an interim rule that expands the National Poultry Improvement Program (NPIP), a voluntary cooperative federal, state and industry program designed to prevent the spread of poultry diseases in commercial poultry operations. The expansion of the program is in harmony with international animal health guidelines. Under the interim rule, USDA will provide 100% indemnity for specified costs associated with eradication of H5 and H7 low pathogenic avian influenza (LPAI) at commercial poultry operations that participate in the NPIP program as prescribed. USDA will only offer 25% indemnity for costs associated with eradication at facilities that choose not to participate in the active surveillance portion of this program. In previous H5 and H7 detections, indemnification was often handled by states and the provisions varied. "This program expansion strengthens U.S. protections against poultry diseases such as avian influenza," said Dr. Ron DeHaven, Administrator of USDA's Animal Plant and Health Inspection Service (APHIS). While LPAI poses no risk to human health, USDA's policy is to eradicate H5 and H7 subtypes because of their potential to mutate into highly pathogenic avian influenza, which has a high mortality rate among birds. International animal health standards now require countries to report all H5 and H7 detections, so the program expansion will help to ensure that the U.S. complies with international standards by encouraging testing and providing financial incentives to report detections. The program also proactively minimizes potential trade impacts on U.S. producers by reiterating the agency's commitment to transparency on any detection of avian influenza among bird populations in the U.S. NPIP dates back to the 1930's as a coordinated effort to certify flocks as free of poultry diseases, including avian influenza. Before, only breeder flocks could participate in NPIP AI programs. This amendment expands the NPIP program to include commercial production poultry flocks, specifically table-egg layers, meat-type chickens and meat-type turkeys. Commercial poultry facilities and states must meet certain provisions, established by USDA in cooperation with federal, state and industry partners, in order to participate. 1) States must create a diagnostic surveillance program for all poultry, administered by state agencies according to plans approved by APHIS; 2) States must develop APHIS-approved response and containment plans that detail what actions will be taken in the event of an H5 and H7 LPAI outbreak; and 3) Industry must maintain active surveillance, which requires testing birds and eggs intended for use as breeding poultry and commercial table-egg layers. This component also includes proactive testing at the flock level, or at slaughter for commercial meat-type chickens and meat-type turkeys, according to plans detailed in the regulations. This interim rule becomes effective tomorrow and will be published in the *Federal Register*. Comments are due by November 27, 2006.

Briefly . . .

FSIS Schedules Meeting on RBI: The Food Safety and Inspection Service (FSIS) has scheduled a public meeting to discuss risk-based inspection on October 10-11, 2006. Topics for review and discussion include measuring product inherent risk and measuring establishment risk control for risk-based inspection and how these two measures of risk might be used to implement a Risk-Based Inspection System (RBIS). The meeting will be held at George Mason University in Arlington, VA. For more information, and the agenda, visit FSIS's Risk Based Inspection website at www.fsis.usda.gov/regulations_&_policies/Risk_Based_Inspection/.

FSIS Posts Q&A on Sanitation Performance Standards: As part of its enhanced outreach to small and very small plants, the Food Safety and Inspection Service (FSIS) recently posted answers to five commonly asked questions by small and very small establishments about the Sanitation Performance Standards. The new information addresses questions related to chemical sanitizer approval, wall materials, food containers and certain document requirements, among others. Future topics will include hazard analysis and critical control point, sanitation standard operating procedures and noncompliance reports. The Q&A is available at www.fsis.usda.gov/HELP/FAQ_Sanitation_Perf_Standards/index.asp.

When in Doubt, Blame the Cattle: It was only a matter of time before someone blamed the meat industry for the recent spinach *E. coli* outbreak. Farmhouse food fanatic Nina Planck, author of "Leafy Green Sewage," an op ed piece in last Thursday's *NY Times*, blamed beef and dairy farmers for the outbreak. Although no investigations have yet identified livestock as the source, Planck seems sure that infected manure from grain-fed cattle contaminated the groundwater to spread the bacteria to produce growing on neighboring farms. Actually, the U.S. Centers for Disease Control and Prevention (CDC) has statistics suggesting a substantially greater likelihood of contracting *E. coli*-based and similar illnesses from organic produce, whose standards demand the use of natural fertilizers like sterilized cow manure instead of presumably less safe manmade fertilizers. So far, the outbreak is blamed for 173 cases of illness across 25 states reported to the CDC, including 27 cases of Hemolytic Uremic Syndrome (HUS), 92 hospitalizations and one death. The *E. coli* source has not been identified, but the FDA has determined that the implicated spinach was grown in three counties: Monterey, San Benito and Santa Clara in California.