**South Dakota Department of Agriculture**

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OFFICE OF THE SECRETARY

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Larry E. Gabriel

Docket Clerk
USDA Food Safety and Inspection Service
300 12th St. SW, Rm 102 Cotton Annex
Washington, DC 20250

RE: proposal to allow the People's Republic of China to export poultry and poultry products into the United States

Dear Regulators:

The proposed rule amendment is in direct conflict with the stated mission of your agency.

> The Food Safety and Inspection Service (FSIS) is the public health agency in the U.S. Department of Agriculture responsible for ensuring that the nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged.

Allowing poultry products into the United States from South America via traders in Hong Kong (who have mislabeled food products in the past) and food processors in China (less than ten percent of whom are actively regulated by the government) when current United States law will not require such imports to disclose the country of origin on the label will not promote food safety in the United States.

Your proposal would create a variety of new safety risks in the poultry industry and do so for no apparent legitimate reason associated with the duties of your office.

The supplementary information related to this proposal says in part, "The most significant effects of this proposed rule will likely come through efficiency gains."

Shipping poultry from Brazil to China and back to the United States for retail sales is not more efficient than existing industry operations. The fact that cheap labor exists in China does not make this proposal "efficient" in any meaningful sense.

The proposal also assumes many facts not in existence.

FSIS assumes the poultry shipments from China will actually contain no poultry produced in China or other Asian countries where the bird flu is present. If we are to predict the future based upon facts from the past, the opposite assumption would be supported.

Facts from the past would support the conclusion that Hong Kong traders will mislabel products, which will then go to unregulated food processors of China, who have smuggled prohibited poultry into the United States.

Your assumptions clearly are that poultry will not pass through Hong Kong (as it traditionally has) and will not be mislabeled (as it has been) and will not be smuggled from country to country (as it has been) and that everyone (including 900,000 food processors in China) will suddenly begin to follow all the rules. Such a proposition is pure speculation bordering upon absurdity.

The facts as they really exist support the opposite conclusion: American consumers won't have the faintest idea where those birds came from and will possibly include banned Asian birds.

COOL has not been fully implemented and consumers will have no way of actually knowing where these poultry products were raised.

Poultry from China has been smuggled illegally into the United States in large quantities.

Most of the poultry trade with China goes through Hong Kong, where some shipments have false USDA labels.

China cannot adequately regulate and monitor its food processing industry or the traders in Hong Kong. China is estimated to have nine hundred thousand food processors and only about five percent of those are regulated and monitored by the government.

A promise is just a promise.

When the government of China promises to monitor the twenty-five exporting companies discussed in the proposal, it is not a fact and should not be assumed to be one. Even if it were a proved fact, China still lacks adequate controls over the existing chain of processing and distribution.

No one knows how many different unregulated food processors may participate in the chain of production before products reach the final 25 supposedly regulated exporters.

By ignoring that fact, you are creating a safety risk to the consumers of America.

The FSIS "economic impact analysis" is based upon a handful of promises and speculation.

USDA's poultry report from September 2005 contains a more accurate picture and says in part:

> China's broiler slaughter during 2006 is forecast at 7.7 billion birds, a 3 percent increase from the estimated 7.5 billion birds in 2005, due to a recovery in domestic demand following the 2004 avian influenza outbreaks. Though the U.S. is still the top supplier of imported poultry products, Brazil and Argentina reduced the U.S. market share from 96% in 2003 to only 46% in 2005. A pre-inspection requirement for transshipped products and the cancellation of processing permits continues to shift poultry trade away from Hong Kong and toward Mainland Chinese ports. China's broiler meat exports in 2006 are forecast at 360,000 MT, a 20-percent increase from the estimated 300,000 MT in 2005. Expanding cooked poultry exports will continue to be China's export priority due to the challenges it faces shipping fresh and frozen product.

The economic impact "analysis" assumes that the proposed rule "will likely increase" the presence of China's exports in our market by only about 1,100 metric tonnes. Our poultry industry believes this prediction is a gross underestimation. Their conclusion seems to be supported by the 2005 Gain Report which predicts that China will export 360,000 metric tonnes of broiler meat in 2006.

CONCLUSION: International trade deals have already caused United States poultry producers to lose half their export market in China. The proposal under consideration is likely to give up the remainder of that export market at no benefit to the people of the United States of America, while exposing its consumers to needless risks.

Please withdraw the proposal because it is based on inadequate facts and is contrary to the directives and purposes of your office.

Thank you for your consideration of my remarks.

Sincerely,

Larry E. Gabriel

Larry E. Gabriel, Secretary
South Dakota Department of Agriculture

CC: Governor Rounds
Congressional Delegation
National Goose Council